



AN ACT GENERALLY REVISING GAMBLING LAWS RELATED TO PLAYER INFORMATION; ALLOWING PLAYER REWARDS SYSTEMS; PROVIDING FOR PLAYER PRIVACY; PROVIDING REQUIREMENTS FOR STORAGE OF DATA; PROHIBITING SHARING OF INFORMATION; PROVIDING REQUIREMENTS ON THE SHARING OF DATA; CLARIFYING DEPARTMENT OF JUSTICE RULEMAKING AUTHORITY RELATING TO PLAYER INFORMATION; PROVIDING DEFINITIONS; AMENDING SECTIONS 23-5-602, 23-5-621, AND 23-5-637, MCA; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Player rewards system -- privacy of player -- penalty. (1) (a) A licensed gambling operator may use a player rewards system. A player rewards system interface must be submitted to the state for approval pursuant to subsection (9), but the licensed gambling operator may utilize any technology available for the input or utilization of player rewards data.

(b) The department may not require approval of modifications to a video gambling machine cabinet by a manufacturer or licensee if the modifications do not have the potential to affect the play of the machine or any approved system.

(2) Player rewards system data received from a player rewards system:

- (a) must remain confidential and only used for the purposes of player rewards;
- (b) is protected as confidential trade secrets of the licensed gambling operator;
- (c) may be used for managing and operating a player rewards system by the licensed gambling operator for the individual licensed premises where the system is located;
- (d) may be electronically stored, including off-site electronic storage over the internet; and
- (e) may be accessed and used remotely by the player rewards system manufacturer, developer, distributor, video gaming machine route operator, or the licensed gambling operator for the purposes of

maintenance, repairs, upgrades, and enhancements, as well as managing and operating a player rewards system, if access is authorized by the licensed gambling operator; and

(f) may not be shared between individual licensed premises.

(3) Any personally identifiable information of the player may not be used for any purpose other than for player rewards and may not be shared between individual licensed premises.

(4) A route operator may not tie the purchase, lease, or rental of a player rewards system to a video gambling machine route operator contract.

(5) Player rewards data must be retrievable in a common data format so that it may be exported from one system and imported into another system at the request of the licensed gambling operator.

(6) A player rewards system must be available for any licensed gambling operator to purchase, rent, or lease under similar terms.

(7) Player rewards data may be sold or passed from a licensed gambling operator to a party purchasing that same alcoholic beverage license or by the same licensed gambling operator if a new alcoholic license is purchased for use at the same individual licensed premises.

(8) A player may voluntarily opt in for membership in a player rewards system. A player who opts in to membership in a player rewards system is considered to have consented for personally identifiable information to be collected by the licensed gambling operator and for player rewards system data to be used for the purposes of player rewards. A player may opt out of a player rewards system at any time.

(9) If a player rewards system communicates with a video gambling machine, the department shall only test and approve the hardware interface and software interface to ensure that the player rewards system does not affect the play of the video gambling machine. For player rewards systems not communicating with a video gambling machine, department approval is not required, although the department may ensure that player rewards system data is protected and used in compliance with this section.

(10) The unauthorized use or dissemination of player rewards data is prohibited, and a violation of this section may be punished as provided in 23-5-136. The department may only investigate the reported misuse of a player rewards system and data. Any player rewards data obtained by the department must be protected as confidential trade secret property.

(11) The player rewards system manufacturer is required to license with the state as an associated

gambling business.

Section 2. 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) "Automated accounting and reporting system" means a system that, at a minimum, is used to electronically report video gambling machine accounting data to the state.

~~(2)(3)~~ (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)(4)~~ (a) "Bonus game" means a game other than a bingo, poker, keno, or video line game that is offered as a prize for playing and achieving a defined outcome by playing a bingo, poker, 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 a bingo, poker, 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 the predominant game rather than a bingo, poker, keno, or video line game. The department shall by administrative rule define the conditions that would cause a bonus game to be the predominant game. The term does not include a game that displays or simulates a gambling activity that is not legal under state law.

~~(4)(5)~~ "Electronically captured data" means video gambling machine accounting information and records of video gambling machine events, in electronic form, that are automatically recorded and

communicated to the department through an approved automated accounting and reporting system.

~~(5)(6)~~ "Gross income" means money put into a video gambling machine minus credits paid out in cash.

~~(6)(7)~~ (a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash, is available to play keno, 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.

~~(7)(8)~~ "Licensed machine owner" means a licensed operator or route operator who owns a video gambling machine for which a permit has been issued by the department.

~~(8)(9)~~ "Multigame" means a combination of at least two or more approved types of games, including bingo, poker, keno, or video line games, within the same video gambling machine cabinet if the video gambling machine cabinet has been approved by the department.

~~(9)(10)~~ "Permitholder" means a licensed operator on whose premises is located one or more video gambling machines for which a permit has been issued by the department.

(11) "Player rewards system" means a system that rewards player loyalty, including but not limited to employing player rankings, awarding player points, or other promotions based on player engagement at an individual licensed premises as determined by using video gambling machine data, which may come from an automated accounting and reporting system, and other information gathered at an individual licensed premises.

~~(40)(12)~~ (a) "Poker machine" means an electronic video gambling machine that, upon insertion of cash, is available to play or simulate the play of the game of draw poker, 5-card stud, 7-card stud, or hold 'em, 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.

~~(44)(13)~~ (a) "Video line game" means a video line game as defined by rules of the department and

approved by the department. A video line game 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. Video line games may be offered only in a multigame video gambling machine cabinet.

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

Section 3. Section 23-5-621, MCA, is amended to read:

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

- (a) implement 23-5-637;
- (b) describe the video gambling machines authorized by this part and state the specifications for video gambling machines authorized by this part, including a description of the images and the minimum area of a screen that depicts a bingo, poker, keno, or video line game;
- (c) allow video gambling machines to be imported into this state and used for the purposes of trade shows, exhibitions, and similar activities;
- (d) allow each video gambling machine to offer any combination of approved bingo, poker, keno, and video line games within the same video gambling machine cabinet if the owner of the video gambling machine has received approval to report video gambling machine information using an approved automated accounting and reporting system or has entered into an agreement with the department to use an approved automated accounting and reporting system;
- (e) allow, on an individual license basis, licensed machine owners and operators of machines that use an approved automated accounting and reporting system to:
 - (i) electronically acquire and use for an individual licensed premises the information and data collected for business management, accounting, and payroll, and player rewards purposes; ~~however, the rules must specify that the data made available as a result of an approved automated accounting and reporting system may not be used by licensees for player tracking purposes;~~
 - (ii) use a player rewards system; and
 - ~~(iii)~~ (iii) acquire and use, at the expense of a licensee, a department-approved site controller; and
- (f) minimize, whenever possible, the recordkeeping and retention requirements for video gambling

machines that use an approved automated accounting and reporting system.

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

(a) provide for confidentiality of information received through the approved automated accounting and reporting system within the limits prescribed by 23-5-115(8) and 23-5-116;

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

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

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

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

Section 4. Section 23-5-637, MCA, is amended to read:

"23-5-637. Approved automated accounting and reporting systems. (1) For the purposes of performing its duties under this chapter, minimizing regulatory costs, simplifying the reporting of video gambling machine revenue data, preserving the integrity of video gambling machines within its jurisdiction, lessening administrative and recordkeeping burdens for licensed machine owners and licensed operators and the department, and enhancing the management tools available to the industry and the state, the department may approve an automated accounting and reporting system for video gambling machines.

(2) Except as provided in subsection ~~(5)~~ (6) or as provided in an agreement for multiple-game software, utilization of an approved automated accounting and reporting system is voluntary for licensed machine owners and licensed operators who hold a valid current license.

(3) An approved automated accounting and reporting system must provide for the recording and entry of video gambling machine permit and tax information and for the electronic transfer of funds through the use of web entry technology, the internet, or direct electronic communication with the department.

(4) (a) Information from an approved automated accounting and reporting system may be submitted electronically, manually, or in any other way considered appropriate by the department. Licensed gambling operators may choose which form of reporting occurs. A player rewards system may be used by any licensed gambling operator regardless of the type of automated accounting and reporting system used by the licensed gambling operator.

(b) For information submitted electronically, the approved automated accounting and reporting system data must be made available for access by the route operator, the licensed gambling operator, and the automated accounting and reporting system provider.

~~(4)~~(5) A permit may not be issued for a video gambling machine manufactured after July 1, 2005, that is not manufactured in a manner specifically designed to comply with communications standards adopted by department rules.

~~(5)~~(6) If a permitholder voluntarily utilizes an approved automated accounting and reporting system for one or more video gambling machines at a premises, all video gambling machines on the premises that utilize the approved system, including video gambling machines replacing video gambling machines that utilize the approved system, must continue to use the approved system as long as video gambling machines are operated on the premises."

Section 5. Transition. Player rewards system data received from individual licensed premises with common ownership prior to October 1, 2021, may be used by the licensed gambling operator. After October 1, 2021, player rewards system data that is collected at an individual licensed premises must be used in accordance with [this act].

Section 6. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 23, chapter 5, and the provisions of Title 23, chapter 5, apply to [section 1].

Section 7. Effective date. [This act] is effective July 1, 2021.

- END -

I hereby certify that the within bill,
HB 197, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2021.

President of the Senate

Signed this _____ day
of _____, 2021.

HOUSE BILL NO. 197

INTRODUCED BY E. BUTTREY, F. GARNER

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