

## HOUSE BILL NO. 475

INTRODUCED BY B. TSCHIDA, W. GALT

1  
2  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING FOR MONTANA PARIMUTUEL SPORTS WAGERING  
5 THROUGH THE BOARD OF HORSERACING; PROVIDING DEFINITIONS AND CLARIFYING PARIMUTUEL  
6 FANTASY SPORTS; PROVIDING AUTHORITY FOR THE BOARD TO CONDUCT SPORTS WAGERING  
7 THROUGH PARIMUTUEL FACILITIES AND PARIMUTUEL NETWORKS; AND AMENDING SECTIONS  
8 23-4-101, 23-4-104, 23-4-201, 23-4-202, 23-4-301, 23-4-302, 23-4-304, 23-5-112, 23-5-801, 23-5-802, 23-5-805,  
9 AND 23-5-806, MCA."

10

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

12

13 **Section 1.** Section 23-4-101, MCA, is amended to read:

14 **"23-4-101. Definitions.** Unless the context requires otherwise, in this chapter, the following definitions  
15 apply:

16 (1) "Advance deposit wagering" means a form of parimutuel wagering in which a person deposits money  
17 in an account with an advance deposit wagering hub operator licensed by the board to conduct advance deposit  
18 wagering. The money is used to pay for parimutuel wagers made in person, by telephone, or through a  
19 communication by other electronic means on horse or greyhound races held in or outside this state.

20 (2) "Advance deposit wagering hub operator" means a simulcast and interactive wagering hub business  
21 licensed by the board that, through a subscriber-based service located in this or another state, conducts  
22 parimutuel wagering on the races that it simulcasts and on other races that it carries in its wagering menu and  
23 that uses a computer that registers bets and divides the total amount bet among those who won.

24 (3) "Board" means the board of horseracing provided for in 2-15-1809.

25 (4) "Board of stewards" means a board composed of three stewards who supervise race meets.

26 (5) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

27 ~~(6) "Fantasy sports league" has the meaning provided in 23-5-801.~~

28 ~~(7)~~(6) "Immediate family" means the spouse, parents, children, grandchildren, brothers, or sisters of an  
29 official or licensee regulated by this chapter who have a permanent or continuous residence in the household of  
30 the official or licensee and all other persons who have a permanent or continuous residence in the household of

1 the official or licensee.

2 ~~(8)(7)~~ "Match bronc ride" means a saddle bronc riding contest consisting of two sections known as a  
3 "long go" and a "short go" in which the win, place, and show winners are determined by judges of the rides for  
4 each go.

5 ~~(9)(8)~~ "Minor" means a person under 18 years of age.

6 ~~(10)(9)~~ "Montana wager" means a parimutuel wager that is placed at a race track in Montana or on a race  
7 being conducted in Montana or any parimutuel wager placed by a Montana resident on a race conducted outside  
8 of Montana.

9 ~~(11)(10)~~ "Parimutuel facility" means a facility licensed by the board at which PARIMUTUEL fantasy sports  
10 leagues and PARIMUTUEL sports wagering are conducted and wagering on the outcome under a parimutuel system  
11 is permitted.

12 (11) "PARIMUTUEL FANTASY SPORTS" HAS THE MEANING PROVIDED FOR IN [SECTION 8].

13 (12) "Parimutuel network" means an association licensed by the board to:

14 (a) compile and distribute PARIMUTUEL fantasy sports league rosters and weekly point totals for licensed  
15 parimutuel facilities and to manage statewide parimutuel wagering pools on PARIMUTUEL fantasy sports leagues;  
16 and

17 (b) administer PARIMUTUEL sports wagering.

18 (13) "PARIMUTUEL SPORTS WAGERING" MEANS A PARIMUTUEL FORM OF SPORTS WAGERING APPLICABLE TO ALL  
19 PROFESSIONAL SPORTS AS PROVIDED IN [SECTION 9].

20 ~~(14)(14)~~ "Persons" means individuals, firms, corporations, fair boards, and associations.

21 ~~(15)(15)~~ (a) "Race meet" means racing of registered horses or mules, match bronc rides, and wild horse  
22 rides at which the parimutuel system of wagering is used. The term includes horseraces, mule races, and  
23 greyhound races that are simulcast.

24 (b) The term does not include live greyhound racing.

25 ~~(16)(16)~~ "Racing" means live racing of registered horses or mules and simulcast racing of horses, mules,  
26 and greyhounds.

27 ~~(17)(17)~~ "Simulcast" means a live broadcast of an actual horserace, mule race, or greyhound race at the  
28 time it is run. The term includes races of local or national prominence.

29 ~~(18)(18)~~ "Simulcast facility" means a facility at which horseraces, mule races, or greyhound races are  
30 simulcast and wagering on the outcome is permitted under the parimutuel system.

1           ~~(18)~~(19) "Simulcast parimutuel network" means an association that has contracted with the board to  
 2 receive or originate intrastate and interstate simulcast race signals, relay the race signals to licensed simulcast  
 3 facilities, and manage statewide parimutuel wagering pools on simulcast races or has been licensed by the board  
 4 to operate a statewide parimutuel wagering pool for PARIMUTUEL fantasy sports leagues and PARIMUTUEL sports  
 5 wagering. The board may act as a simulcast parimutuel network provider with respect to simulcast races.

6           ~~(19)~~(20) "Source market fee" means the portion of a wager made with a licensed advance deposit  
 7 wagering hub operator by a Montana resident that is paid to the board.

8           ~~(20)~~ "Sports wagering" or "sports wagers" means a parimutuel form of sports wagering applicable to all  
 9 professional sporting events as provided in Title 23, chapter 5, part 8.

10          ~~(20)~~(21) "Steward" means an official hired by the department and by persons sponsoring a race meet  
 11 to regulate and control the day-to-day conduct and operation of a sanctioned meet.

12          ~~(21)~~(22) "Wild horse ride" means a wild horse riding contest in which three-person teams attempt to  
 13 saddle a wild horse and ride it completely around a track with the first to do so declared the winner."  
 14

15           **Section 2.** Section 23-4-104, MCA, is amended to read:

16           **"23-4-104. Duties of board.** The board shall adopt rules to govern race meets and the parimutuel  
 17 system. These rules shall include the following:

- 18           (1) definitions;
- 19           (2) auditing;
- 20           (3) supervision of the parimutuel system;
- 21           (4) corrupt practices;
- 22           (5) supervision, duties, and responsibilities of the executive secretary, presiding steward, racing  
 23 secretary, and other racing officials;
- 24           (6) licensing of all personnel who have anything to do with the substantive operation of racing;
- 25           (7) the establishment of dates for race meets and meetings in the best interests of breeding and racing  
 26 in this state;
- 27           (8) the veterinary practices and standards that must be observed in connection with race meets;
- 28           (9) absolute responsibility of trainers for the condition of horses and mules, regardless of the acts of third  
 29 parties;
- 30           (10) licensing or renewal of a license of a person whose license has been suspended by the board or

1 another horseracing jurisdiction;

2 (11) setting license fees commensurate with the cost of issuing a license;

3 (12) the time, conduct, and supervision of:

4 (a) simulcast races, and PARIMUTUEL fantasy sports leagues, AND PARIMUTUEL sports wagering; and

5 (b) parimutuel betting on simulcast races, and PARIMUTUEL fantasy sports leagues, and PARIMUTUEL sports  
6 wagering;

7 (13) licensing, approval, and regulation of simulcast facilities; and

8 (14) licensing, approval, and regulation of match bronc rides and wild horse rides."

9

10 **Section 3.** Section 23-4-201, MCA, is amended to read:

11 **"23-4-201. Licenses -- contracts.** (1) (a) A person may not hold a race meet or conduct PARIMUTUEL  
12 fantasy sports league wagering or PARIMUTUEL sports wagering through a parimutuel facility, parimutuel network,  
13 or a simulcast parimutuel network conducting a fantasy sports league or sports wagering in this state without a  
14 valid license issued by the department under this chapter. A person applying for a license to hold a race meet  
15 under this chapter shall file with the department an application that must set forth the time, place, and number  
16 of days the license will continue and other information the board requires.

17 (b) A person may not conduct simulcast racing through a simulcast parimutuel network without having  
18 entered into a contract with the board.

19 (2) A person who participates in a race meet, except for a match bronc ride or a wild horse ride, must  
20 be licensed and charged an annual fee set by the board. The annual fee must be paid to the department and  
21 used for expenses of administering this chapter. Each person holding a license under this chapter shall comply  
22 with this chapter and with the rules adopted and orders issued by the board.

23 (3) A license may not be issued to a person who has failed to pay the fees, taxes, or money required  
24 under this chapter.

25 (4) An application to hold a race meet must be submitted to the department, and the board shall act on  
26 the application within 30 days. The board is the sole judge of whether the race meet may be licensed and the  
27 number of days the meet may continue.

28 (5) The board shall require that a fair board and an independent racing association conducting a race  
29 meet comply with the requirements of the rules adopted by the board before granting a license.

30 (6) A racing association consisting of a local fair board or an association approved by a local fair board

1 may submit a contract proposal to the board to hold a simulcast race meet in a simulcast facility.

2 (7) An unexpired license held by a person who violates this chapter or who fails to pay to the department  
3 the sums required under this chapter is subject to cancellation and revocation by the board.

4 (8) A license to operate a parimutuel facility conducting PARIMUTUEL fantasy sports league wagering and  
5 PARIMUTUEL sports wagering may not be issued to an applicant unless the applicant is also licensed under Title  
6 23, chapter 5."

7

8 **Section 4.** Section 23-4-202, MCA, is amended to read:

9 **"23-4-202. Penalty for violations of law -- authority of board -- judicial review.** (1) (a) A person  
10 holding a race meet or an owner, trainer, or jockey participating in a race meet, except a participant in a match  
11 bronc ride or a wild horse ride, without first being licensed under this chapter or a person violating this chapter  
12 is guilty of a misdemeanor.

13 (b) A person operating a parimutuel facility, parimutuel network, or simulcast parimutuel network that  
14 conducts PARIMUTUEL fantasy sports league wagering or PARIMUTUEL sports wagering without first being licensed  
15 under this chapter or a person violating this chapter is guilty of a misdemeanor.

16 (c) A person conducting simulcast racing through a simulcast parimutuel network without having entered  
17 into a contract with the board is guilty of a misdemeanor.

18 (2) The board or, upon the board's authorization, the board of stewards of a race meet at which the  
19 stewards officiate may exclude from racecourses a person whom the board or board of stewards considers  
20 detrimental to the best interest of racing as defined by rules of the board.

21 (3) As its own formal act or through an act of a board of stewards of a race meet, the board may suspend  
22 or revoke any license issued by the department to a licensee and assess a fine, not to exceed \$1,000, against  
23 a licensee who violates any of the provisions of this chapter or any rule or order of the board. In addition to the  
24 suspension or revocation and fine, the board may prohibit application for relicensure for a 2-year period. Fines  
25 collected under this subsection must be deposited in the general fund.

26 (4) The board shall promulgate rules implementing this chapter, including the right to a hearing for  
27 individuals against whom action is taken or proposed under this chapter. The rules may include provisions for  
28 the following:

29 (a) summary imposition of penalty by the stewards of a race meet, including a fine and license  
30 suspension, subject to review under the contested case provisions of the Montana Administrative Procedure Act;

- 1 (b) stay of a summary imposition of penalty by either the board or board of stewards;
- 2 (c) retention of purses pending final disposition of complaints, protests, or appeals of stewards' rulings;
- 3 (d) setting aside of up to 3% of exotic wagering on races, including simulcast races, to be deposited in
- 4 a state special revenue account. The board shall then distribute all funds collected under this subsection (4)(d)
- 5 to live race purses or for other purposes that the board considers appropriate for the good of the existing
- 6 horseracing industry.
- 7 (e) using 2% of exotic wagering on live racing to be immediately and equally distributed to all purses
- 8 except stakes races;
- 9 (f) assessment of penalty and interest on the late payment of fines, which must be paid before licenses
- 10 are reinstated;
- 11 (g) definition of exotic forms of wagering on races to be allowed;
- 12 (h) standards for simulcast facilities;
- 13 (i) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast races;
- 14 (j) conduct and supervision of parimutuel facilities, parimutuel networks, simulcast parimutuel networks,
- 15 and parimutuel wagering on PARIMUTUEL fantasy sports leagues and PARIMUTUEL sports wagering conducted at
- 16 parimutuel facilities;
- 17 (k) conduct and supervision of match bronc rides and wild horse rides; and
- 18 (l) conduct and supervision of advance deposit wagering.
- 19 (5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial review
- 20 of cases arising under this chapter."

- 21
- 22 **Section 5.** Section 23-4-301, MCA, is amended to read:
- 23 **"23-4-301. Parimutuel betting -- other betting illegal -- penalty.** (1) It is unlawful to make, report,
- 24 record, or register a bet or wager on the result of a contest of speed, skill, or endurance of an animal, whether
- 25 the contest is held within or outside this state, except under 23-5-502 or this chapter.
- 26 (2) A licensee conducting a race meet under this chapter may provide a place in the race meet grounds
- 27 or enclosure where the licensee may conduct or supervise the use of the parimutuel system by patrons on the
- 28 result of the races conducted under this chapter and the rules of the board.
- 29 (3) A person licensed under this chapter to hold a race meet may simulcast live races at a place in the
- 30 race meet grounds or simulcast facility where the licensee may conduct or supervise the use of the parimutuel

1 system by patrons on the results of simulcast races approved by the board.

2 (4) It is unlawful to conduct pool selling or bookmaking or to circulate handbooks or to bet or wager on  
3 a race of a licensed race meet, other than by the parimutuel system and in the race meet grounds or enclosure  
4 where the race is held, or to permit a minor to use the parimutuel system.

5 (5) Each licensee conducting a parimutuel system for an intrastate simulcast race meet shall combine  
6 the parimutuel pools at a simulcast facility with those at the actual racing facility for the purpose of determining  
7 the odds and computing payoffs. The amount of the handle at the simulcast race meet must be combined with  
8 the amount of the parimutuel handle at the live racing facility for the purposes of distribution of money derived  
9 from parimutuel betting under 23-4-302 and 23-4-304.

10 (6) Negotiated purse money from intrastate and interstate simulcast parimutuel handles at racing  
11 associations that do not conduct live racing will be pooled and distributed to all tracks conducting live racing. All  
12 money must be distributed on a percentage, based on each track's percent, of the total annual on-track  
13 parimutuel handle.

14 (7) The board may license an advance deposit wagering hub operator to conduct advance deposit  
15 wagering. Advance deposit wagering is prohibited and illegal unless it is conducted through an advance deposit  
16 wagering hub operator licensed by the board. A licensed advance deposit wagering hub operator:

17 (a) may accept advance deposit wagering money for races conducted by a licensed race meet;

18 (b) may not accept a wager in an amount in excess of the money on deposit in the account of a person  
19 who wishes to make the wager;

20 (c) may not allow a person under 18 years of age to open an account with the advance deposit wagering  
21 hub operator, make a wager from an account, or otherwise have access to an account;

22 (d) shall include a statement in any of its advertising for advance deposit wagering that a person under  
23 18 years of age is not allowed to participate;

24 (e) shall verify the identification, residence, and age of each person seeking to open an advance deposit  
25 wagering account;

26 (f) shall agree to pay to the board a source market fee in an amount equal to a percentage, as set forth  
27 in its license agreement, of the total amount wagered by Montana residents from their accounts with the advance  
28 deposit wagering hub operator; and

29 (g) shall agree to a payment schedule of source market fees as set forth in its license agreement.

30 (8) (a) It is unlawful for a person or organization to accept a Montana wager without being licensed by

1 the state of Montana as provided in this chapter.

2 (b) A violation of subsection (8)(a) is an illegal gambling enterprise, as defined in 23-5-112, and is  
3 punishable as provided by law.

4 (9) It is unlawful to:

5 (a) conduct pool selling or bookmaking or to wager on a PARIMUTUEL fantasy sports league or PARIMUTUEL  
6 sports wagering other than by the parimutuel system and by being physically present at the licensed parimutuel  
7 facility;

8 (b) permit a minor to use the parimutuel system; or

9 (c) conduct internet or telephone wagering on PARIMUTUEL fantasy sports leagues or PARIMUTUEL sports  
10 wagering."

11

12 **Section 6.** Section 23-4-302, MCA, is amended to read:

13 **"23-4-302. Distribution of deposits -- breakage.** (1) Each licensee conducting the parimutuel system  
14 for a simulcast race meet shall distribute all funds deposited in any pool to the winner of the parimutuel pool, less  
15 an amount that in the case of exotic wagering on races may not exceed 26% and in all other races may not  
16 exceed 20% of the total deposits plus the odd cents of all redistribution to be based on each dollar deposited  
17 exceeding a sum equal to the next lowest multiple of 10, known as "breakage".

18 (2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute all funds  
19 deposited with the licensee in any pool for the simulcast race meet, less an amount that in the case of exotic  
20 wagering on these races may not exceed 26%, unless the signal originator percentage is higher, in which case  
21 the Montana simulcast licensee may adopt the same percentage withheld as the place where the signal  
22 originated, and that in all other of these races may not exceed 20% of the total deposits plus the odd cents of all  
23 redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10,  
24 known as "breakage".

25 (3) Each licensee conducting a parimutuel system for a simulcast race meet shall deduct 1% of the total  
26 amount wagered on the race meet and deposit it in a state special revenue account. The board shall then  
27 distribute all funds collected under this subsection to live race purses or for other purposes that the board  
28 considers appropriate for the good of the existing horseracing industry.

29 (4) (a) Source market fees from licensed advance deposit wagering hub operators must be deposited  
30 by the board in the board's state special revenue account.



1 (b) The board shall pay 80% of the source market fees generated between May 1 and the following April  
2 30 to live race meet licensees based on each live race meet licensee's percentage of the total annual on-track  
3 parimutuel handle during the previous live race season. Prior to the beginning of each year's live race season,  
4 the correct percentage must be distributed by the board to each live race meet licensee to be used for race  
5 purses or other purposes that the board considers appropriate for the good of the horseracing industry.

6 (c) Ten percent of the source market fees paid to the board in a calendar year may be retained by the  
7 board for the payment of administrative expenses. One-half of the remaining 10% of the source market fees paid  
8 to the board in a calendar year must, by January 31 of the following calendar year, be paid to the owner bonus  
9 program and the other one-half to the breeder bonus program.

10 (5) (a) The parimutuel network licensee conducting PARIMUTUEL fantasy sports league wagering and  
11 PARIMUTUEL sports wagering shall distribute all funds deposited in the pool to the winner of the parimutuel pool  
12 less the takeout amount of not more than 30% of the total deposits.

13 (b) The takeout amount must be distributed according to the yearly license agreement between the  
14 parimutuel facility licensee, the parimutuel network licensee, and the board. No more than 10% of the amount  
15 collected under this subsection (5)(b) may be appropriated by the legislature for administration of this chapter.  
16 The remaining portion collected under this subsection (5)(b) must be deposited in a state special revenue  
17 account. The board shall then distribute this portion to live race purses and for other purposes that the board  
18 considers appropriate for the good of the existing horseracing industry.

19 (c) The odd cents of all redistribution based on each dollar deposited that exceeds a sum equal to the  
20 next lowest multiple of 10, known as "breakage", as well as unclaimed winning tickets from each parimutuel pool,  
21 must be distributed by the board to live race purses or for other purposes that the board considers appropriate  
22 for the good of the existing horseracing industry."

23

24 **Section 7.** Section 23-4-304, MCA, is amended to read:

25 **"23-4-304. Gross receipts -- department's percentage -- collection and allocation.** (1) (a) Each live  
26 race meet licensee shall pay to the department within 5 days following receipt by the licensee 1% of the gross  
27 receipts of each day's parimutuel betting at each race meet. At the end of each race meet the licensee shall  
28 prepare a report to the department showing the amount of the overpayments and underpayments. If the report  
29 shows the underpayments to be in excess of the overpayments, the balance must be paid to the department.  
30 Money paid to the department may be used for the expenses incurred in carrying out this chapter. The licensee

1 shall, at the same time, pay to the department all funds collected under 23-4-202(4)(d) on exotic wagering on  
 2 races. These funds must be deposited in a state special revenue account. The board shall then distribute all funds  
 3 collected under 23-4-202(4)(d) to live race purses or for other purposes that the board considers appropriate for  
 4 the good of the existing horseracing industry.

5 (b) Each licensed simulcast facility shall pay to the department either 1% of the gross receipts of each  
 6 day's parimutuel betting at each race meet or the actual cost to the board of regulating the simulcast race meet,  
 7 whichever is higher. The money must be paid to the department within 5 days after receipt of the money by the  
 8 licensee. At the end of each race meet the licensed simulcast facility shall prepare a report to the department  
 9 showing the amount of the overpayments and underpayments. If the report shows the underpayments to be in  
 10 excess of the overpayments, the balance must be paid to the department. Money paid to the department must  
 11 be deposited in an account in the state special revenue fund and must be used for the administration of this  
 12 chapter. The licensed simulcast facility shall, at the same time, pay to the department all funds collected under  
 13 23-4-202(4)(d) on exotic wagering on races. These funds must be deposited in a state special revenue account.  
 14 The board shall then distribute all funds collected under 23-4-202(4)(d) to live race purses or for other purposes  
 15 that the board considers appropriate for the good of the existing horseracing industry.

16 (c) The licensed parimutuel network conducting PARIMUTUEL fantasy sports league wagering and  
 17 PARIMUTUEL sports wagering shall pay the funds distributed pursuant to 23-4-302(5)(b) to the department within  
 18 10 days after receipt of the money by the licensee.

19 (2) Prior to the beginning of the live racing season, funds collected under 23-4-202(4)(d) must be  
 20 distributed by the department, after first passing through a state special revenue account, to be used for race  
 21 purses that are distributed to each live race meet by the board or for other purposes that the board considers  
 22 appropriate for the good of the horseracing industry."  
 23

24 **NEW SECTION. SECTION 8. PARIMUTUEL FANTASY SPORTS LEAGUES -- PAYOUT -- PROHIBITION. (1) A**  
 25 **PARIMUTUEL FANTASY SPORTS LEAGUE IS A GAMBLING ACTIVITY CONDUCTED THROUGH A PARIMUTUEL FACILITY,**  
 26 **PARIMUTUEL NETWORK, OR A SIMULCAST PARIMUTUEL NETWORK LICENSED UNDER 23-4-201.**

27 **(2) A LICENSED PARIMUTUEL NETWORK DIRECTOR DETERMINES THE SPORTING EVENT, ELIGIBLE ROSTERS, AND**  
 28 **APPROPRIATE PERIOD OF PLAY. THE PARIMUTUEL NETWORK DIRECTOR ALSO DETERMINES THE LEAGUE RULES, INCLUDING**  
 29 **THE COMBINATION OF WAGERS THAT MAY BE PLACED FOR A SPORT IN ANY WAGERING PERIOD. THE ROSTER OF ELIGIBLE**  
 30 **PARTICIPANTS PREPARED BY THE PARIMUTUEL NETWORK MUST BE PROVIDED TO EACH LEAGUE MEMBER.**

1           (3) RULES ADOPTED BY THE BOARD UNDER 23-4-104 TO GOVERN THE CONDUCT OF THE FANTASY SPORTS  
2 LEAGUE MUST BE PROVIDED IN WRITING TO EACH LEAGUE MEMBER.

3           (4) THE PARIMUTUEL NETWORK SHALL DISTRIBUTE ALL FUNDS WAGERED ON PARIMUTUEL FANTASY SPORTS  
4 LEAGUES IN ANY WAGERING POOL PURSUANT TO THE REQUIREMENTS OF 23-4-302 AND 23-4-304.

5           (5) IT IS UNLAWFUL TO WAGER ON A PARIMUTUEL FANTASY SPORTS LEAGUE BY TELEPHONE OR BY THE INTERNET.

6  
7           **NEW SECTION. SECTION 9. PARIMUTUEL SPORTS WAGERING -- PAYOUT -- PROHIBITION.** (1) PARIMUTUEL  
8 SPORTS WAGERING IS A GAMBLING ACTIVITY CONDUCTED THROUGH A PARIMUTUEL FACILITY, PARIMUTUEL NETWORK, OR  
9 A SIMULCAST PARIMUTUEL NETWORK LICENSED UNDER 23-4-201.

10           (2) PARIMUTUEL SPORTS WAGERING IS CONDUCTED IN THE FOLLOWING MANNER:

11           (A) PARIMUTUEL SPORTS WAGERS ARE PLACED AT A PARIMUTUEL FACILITY THROUGH A PARIMUTUEL NETWORK  
12 THROUGH A TOTALIZER MACHINE WITH LIVE ODDS FLUCTUATING DURING THE WAGERING CYCLE UNTIL THE CLOSE OR POST  
13 TIME OF THE EVENT.

14           (B) MORNING LINE ODDS ARE SET TO START THE CONTEST AND, AS SPORTS WAGERS ARE MADE, THE ODDS WILL  
15 FLUCTUATE UNTIL POST TIME, MEANING THAT ODDS CAN INCREASE OR DECREASE DEPENDING ON HOW THE PARTICIPANTS  
16 ARE SELECTED.

17           (C) CURRENT ODDS MUST BE DISPLAYED ONLINE OR THROUGH A MOBILE APPLICATION AS WELL AS AT THE  
18 PARIMUTUEL FACILITY TERMINAL LOCATIONS.

19           (3) PARIMUTUEL SPORTS WAGERING DOES NOT INCLUDE POINT SPREADS OR MONEY LINES. THE PARTICIPANT  
20 SETS THE ODDS LINE.

21           (4) A MINIMUM MANDATORY PAYOUT SCALE IS REQUIRED FOR PARIMUTUEL SPORTS WAGERING.

22           (5) PARIMUTUEL SPORTS WAGERING MAY INCLUDE:

23           (A) HEAD-TO-HEAD WAGERING ON LIVE PROFESSIONAL SPORTING EVENTS;

24           (B) ADVANCED FUTURE WAGERING ON PROFESSIONAL CHAMPIONSHIP EVENTS;

25           (C) WIN, PLACE, AND SHOW WAGERING ON INDIVIDUAL EVENTS;

26           (D) OVER/UNDER WAGERING ON LIVE SPORTING EVENTS;

27           (E) PICK 3, PICK 5, AND PICK 6 WAGERING ON A SPECIFIC GROUP OF GAMES; AND

28           (F) EXACTA, TRIFECTA, AND SUPERFECTA WAGERING THAT IS BASED ON RUNNING ORDER.

29           (6) THE PARIMUTUEL NETWORK SHALL DISTRIBUTE ALL FUNDS WAGERED ON PARIMUTUEL SPORTS WAGERING  
30 IN ANY WAGERING POOL PURSUANT TO THE REQUIREMENTS OF 23-4-302 AND 23-4-304.

1           (7) IT IS UNLAWFUL TO CONDUCT PARIMUTUEL SPORTS WAGERING BY TELEPHONE OR BY THE INTERNET.

2  
3           **Section 10.** Section 23-5-112, MCA, is amended to read:

4           **"23-5-112. Definitions.** Unless the context requires otherwise, the following definitions apply to parts  
5 1 through 8 of this chapter:

6           (1) "Applicant" means a person who has applied for a license or permit issued by the department  
7 pursuant to parts 1 through 8 of this chapter.

8           (2) "Application" means a written request for a license or permit issued by the department. The  
9 department shall adopt rules describing the forms and information required for issuance of a license.

10           (3) "Associated gambling business" means a person who provides a service or product to a licensed  
11 gambling business and who:

12           (a) has a reason to possess or maintain control over gambling devices;

13           (b) has access to proprietary information or gambling tax information; or

14           (c) is a party in processing gambling transactions.

15           (4) "Authorized equipment" means, with respect to live keno or bingo, equipment that may be inspected  
16 by the department and that randomly selects the numbers.

17           (5) "Bingo" means a gambling activity played for prizes with a card bearing a printed design of 5 columns.  
18 The letters B-I-N-G-O must appear above the design, with each letter above one of the columns. More than 75  
19 numbers may not be used. One or more numbers may appear in each square, except for the center square,  
20 which may be considered a free play. Numbers must be randomly drawn using authorized equipment until the  
21 game is won by the person or persons who first cover one or more previously designated arrangements of  
22 numbers on the bingo card.

23           (6) "Bingo caller" means a person 18 years of age or older who, using authorized equipment, announces  
24 the order of the numbers drawn in live bingo.

25           (7) "Bingo session" means all activities incidental to a series of bingo games conducted by a licensed  
26 operator beginning when the first bingo ball is drawn in the first game of bingo.

27           (8) "Card game table" or "table" means a live card game table:

28           (a) authorized by permit and made available to the public on the premises of a licensed gambling  
29 operator; or

30           (b) operated by a senior citizen center.

1 (9) "Card game tournament" means a gambling activity for which a permit has been issued involving  
2 participants who pay valuable consideration for the opportunity to compete against each other in a series of live  
3 card games conducted over a designated period of time.

4 (10) "Dealer" means a person with a dealer's license issued under part 3 of this chapter.

5 (11) "Department" means the department of justice.

6 (12) "Distributor" means a person who:

7 (a) purchases or obtains from a licensed manufacturer, distributor, route operator, or operator equipment  
8 of any kind for use in gambling activities; and

9 (b) sells the equipment to a licensed manufacturer, distributor, route operator, or operator.

10 (13) (a) "Gambling" or "gambling activity" means risking any money, credit, deposit, check, property, or  
11 other thing of value for a gain that is contingent in whole or in part upon lot, chance, or the operation of a gambling  
12 device or gambling enterprise.

13 (b) The term does not mean conducting or participating in:

14 (i) promotional games of chance;

15 (ii) amusement games regulated by Title 23, chapter 6, part 1; or

16 (iii) social card games of bridge, cribbage, hearts, pinochle, pitch, rummy, solo, and whist played solely  
17 for prizes of minimal value, as defined by department rule.

18 (14) "Gambling device" means a mechanical, electromechanical, or electronic device, machine, slot  
19 machine, instrument, apparatus, contrivance, scheme, or system used or intended for use in any gambling  
20 activity.

21 (15) "Gambling enterprise" means an activity, scheme, or agreement or an attempted activity, scheme,  
22 or agreement to provide gambling or a gambling device to the public.

23 (16) (a) "Gift enterprise" means a gambling activity in which persons have qualified to obtain property to  
24 be awarded by purchasing or agreeing to purchase goods or services.

25 (b) The term does not mean:

26 (i) a cash or merchandise attendance prize or premium that county fair commissioners of agricultural  
27 fairs and rodeo associations may give away at public drawings at fairs and rodeos;

28 (ii) a promotional game of chance;

29 (iii) an amusement game regulated under Title 23, chapter 6;

30 (iv) a savings promotion raffle offered by a bank, trust company, mutual savings bank, savings and loan

1 association, or credit union authorized to do business and accept deposits in this state under state or federal law  
2 and conducted in compliance with 23-5-413 that entitles individual members or depositors equal chances to win  
3 a designated prize by depositing a sum of money during a specified savings period; or

4 (v) an entry into a raffle as a result of paying membership dues or making a purchase of an item offered  
5 during a fundraising event held by a nonprofit organization.

6 (17) "Gross proceeds" means gross revenue received less prizes paid out.

7 (18) "House player" means a person participating in a card game who has a financial relationship with  
8 the operator, card room contractor, or dealer or who has received money or chips from the operator, card room  
9 contractor, or dealer to participate in a card game.

10 (19) "Illegal gambling device" means a gambling device not specifically authorized by statute or by the  
11 rules of the department. The term includes:

12 (a) a ticket or card, by whatever name known, containing concealed numbers or symbols that may match  
13 numbers or symbols designated in advance as prize winners, including a pull tab, punchboard, push card, tip  
14 board, pickle ticket, break-open, or jar game, except for one used under Title 23, chapter 7, under part 5 of this  
15 chapter, in a bingo game approved by the department under part 4 of this chapter, or in a promotional game of  
16 chance approved by the department; and

17 (b) an apparatus, implement, or device, by whatever name known, specifically designed to be used in  
18 conducting an illegal gambling enterprise, including a faro box, faro layout, roulette wheel, roulette table, craps  
19 table, or slot machine, except as provided in 23-5-153.

20 (20) "Illegal gambling enterprise" means a gambling enterprise that violates or is not specifically  
21 authorized by a statute or a rule of the department. The term includes:

22 (a) a card game, by whatever name known, involving any bank or fund from which a participant may win  
23 money or other consideration and that receives money or other consideration lost by the participant and includes  
24 the card games of blackjack, twenty-one, jacks or better, baccarat, or chemin de fer;

25 (b) a dice game, by whatever name known, in which a participant wagers on the outcome of the roll of  
26 one or more dice, including craps, hazard, or chuck-a-luck, but not including activities authorized by 23-5-160;

27 (c) sports betting, by whatever name known, in which a person places a wager on the outcome of an  
28 athletic event, including bookmaking, parlay bets, or sultan sports cards, but not including PARIMUTUEL fantasy  
29 sports leagues, PARIMUTUEL sports wagering, and other ~~these~~ activities authorized in Title 23, chapter 4, and parts  
30 2, 5, and 8 of this chapter;

1 (d) credit gambling; and

2 (e) internet gambling.

3 (21) (a) "Internet gambling", by whatever name known, includes but is not limited to the conduct of any  
4 legal or illegal gambling enterprise through the use of communications technology that allows a person using  
5 money, paper checks, electronic checks, electronic transfers of money, credit cards, debit cards, or any other  
6 instrumentality to transmit to a computer information to assist in the placing of a bet or wager and corresponding  
7 information related to the display of the game, game outcomes, or other similar information.

8 (b) The term does not include the operation of a simulcast facility or advance deposit wagering with a  
9 licensed advance deposit wagering hub operator allowed by Title 23, chapter 4, the state lottery provided for in  
10 Title 23, chapter 7, or a raffle authorized under Title 23, chapter 5, part 4, that is sponsored by a nonprofit  
11 organization and that is registered with the department. If all aspects of the gaming are conducted on Indian lands  
12 in conformity with federal statutes and with administrative regulations of the national Indian gaming commission,  
13 the term does not include class II gaming or class III gaming as defined by 25 U.S.C. 2703.

14 (22) "Keno" means a game of chance in which prizes are awarded using a card with 8 horizontal rows  
15 and 10 columns on which a player may pick up to 10 numbers. A keno caller, using authorized equipment, shall  
16 select at random at least 20 numbers out of numbers between 1 and 80, inclusive.

17 (23) "Keno caller" means a person 18 years of age or older who, using authorized equipment, announces  
18 the order of the numbers drawn in live keno.

19 (24) "License" means a license for an operator, dealer, card room contractor, manufacturer of devices  
20 not legal in Montana, sports tab game seller, manufacturer of electronic live bingo or keno equipment, other  
21 manufacturer, distributor, or route operator that is issued to a person by the department.

22 (25) "Licensee" means a person who has received a license from the department.

23 (26) "Live card game" or "card game" means a card game that is played in public between persons on  
24 the premises of a licensed gambling operator or in a senior citizen center.

25 (27) (a) "Lottery" means a scheme, by whatever name known, for the disposal or distribution of property  
26 among persons who have paid or promised to pay valuable consideration for the chance of obtaining the property  
27 or a portion of it or for a share or interest in the property upon an agreement, understanding, or expectation that  
28 it is to be distributed or disposed of by lot or chance.

29 (b) The term does not mean lotteries authorized under Title 23, chapter 7.

30 (28) "Manufacturer" means a person who:

1 (a) assembles from raw materials or subparts a completed piece of equipment or pieces of equipment  
2 of any kind to be used as a gambling device and who sells the equipment directly to a licensed distributor, route  
3 operator, or operator;

4 (b) possesses gambling devices or components of gambling devices for the purpose of testing them;  
5 or

6 (c) purchases gambling devices or components from licensed manufacturers, distributors, route  
7 operators, or operators as trade-ins or to refurbish, rebuild, or repair to sell to licensed manufacturers, distributors,  
8 route operators, or operators.

9 (29) "Nonprofit organization" means an organization established as a nonprofit to support charitable,  
10 religious, scholastic, educational, veterans', fraternal, beneficial, civic, senior citizens', or service organizations'  
11 charitable activities, scholarships or educational grants, or community service projects.

12 (30) "Operator" means a person who purchases, receives, or acquires, by lease or otherwise, and  
13 operates or controls for use in public a gambling device or gambling enterprise authorized under parts 1 through  
14 8 of this chapter.

15 (31) "Permit" means approval from the department to make available for public play a gambling device  
16 or gambling enterprise approved by the department pursuant to parts 1 through 8 of this chapter.

17 (32) "Person" or "persons" means both natural and artificial persons and all partnerships, corporations,  
18 associations, clubs, fraternal orders, and societies, including religious and charitable organizations.

19 (33) "Premises" means the physical building or property within or upon which a licensed gambling activity  
20 occurs, as stated on an operator's license application and approved by the department.

21 (34) "Promotional game of chance" means a scheme, by whatever name known, for the disposal or  
22 distribution of property among persons who have not paid or are not expected to pay any valuable consideration  
23 or who have not purchased or are not expected to purchase any goods or services for a chance to obtain the  
24 property, a portion of it, or a share in it. The property is disposed of or distributed by simulating a gambling  
25 enterprise authorized by parts 1 through 8 of this chapter or by operating a device or enterprise approved by the  
26 department that was manufactured or intended for use for purposes other than gambling.

27 (35) "Public gambling" means gambling conducted in:

28 (a) a place, building, or conveyance to which the public has access or may be permitted to have access;

29 (b) a place of public resort, including but not limited to a facility owned, managed, or operated by a  
30 partnership, corporation, association, club, fraternal order, or society, including a religious or charitable



1 organization; or

2 (c) a place, building, or conveyance to which the public does not have access if players are publicly  
3 solicited or the gambling activity is conducted in a predominantly commercial manner.

4 (36) "Raffle" means a form of lottery in which each participant pays valuable consideration for a ticket to  
5 become eligible to win a prize. Winners must be determined by a random selection process approved by  
6 department rule.

7 (37) "Route operator" means a person who:

8 (a) purchases from a licensed manufacturer, route operator, or distributor equipment of any kind for use  
9 in a gambling activity;

10 (b) leases the equipment to a licensed operator for use by the public; and

11 (c) may sell to a licensed operator equipment that had previously been authorized to be operated on a  
12 premises and may sell gambling equipment to a distributor or manufacturer.

13 (38) "Senior citizen center" means a facility operated by a nonprofit or governmental organization that  
14 provides services to senior citizens in the form of daytime or evening educational or recreational activities and  
15 does not provide living accommodations to senior citizens. Services qualifying under this definition must be  
16 recognized in the state plan on aging adopted by the department of public health and human services.

17 (39) (a) "Slot machine" means a mechanical, electrical, electronic, or other gambling device, contrivance,  
18 or machine that, upon insertion of a coin, currency, token, credit card, or similar object or upon payment of any  
19 valuable consideration, is available to play or operate, the play or operation of which, whether by reason of the  
20 skill of the operator or application of the element of chance, or both, may deliver or entitle the person playing or  
21 operating the gambling device to receive cash, premiums, merchandise, tokens, or anything of value, whether  
22 the payoff is made automatically from the machine or in any other manner.

23 (b) This definition does not apply to video gambling machines authorized under part 6 of this chapter.

24 (40) "Video gambling machine" is a gambling device specifically authorized by part 6 of this chapter and  
25 the rules of the department."

26

27 **Section 11.** Section 23-5-801, MCA, is amended to read:

28 **"23-5-801. Fantasy sports leagues ~~---sports wagering~~ DEFINED defined.** (1) As used in this part, a  
29 "fantasy sports league" means a gambling activity conducted in the following manner:

30 (+)(a) A fantasy sports league consists of a limited number of persons or groups of persons who pay an

1 entrance fee for membership in the league. The entrance fee may include an administrative fee.

2 ~~(2)(b)~~ Each league member creates a fictitious team composed of athletes from a given professional  
3 sport, such as baseball, basketball, or football. Player selection is conducted through random drawings, a bidding  
4 process, or by selection from a roster prepared by the parimutuel network coordinator.

5 ~~(3)(c)~~ Except for fantasy sports leagues operated under Title 23, chapter 4, after AFTER the initial teams  
6 are selected, interim replacement of players may occur by trade or purchase. A specific fee, which may not  
7 exceed the total entrance fee, is charged for each transaction.

8 ~~(4)(d)~~ A method, as defined by league rules, is devised to permit each team to compete against other  
9 teams in the league. Points are awarded to a team according to the performance of individual players or teams  
10 or both during a designated time period.

11 ~~(5)(e)~~ A league member may be eligible to receive a payout based on the number of points accumulated.  
12 Payouts, which may be in the form of cash or prizes, are awarded according to league rules.

13 ~~(6)(f)~~ The roster of eligible participants prepared by the parimutuel network must be provided to each  
14 league member.

15 ~~(7)(g)(F)~~ Rules governing the conduct of the fantasy sports league must be provided in writing to each  
16 league member.

17 (2) A FANTASY SPORTS LEAGUE CONDUCTED UNDER THIS CHAPTER IS NOT THE SAME AS A PARIMUTUEL FANTASY  
18 SPORTS LEAGUE CONDUCTED UNDER TITLE 23, CHAPTER 4.

19 ~~(2) As used in this part, "sports wagering" means a parimutuel gambling activity conducted in the~~  
20 ~~following manner:~~

21 ~~—— (a) Sports wagers are placed at a parimutuel facility through a parimutuel network through a totalizer~~  
22 ~~machine with live odds fluctuating during the wagering cycle until the close or post time of the event.~~

23 ~~—— (b) Morning line odds are set to start the contest and as sports wagers are made the odds will fluctuate~~  
24 ~~until post time, meaning odds can increase or decrease depending on how the participants are selected.~~

25 ~~—— (c) Sports wagering does not include point spreads or money lines. The participant sets the odds line.~~

26 ~~—— (d) Current odds must be displayed online or a mobile application as well as at the parimutuel facility~~  
27 ~~terminal locations.~~

28 ~~—— (e) Sports wagers must include a minimum mandatory payout scale.~~

29 ~~—— (f) Sports wagering may include:~~

30 ~~—— (i) head-to-head wagering on live professional sporting events;~~

- 1 ~~\_\_\_\_\_ (ii) advanced future wagering on professional championship events;~~  
 2 ~~\_\_\_\_\_ (iii) win, place, and show wagering on individual events;~~  
 3 ~~\_\_\_\_\_ (iv) over/under wagering on live sporting events;~~  
 4 ~~\_\_\_\_\_ (v) pick 3, pick 5, and pick 6 wagering on a specific group of games; and~~  
 5 ~~\_\_\_\_\_ (vi) exacta, trifecta, and superfecta wagering that is based on running order."~~

6

7 **Section 12.** Section 23-5-802, MCA, is amended to read:

8 **"23-5-802. Fantasy sports leagues ~~and sports wagering~~ authorized.** It is lawful to conduct or  
 9 participate in a fantasy sports league ~~or sports wagering~~, including a fantasy sports league ~~or sports wagering~~  
 10 that is operated under a parimutuel system of wagering regulated under Title 23, chapter 4. It is unlawful to wager  
 11 on a fantasy sports league ~~or sports wagering~~ by telephone or by the internet."

12

13 **Section 13.** Section 23-5-805, MCA, is amended to read:

14 **"23-5-805. Payouts -- administrative fees charged by commercial establishments.** (1) Except as  
 15 provided in subsection (2)(b), the total value of payouts to all league members ~~and sports wagering participants~~  
 16 must equal the amount collected for entrance, administrative, and transactions fees, minus payment for  
 17 administrative expenses.

18 (2) ~~(a) Except as provided in subsection (2)(b), if~~ IF a commercial establishment charges an  
 19 administrative fee for conducting a fantasy sports league ~~or sports wagering~~, the fee for each participant may not  
 20 be more than 15% of the amount charged as a participant's entrance fee.

21 ~~(b) The parimutuel network, as defined in 23-4-101, shall distribute all funds wagered on fantasy sports~~  
 22 ~~leagues and sports wagering in any wagering pool pursuant to the requirements of 23-4-302 and 23-4-304."~~

23

24 **Section 14.** Section 23-5-806, MCA, is amended to read:

25 **"23-5-806. ~~Sports betting prohibited -- applicability~~ Applicability **SPORTS BETTING PROHIBITED --****  
 26 **APPLICABILITY.** Sections 23-5-801, 23-5-802, and 23-5-805 do not::

27 (1) AUTHORIZE BETTING OR WAGERING ON THE OUTCOMES OF AN INDIVIDUAL SPORTS EVENT; OR

28 (2)

29 ~~(1) authorize betting or wagering on the outcome of an individual sports event; or~~

30 ~~\_\_\_\_\_ (2) apply to gambling activities governed under Title 23, chapter 4, except for parimutuel facilities;~~

1 ~~parimutuel networks, or simulcast parimutuel networks conducting fantasy sports leagues or sports gambling,~~  
2 or under Title 23, chapter 5, part 2 or 5."

3  
4 NEW SECTION. SECTION 15. CODIFICATION INSTRUCTION. [SECTIONS 8 AND 9] ARE INTENDED TO BE CODIFIED  
5 AS AN INTEGRAL PART OF TITLE 23, CHAPTER 4, PART 3, AND THE PROVISIONS OF TITLE 23, CHAPTER 4, PART 3, APPLY  
6 TO [SECTIONS 8 AND 9].

7 - END -