

## SENATE BILL NO. 361

INTRODUCED BY R. RIPLEY, KLOCK, ZINKE, BUTTREY, OLSON

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING GAMBLING LAWS; ALLOWING VIDEO LINE GAMES IN LICENSED ESTABLISHMENTS; PROVIDING CONDITIONS FOR OPERATION OF VIDEO LINE GAMES; PROHIBITING ADVERTISING OR PROMOTION OF GAMES NOT SPECIFICALLY AUTHORIZED; PROHIBITING MANUFACTURERS FROM CHARGING CERTAIN GAME FEES ON A DAILY OR PERIODIC BASIS; AMENDING SECTIONS 23-5-602, 23-5-603, 23-5-607, 23-5-608, 23-5-611, AND 23-5-621, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 23-5-602, MCA, is amended to read:

**"23-5-602. Definitions.** As used in this part, the following definitions apply:

(1) "Associated equipment" means all proprietary devices, machines, or parts used in the manufacture or maintenance of a video gambling machine, including but not limited to integrated circuit chips, printed wired assembly, printed wired boards, printing mechanisms, video display monitors, metering devices, and cabinetry.

(2) (a) "Bingo machine" means an electronic video gambling machine that, upon insertion of cash, is available to play bingo, as defined by rules of the department. The machine uses a video display and microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may be redeemed for cash.

(b) The term does not include a slot machine or a machine that directly dispenses coins, cash, tokens, or anything else of value.

(3) (a) "Bonus game" means a game other than a bingo, poker, or keno, or video line game that is offered as a prize for playing and achieving a win defined outcome by playing a bingo, poker, or keno, or video line game. The term includes a game that allows a player to win free credits, free games, or a multiplier of credits already won or to move to an accelerated pay table for the play of poker, a bingo, poker, or keno, or video line game. A bonus game must make available to the player a display of the rules for the bonus game.

(b) The term does not include a game that allows the player to wager money or credits on the game or to lose money or credits already won. The term does not include a game by which the bonus game would become

1 the predominant game rather than a bingo, poker, or keno, or video line game. The department shall by  
 2 administrative rule define the conditions that would cause a bonus game to be the predominant game. The term  
 3 does not include a game that displays or simulates a gambling activity that is not legal under state law.

4 (4) "Electronically captured data" means video gambling machine accounting information and records  
 5 of video gambling machine events, in electronic form, that are automatically recorded and communicated to the  
 6 department through an approved automated accounting and reporting system.

7 (5) "Gross income" means money put into a video gambling machine minus credits paid out in cash.

8 (6) (a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash, is  
 9 available to play keno, as defined by rules of the department. The machine uses a video display and  
 10 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,  
 11 bonus games, or credits that may be redeemed for cash.

12 (b) The term does not include a slot machine or a machine that directly dispenses coins, cash, tokens,  
 13 or anything else of value.

14 (7) "Licensed machine owner" means a licensed operator or route operator who owns a video gambling  
 15 machine for which a permit has been issued by the department.

16 (8) "Multigame" means a combination of at least two or more approved TYPES OF GAMES, INCLUDING bingo,  
 17 poker, keno, or video line games, within the same video gambling machine cabinet if the video gambling machine  
 18 cabinet has been approved by the department.

19 ~~(8)~~(9) "Permitholder" means a licensed operator on whose premises is located one or more video  
 20 gambling machines for which a permit has been issued by the department.

21 ~~(9)~~(10) (a) "Poker machine" means an electronic video gambling machine that, upon insertion of cash,  
 22 is available to play or simulate the play of the game of draw poker, 5-card stud, 7-card stud, or hold 'em, as  
 23 defined by rules of the department. The machine uses a video display and microprocessors and, by the skill of  
 24 the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may be  
 25 redeemed for cash.

26 (b) The term does not include a slot machine or a machine that directly dispenses coins, cash, tokens,  
 27 or anything else of value.

28 (11) (a) "Video line game" means a video line game as defined by rules of the department and approved  
 29 by the department. A video line game uses a video display and microprocessors and, by the skill of the player,  
 30 by chance, or by both, allows the player to receive free games, bonus games, or credits that may be redeemed

1 for cash. VIDEO LINE GAMES MAY BE OFFERED ONLY IN A MULTIGAME VIDEO GAMBLING MACHINE CABINET.

2 (b) The term does not include a game played on a slot machine or a machine that directly dispenses  
 3 coins, cash, tokens, or anything else of value."

4

5 **Section 2.** Section 23-5-603, MCA, is amended to read:

6 **"23-5-603. Video gambling machines -- possession -- play -- restriction.** (1) A licensed operator may  
 7 make available for public play only the number of approved video gambling machines specifically authorized by  
 8 this part.

9 (2) The video gambling machines specifically authorized by this part are bingo, poker, keno, ~~and draw~~  
 10 ~~poker~~, video line, and multigame video gambling machines. Only the number of approved machines for which  
 11 permits have been granted under 23-5-612 may be made available for play by the public on the premises of a  
 12 licensed operator. The department shall adopt rules allowing a video gambling machine that needs repair to be  
 13 temporarily replaced while it is being repaired with a video gambling machine that is approved under the permit  
 14 provisions of this part. A fee may not be charged for the replacement machine.

15 (3) A video line game approved by the department for play must be made available to any licensed  
 16 gambling operator who possesses a compatible video gambling machine cabinet made by the same manufacturer  
 17 MACHINE OWNER.

18 (4) A manufacturer may not charge a fee for the use of a bingo, poker, keno, video line, or multigame  
 19 video gambling machine on a daily basis or any other periodic basis.

20 (5) A licensed operator, distributor, ROUTE OPERATOR, or manufacturer is prohibited from referencing  
 21 games not authorized under this title in advertising, promoting, or inducing play of a video gambling machine. The  
 22 department shall further define by rule what advertising is allowed under this subsection.

23 ~~(3)~~(6) Machines on premises appropriately licensed to sell alcoholic beverages for on-premises  
 24 consumption, as provided in 23-5-119, must be placed:

25 (a) in a room, area, or other part of the premises in which alcoholic beverages are sold or consumed;  
 26 and

27 (b) within control of the operator for the purpose of preventing access to the machines by persons under  
 28 18 years of age."

29

30 **Section 3.** Section 23-5-607, MCA, is amended to read:

1           **"23-5-607. Expected payback -- verification.** (1) The department shall prescribe the expected payback  
 2 value of ~~one~~ credit awarded to be at least 80% of the value of ~~one~~ credit played for each bingo, poker, keno, and  
 3 video line game in a video gambling machine. The credit ratio may not be greater than 92% for each video line  
 4 game.

5           (2) Each video gambling machine must have an electronic accounting device that the department may  
 6 use to verify the winning percentage."

7  
 8           **Section 4.** Section 23-5-608, MCA, is amended to read:

9           **"23-5-608. Limitation on amount of money played and value of prizes -- payment of credits in**  
 10 **cash.** (1) A video gambling machine may not allow more than \$2 to be played on a game or award free games  
 11 or credits in excess of ~~the following amounts:~~

12           ~~—— (a) \$800 a game for a video draw poker machine; and~~

13           ~~—— (b) \$800 a game for a video keno or bingo machine.~~

14           (2) A licensee shall pay in cash all credits owed to a player as shown on a valid ticket voucher."

15  
 16           **Section 5.** Section 23-5-611, MCA, is amended to read:

17           **"23-5-611. Machine permit qualifications -- limitations.** (1) (a) A person who has been granted an  
 18 operator's license under 23-5-177 and who holds an appropriate license to sell alcoholic beverages for  
 19 consumption on the premises as provided in 23-5-119 may be granted a permit for the placement of video  
 20 gambling machines on the person's premises.

21           (b) If video keno or bingo gambling machines were legally operated on a premises on January 15, 1989,  
 22 and the premises were not on that date licensed to sell alcoholic beverages for consumption on the premises or  
 23 operated for the principal purpose of gaming and there is an operator's license for the premises under 23-5-177,  
 24 a permit for the same number of ~~video keno, bingo, or combination poker-keno-bingo~~ multigame gambling  
 25 machines as were operated on the premises on that date may be granted to the person who held the permit for  
 26 ~~such that number of~~ such that number of machines on those premises on that date.

27           (c) A person who legally operated an establishment on January 15, 1989, for the principal purpose of  
 28 gaming and has been granted an operator's license under 23-5-177 may be granted a permit for the placement  
 29 of ~~video bingo, poker, keno, bingo, or combination poker-keno-bingo~~ multigame video gambling  
 30 machines on the person's premises.

1 (2) An applicant for a permit shall disclose on the application form to the department any information  
2 required by the department consistent with the provisions of 23-5-176.

3 (3) A licensee may not have on the premises or make available for play on the premises more than 20  
4 machines of any combination."

5

6 **Section 6.** Section 23-5-621, MCA, is amended to read:

7 **"23-5-621. Rules.** (1) The department shall adopt rules that:

8 (a) implement 23-5-637;

9 (b) describe the video gambling machines authorized by this part and state the specifications for video  
10 gambling machines authorized by this part, including a description of the images and the minimum area of a  
11 screen that depicts a bingo, poker, ~~or keno,~~ or video line game;

12 (c) allow video gambling machines to be imported into this state and used for the purposes of trade  
13 shows, exhibitions, and similar activities;

14 (d) allow each video gambling machine to offer any combination of approved bingo, poker, keno, ~~and~~  
15 bingo and video line games within the same video gambling machine cabinet if the owner of the video gambling  
16 machine has received approval to report video gambling machine information ~~utilizing~~ using an approved  
17 automated accounting and reporting system or has entered into an agreement with the department to ~~utilize~~ use  
18 an approved automated accounting and reporting system;

19 (e) allow, on an individual license basis, licensed machine owners and operators of machines that ~~utilize~~  
20 use an approved automated accounting and reporting system to:

21 (i) electronically acquire and use for an individual licensed premises the information and data collected  
22 for business management, accounting, and payroll purposes; ~~however,~~ However, the rules must specify that the  
23 data made available as a result of an approved automated accounting and reporting system may not be used by  
24 licensees for player tracking purposes; and

25 (ii) acquire and use, at the expense of a licensee, a department-approved site controller;

26 (f) minimize, whenever possible, the recordkeeping and retention requirements for video gambling  
27 machines that ~~utilize~~ use an approved automated accounting and reporting system.

28 (2) The department's rules for an approved automated accounting and reporting system must, at a  
29 minimum:

30 (a) provide for confidentiality of information received through the approved automated accounting and

1 reporting system within the limits prescribed by 23-5-115(8) and 23-5-116;

2 (b) prescribe specifications for maintaining the security and integrity of the approved automated  
3 accounting and reporting system;

4 (c) limit and prescribe the circumstances for electronic issuance of video gambling machine permits and  
5 electronic transfer of funds for payment of taxes, fees, or penalties to the department;

6 (d) describe specifications and a review and testing process for approved automated accounting and  
7 reporting systems to be ~~utilized~~ used by licensed operators, including the requirements for electronically captured  
8 data; and

9 (e) prescribe the frequency of reporting from an approved automated accounting and reporting system  
10 and provide exceptions for geographically isolated video gambling operators."

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12 **NEW SECTION. Section 7. Effective date.** [This act] is effective on passage and approval and applies  
13 to the operation of video line games on or after January 1, 2012.

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