

## HOUSE BILL NO. 663

INTRODUCED BY R. LYNCH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING REQUIREMENTS FOR GAMBLING DEVICE  
5 CONTRACTS BETWEEN ROUTE OPERATORS AND GAMBLING ENTERPRISE OPERATORS; PROVIDING  
6 FOR AN INCREASE IN LICENSE FEES FOR ROUTE OPERATORS; PROVIDING RULEMAKING AUTHORITY;  
7 AMENDING SECTIONS 23-5-129 AND 23-5-130, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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11 **Section 1.** Section 23-5-129, MCA, is amended to read:  
12 **"23-5-129. Route operator's license -- fees -- requirements.** (1) It is a misdemeanor for a person to  
13 conduct business as a route operator without first obtaining a route operator's license from the department.  
14 (2) Except as provided in subsection (6), the department shall charge an annual license fee of ~~\$1,000~~  
15 \$1,001 for issuing or renewing a route operator's license. The department shall retain the fee for administrative  
16 purposes.  
17 (3) A route operator's license expires June 30 of each year, and the license fee may not be prorated.  
18 (4) Except as provided in subsection (6), the department may charge an additional, one-time license  
19 application processing fee to cover the actual cost of processing the original license. The department shall refund  
20 any amount of the application processing fee not needed to reimburse the department for actual costs or shall  
21 collect an amount sufficient to reimburse the department for actual costs not completely covered by the initial fee  
22 charged.  
23 (5) The department shall retain for administrative purposes the license and application processing fees  
24 collected under this section.  
25 (6) The department may waive the lowest license fee ~~provided for in subsection (2)~~ paid if the applicant  
26 is also licensed as a manufacturer or distributor and may waive the application processing fee provided for in  
27 subsection (4) if the applicant is licensed as a manufacturer, distributor, or operator. The provisions of this  
28 subsection (6) supersede the general waivers allowed under 23-5-128 or 23-5-625.  
29 (7) Prior to issuing or renewing the route operator's license, the department must receive the following  
30 information in addition to other information required by rule:

1           (a) a letter verifying that the owner of the appropriate alcoholic beverage license, as provided in  
2 23-5-119, or the owner's authorized agent was the entity that signed the route operator agreement;

3           (b) documentation that a certified letter was sent to the owner of the appropriate alcoholic beverage  
4 license at least 90 days before the date on which the contract renewal option is to be executed. This letter must  
5 include a copy of the contract and any other documentation related to the route operator's agreement with the  
6 appropriate alcoholic beverage license owner.

7           (c) documentation that a revised contract has been signed by the new operator any time a majority stake  
8 in the ownership of the appropriate alcoholic beverage license was transferred."

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10           **Section 2.** Section 23-5-130, MCA, is amended to read:

11           **"23-5-130. Allowable compensation for route operator.** The compensation that a licensed route  
12 operator may receive for leasing a video gambling machine to a licensed operator is limited to a set fee or a  
13 percentage of gross machine income, or both a set fee and percentage amount. The route operator may not  
14 assume responsibility for any expenses of the operator's business except for expenses associated with:

- 15           (1) paying video gambling machine permit fees and taxes;  
16           (2) conducting video gambling machine promotional activities;  
17           (3) maintaining and repairing video gambling machines;  
18           (4) supplying funds to allow an operator to exchange a player's money for other coin or currency for  
19 operating a video gambling machine and to pay out prizes won by players;  
20           (5) providing accounting and recordkeeping services for video gambling machines;  
21           (6) providing documentation related to the route operator's contracts with operators as provided in  
22 23-5-129; and

23           ~~(6)~~(7) other activities, if allowed by department rule."

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25           NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2017.

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