

SENATE BILL NO. 330

INTRODUCED BY M. BLASDEL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING GAMBLING LAWS; CREATING THE
5 MONTANA SPORTS BETTING ACT; PROVIDING AUTHORITY FOR CERTAIN ENTITIES TO CONDUCT
6 SPORTS BETTING; PROVIDING FOR LICENSING OF SPORTS BETTING; PROVIDING DEFINITIONS;
7 PROVIDING FOR A SPORTSBOOK OPERATOR LICENSE AND REQUIREMENTS; PROVIDING FOR A
8 PLATFORM OPERATOR LICENSE AND REQUIREMENTS; PROVIDING REQUIREMENTS FOR SPORTS
9 BETTING ASSOCIATED GAMBLING BUSINESSES; PROVIDING FOR SPORTSBOOK DUTIES AND
10 OBLIGATIONS; PROVIDING ENFORCEMENT OVERSIGHT AND DUTIES FOR THE DEPARTMENT OF
11 JUSTICE; PROVIDING RULEMAKING AUTHORITY; PROVIDING FOR DISPUTE RESOLUTION; PROVIDING
12 TAXES AND FEES; PROVIDING FOR THE SPORTS BETTING FUND AND DISTRIBUTION; PROVIDING
13 PENALTIES; AMENDING SECTIONS 23-5-110, 23-5-111, 23-5-112, 23-5-113, 23-5-114, 23-5-115, 23-5-116,
14 23-5-118, 23-5-119, 23-5-123, 23-5-128, 23-5-129, 23-5-130, 23-5-136, 23-5-138, 23-5-157, 23-5-161, 23-5-162,
15 23-5-172, 23-5-177, AND 23-5-178, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
19 NEW SECTION. **Section 1. Short title.** [Sections 1 through 19] may be cited as the "Montana Sports
20 Betting Act".

21
22 NEW SECTION. **Section 2. Definitions.** Unless the context requires otherwise, as used in [sections
23 1 through 19], the following definitions apply:

24 (1) "Adjusted gross sports betting receipts" means a sportsbook operator's gross sports betting receipts,
25 less:

- 26 (a) winnings paid; and
- 27 (b) payments remitted to the federal government as federal excise tax.

28 (2) "Bet slip" means a ticket, paper record, or digital record of any and all bets made in a single
29 transaction by a bettor with a sportsbook operator.

30 (3) (a) "Bettor" means an individual who places a sports bet with a sportsbook operator, either in person

1 at the sportsbook located in the premises of a licensed gaming operation or through the sportsbook operator's
2 interactive sports betting platform while the individual is inside the premises of a licensed gaming operation. A
3 bettor may include the gambling operator and employees of the operator on the premises of a licensed gaming
4 operation.

5 (b) The term does not mean a sportsbook operator, interactive sports betting platform, or supplier or an
6 employee of a sportsbook operator, interactive sports betting platform, or supplier.

7 (4) "Global risk management" means the direction, management, consultation, or instruction for purposes
8 of managing risks associated with a sportsbook operator's sports betting conducted pursuant to [sections 1
9 through 19] and includes the setting and adjustment of a sports proposition. Global risk management may be
10 provided only by a licensed sportsbook operator.

11 (5) "Gross sports betting receipts" means the total amount of money bet by bettors on sports
12 propositions.

13 (6) "Interactive sports betting platform" means an entity licensed by the department to provide software
14 and other technologies to a sportsbook operator to facilitate sports betting over the internet or other digital
15 applications via hardware mechanisms such as laptop or desktop computers, mobile devices, or other personal
16 electronic devices. An interactive sports betting platform may be owned and operated by a sportsbook operator
17 or may exist as a third party that provides technological solutions to sportsbook operators.

18 (7) "Messenger bet" means a sports bet placed by a person for the benefit of another person in return
19 for compensation.

20 (8) "Net sportsbook income" means the adjusted gross sports betting receipts minus the taxes payable
21 pursuant to [section 15].

22 (9) "Platform" means the software or other technology designed and used to manage, conduct, and
23 record interactive games and the wagers associated with interactive games. The term includes any mobile or
24 computer application, website, or emerging or new technology deployed to advance the conduct and operation
25 of interactive gambling, as well as any software and hardware designed to function in coordination with
26 preexisting hardware or software already owned or used by a player registered through the platform.

27 (10) (a) "Sports betting" means the use of a sports betting account by a bettor to bet on sports events,
28 in play wagers or sports propositions, with a sportsbook operator.

29 (b) The term does not include:

30 (i) gambling on table games or line games as provided under Title 23, chapter 5, of the type found in the

1 premises of a licensed gambling facility, on lottery games of the Montana lottery, or on any form of video gambling
2 machine;

3 (ii) wagering on any other contest related to a sporting event or series of events, including parimutuel
4 animal racing, daily fantasy sports contests, sports pools, and sports tabs.

5 (11) "Sports betting account" means a financial record established by a sportsbook operator for a bettor
6 that a bettor may use to deposit and withdraw funds for betting and other authorized purposes. A bettor shall
7 place sports bets through the sports betting account, and the sportsbook operator may credit to the account
8 winnings due to the bettor. A sportsbook operator may create a sports betting account for a bettor only after it
9 has registered the bettor, remotely or in person, as provided in department rules. The sports wagering account
10 must be funded in cash by the bettor in person at the sportsbook or through a sports betting kiosk approved by
11 the department.

12 (12) "Sports betting fund" means the account provided for in [section 16].

13 (13) "Sports event" means a professional sporting or athletic contest or game, a collegiate sporting or
14 athletic contest or game, an olympic sporting or athletic contest or game, or an electronic sporting event or
15 competition, regardless of whether competitors in the event are composed of teams or single individuals and
16 regardless of the geographic location of the contest, game, event, or competition. Except as otherwise provided
17 in this subsection, a sports event does not include an amateur sporting or athletic event.

18 (14) "Sports proposition" means an aspect of a sports event that is offered to patrons to bet on, including:

19 (a) a full or partial outcome of a sports event, championship, tournament, or series of events, including
20 point spreads, point totals, moneyline bets, parlay bets, teaser bets, pleaser bets, and if/then bets; and

21 (b) the outcome of nonstatistical or nonathletic events related to a sports event, the statistical
22 performances of individual or multiple athletes in a sports event, or a combination of any of these factors.

23 (15) (a) "Sportsbook" means an operation by a sportsbook operator that conducts the business of sports
24 betting via a physical sportsbook at the premises of a licensed gambling activity or via an interactive sports betting
25 platform for use by a bettor who is inside the premises of a licensed gambling activity.

26 (b) The term does not include an interactive sports betting platform or its employees, a supplier, or a data
27 provider.

28 (16) "Sportsbook operator" means an entity licensed by the department to conduct the business of sports
29 betting at a physical sportsbook located within the premises of a licensed gambling activity or via an interactive
30 sports betting platform from within the premises of a licensed gambling activity.

1 (17) "Supplier" means a person licensed as an associated gambling business under Title 23, part 5, and
2 [sections 1 through 19] that provides another licensee with equipment, goods, or services to carry out the
3 business of sports betting, including, without limitation, account wagering equipment or systems, player tracking
4 equipment or systems, bookmaking equipment or systems, call center equipment or systems, communications
5 technology, and other equipment or associated equipment or systems involved with sports betting.

6
7 **NEW SECTION. Section 3. Department duties and powers -- rulemaking.** (1) In addition to the duties
8 provided in [sections 1 through 19], the department has the sole authority to regulate all sportsbook betting in
9 Montana. A sportsbook may be conducted only by a sportsbook operator licensed under [sections 1 through 19].

10 (2) The department shall adopt rules to implement [sections 1 through 19]. The rules must include further
11 standards, beyond those in [sections 1 through 19], that address:

12 (a) the conduct of sports betting, including the acceptance and payout of sports bets on a sports event
13 or a series of sports events;

14 (b) the manner in which odds are disclosed;

15 (c) maximum sports bets that may be accepted by a sportsbook operator from a single bettor on a single
16 sports event;

17 (d) the type of bet slips that may be used;

18 (e) the method of issuing bet slips;

19 (f) the method of accounting used by sportsbook operators;

20 (g) the types of records that must be kept;

21 (h) the type of system for wagering;

22 (i) the acceptable method of funding a sports betting account consistent with the provisions of 23-5-157;

23 (j) the establishment of minimum internal control standards and approval of minimum internal control
24 standards proposed by licensed sportsbook operators for administration of sports betting operations, betting
25 equipment and systems, or other items used to conduct sports betting, as well as maintenance of financial
26 records and other required records;

27 (k) offering sports betting via an interactive sports betting platform over the internet through a website
28 or through a mobile device to patrons located inside the premises of a licensed gambling activity;

29 (l) the responsible advertising of betting-related products and content across all media;

30 (m) the development and deployment of responsible gambling resources for bettors;

1 (n) ensuring game integrity through, among other obligations, the mandatory monitoring and reporting
2 of suspicious betting activity;

3 (o) the use, suitability, and testing of betting-related equipment and systems, including interactive sports
4 betting platforms;

5 (p) the investigation of suspicious betting activity identified by a licensee, including by other enforcement
6 agencies the reported activity is shared with, and cooperation with related civil or criminal proceedings or law
7 enforcement investigations;

8 (q) the eligibility and suitability of sportsbook operators, interactive sports betting platform operators,
9 and suppliers to hold a license;

10 (r) the use of global risk management;

11 (s) the adequacy of a sportsbook operator's surveillance systems that monitor sportsbook activity; and

12 (t) the maintenance and reporting of all betting-related financial records required by department rule.

13 (3) The department shall levy and collect all fees, surcharges, civil penalties, and quarterly tax on
14 adjusted gross sports wagering receipts imposed by [sections 1 through 19] and promptly deposit all money with
15 the department for credit to the sports betting fund as provided in [section 16].

16 (4) The department may enforce any provision of [sections 1 through 19] or of department rule by civil
17 action or petition for injunctive relief as provided in 23-5-136.

18 (5) The department may hear complaints from the public, hold hearings, administer oaths, and issue
19 subpoenas.

20 (6) The department has jurisdiction over disputes between bettors and sportsbook operators that must
21 be conducted pursuant to the Montana Administrative Procedure Act, Title 2, chapter 4, part 6 or 7.

22 (7) The department shall adopt rules to further govern sports betting.

23
24 **NEW SECTION. Section 4. Authority to conduct betting.** (1) A person may not conduct sports betting
25 or a sportsbook without first obtaining all necessary licenses in accordance with [sections 1 through 19] and
26 administrative rules.

27 (2) Three types of licenses may be issued pursuant to [sections 1 through 19]:

28 (a) sportsbook operator;

29 (b) platform operator; and

30 (c) associated gambling business.

1 (3) The department shall announce its intention to accept applications for all license types, and the
2 requirements for applications, before [the effective date of this act].

3 (4) A sportsbook operator may enter into revenue sharing agreements with platforms, route operators,
4 associated gambling businesses, and gambling operators as provided in [section 14] that hold appropriate
5 licenses.

6
7 **NEW SECTION. Section 5. Application requirements and prohibitions.** (1) A person that wishes
8 to conduct the business of sports betting shall apply to the department for a license.

9 (2) A person may not be issued a license until the department determines that the applicant meets all
10 qualifications for licensure as set forth in [sections 1 through 19].

11 (3) An applicant for a license or permit shall submit an application to the department in the form the
12 department requires.

13 (4) Except as otherwise provided in this subsection, the following persons and entities are prohibited
14 from applying for a license or permit issued under [sections 1 through 19]:

- 15 (a) an employee of the department;
16 (b) a current professional or collegiate:
17 (i) athlete;
18 (ii) coach, assistant coach, or team staffer;
19 (iii) official or referee; or
20 (iv) league or conference and associated employees;
21 (c) an agent to players or coaches;
22 (d) an employee of a professional team; and
23 (e) an employee of a collegiate athletic department.

24
25 **NEW SECTION. Section 6. Sportsbook operator license -- criminal penalties -- fees.** (1) It is a
26 felony for a person to conduct business as a sportsbook operator without first obtaining a sportsbook operator
27 license from the department. A violation of this section is punishable in accordance with 23-5-162.

28 (2) The department shall charge an annual license fee of \$1,000 for issuing or renewing a sportsbook
29 operator license. The department shall retain the fee for administrative purposes.

30 (3) A sportsbook operator license expires June 30 of each year, and the license fee may not be prorated.

1 (4) The department may charge an additional, one-time license application processing fee. The
2 department may collect an amount sufficient to reimburse the department for actual costs not completely covered
3 by the initial fee charged.

4 (5) The department shall retain for administrative purposes the license and application processing fees
5 collected under this section.

6
7 **NEW SECTION. Section 7. Sportsbook operator requirements.** (1) A sportsbook operator license
8 granted by the department pursuant to [sections 1 through 19] grants the sportsbook operator authority to conduct
9 sports betting in accordance with Title 23, chapter 5, and [sections 1 through 19].

10 (2) Only sports betting as authorized by [sections 1 through 19] is allowed in Montana.

11 (3) Upon receiving an applicant's completed application, payment of an application fee, and proof of
12 satisfaction of the requirements for licensure under the provisions of Title 23, chapter 5, and [sections 1 through
13 19], the department shall immediately grant a sportsbook operator license to an applicant.

14 (4) (a) A gambling operator may not be licensed as a sportsbook operator.

15 (b) A gambling operator that offers sports betting at its licensed premises through a route operator
16 licensed to operate sports betting is not acting as a sportsbook operator.

17 (5) An applicant shall submit to the department documentation or information the department requires
18 to demonstrate that the applicant will meet the requirements of the law and department rules.

19 (6) A licensed sportsbook operator shall execute a surety bond or reserve account, in an amount and
20 in the form approved by the department, to guarantee the sportsbook operator faithfully makes all payments in
21 accordance with the provisions of [sections 1 through 19] and department rules.

22 (7) Upon application for a license and annually thereafter, a sportsbook operator shall submit to the
23 department an audit of the financial transactions and condition of the sportsbook operator's total operations
24 prepared by a certified public accountant in accordance with generally accepted accounting principles and
25 applicable laws.

26 (8) A sportsbook operator shall demonstrate that its sportsbook will be accessible to disabled individuals
27 in accordance with applicable federal and state laws.

28
29 **NEW SECTION. Section 8. Platform operator license -- fees.** (1) It is a felony for a person to conduct
30 business as a platform operator without first obtaining a platform operator license from the department. A violation

1 of this section is punishable in accordance with 23-5-162.

2 (2) The department shall charge a license fee of \$1,000 for issuing and for annually renewing a platform
3 operator license.

4 (3) A platform operator license expires on June 30 of each year, and the license fee may not be prorated.

5 (4) The department may charge an additional, one-time license application processing fee to cover the
6 actual cost of processing the original license. The department may collect an amount sufficient to reimburse the
7 department for actual costs not completely covered by the initial fee charged.

8 (5) The department shall retain for administrative purposes all license fees and application processing
9 fees collected under this section.

10

11 **NEW SECTION. Section 9. Platform operator requirements.** (1) A platform operator license granted
12 by the department pursuant to [sections 1 through 19] grants a platform operator the authority to conduct the
13 business of sports betting in Montana through an interactive sports betting platform in accordance with the terms
14 and conditions of the license and rules promulgated under [sections 1 through 19].

15 (2) A sportsbook operator may own and operate its own platforms or contract with third-party platforms.

16 (3) A platform operator license applicant shall submit to the department the documentation or information
17 the department requires to demonstrate that the applicant will meet the requirements of the law and department
18 rules.

19 (4) The department shall adopt rules implementing technical standards for an interactive sports betting
20 platform.

21

22 **NEW SECTION. Section 10. Sports betting associated gambling business requirements.** (1) The
23 department may issue an associated gambling business license to a person to sell or lease sports betting
24 equipment, systems, or other items necessary to conduct sports betting and to offer services related to that
25 equipment or other items to a sportsbook operator.

26 (2) The department may establish the conditions under which the department may issue a provisional
27 license pending completion of final action on an application.

28 (3) An associated gambling business license does not include the authority to supply an interactive
29 sports betting platform.

30 (4) The department may adopt rules establishing additional requirements for an associated gambling

1 business and any system or other equipment used for betting other than a platform or a mobile or internet device
2 operated by a bettor in order to access a platform.

3 (5) The department may accept licensure by another jurisdiction that it specifically determines to have
4 similar licensure requirements as evidence the applicant meets associated gambling business requirements in
5 this state.

6 (6) An applicant for an associated gambling business license shall demonstrate that the equipment,
7 systems, or services that the applicant plans to offer to a sportsbook operator conform to standards established
8 by the department and by applicable law. The department may accept approval by another jurisdiction that it
9 specifically determines to have similar equipment standards as evidence the applicant meets the standards
10 established by the department and by applicable law.

11 (7) An associated gambling business shall submit to the department a list of all sports betting equipment
12 and services sold, delivered to, or offered to a sportsbook operator, all of which must be tested and approved by
13 an independent testing laboratory approved by the department. A sportsbook operator may continue to use
14 supplies acquired from a licensed associated gambling business, even if its license expires or is otherwise
15 canceled, unless the department finds a defect in the supplies.

16
17 **NEW SECTION. Section 11. Violations.** (1) A violation of any of the conditions set forth in subsections
18 (2) and (3) is a violation of suitability to conduct the business of sports betting and results in automatic suspension
19 or revocation of any application or license pursuant to 23-5-162.

20 (2) A sportsbook operator may not offer sports betting in any form to U.S. customers or accept sports
21 bets in any form from U.S. customers without first acquiring licensure to conduct sports betting in the state or
22 tribal jurisdiction where a sports bet is placed and accepted unless the offer or acceptance is allowed by a sports
23 betting agreement.

24 (3) A sportsbook operator may not place any form of sports bets, including layoff bets, with black-market
25 sportsbooks.

26
27 **NEW SECTION. Section 12. Sportsbook duties and obligations.** (1) A sportsbook shall adopt
28 comprehensive house rules for game play governing sports betting by:

29 (a) specifying the procedures required to accept a sports bet and the amounts to be paid on winning
30 bets;

- 1 (b) submitting the rules to the department for approval prior to implementation;
- 2 (c) publishing the rules as part of minimum internal control standards;
- 3 (d) conspicuously displaying the rules, together with any other information the department considers
- 4 appropriate and the terms and conditions of each sportsbook operator's and platform's betting system; and
- 5 (e) making copies of the house rules readily available to patrons.
- 6 (2) A sportsbook shall promote responsible gaming by:
- 7 (a) clearly communicating:
- 8 (i) the legal betting age and prohibiting minors from engaging in any form of sports betting;
- 9 (ii) all house rules for game play governing sports betting transactions;
- 10 (iii) information concerning assistance for responsible play, including a toll-free number directing callers
- 11 to reputable resources containing further information;
- 12 (b) employing geolocation technology to ensure a bettor who places a sports bet is located inside the
- 13 premises of a licensed gambling activity in Montana at the time the bettor places a sports bet;
- 14 (c) limiting bettors to one account for each bettor;
- 15 (d) enabling bettors to exclude themselves from betting at any time and taking reasonable steps to
- 16 prevent self-excluded bettors from sports betting; and
- 17 (e) ensuring that advertisements for sports propositions do not target individuals who are under 18 years
- 18 of age.
- 19 (3) A sportsbook shall monitor the integrity of all sports propositions by:
- 20 (a) identifying a series of minimum internal indicators of potential suspicious or irregular sports betting
- 21 activity;
- 22 (b) developing and sharing with the department those indicators;
- 23 (c) implementing technological requirements for integrity monitoring and for monitoring specific indicators
- 24 of potential suspicious activity as mandated by the department pursuant to industry standards;
- 25 (d) employing a monitoring system utilizing software to identify irregularities in volume or odds swings
- 26 that could signal suspicious activities requiring further investigation, which must be immediately reported and
- 27 investigated by the department. System requirements and specifications must be developed in accordance with
- 28 industry standards and implemented by the department; and
- 29 (e) implementing any other requirements as developed through rules promulgated by the department.
- 30 (4) A sportsbook may not, unless ordered by a court or by state or federal law enforcement authorities

1 pursuant to an investigation, divulge or communicate any personally identifiable customer information obtained
2 through conducting the business of sports betting. This information does not include anonymized, numeric betting
3 information or any other anonymized information reported to the department for integrity monitoring purposes.

4 (5) A sportsbook operator shall promptly report to the department any facts or circumstances obtained
5 by any employee at any time related to a Montana licensee that the sportsbook operator reasonably knows to
6 constitute a violation of state or federal law.

7 (6) A sportsbook shall hold the department and the state harmless from and defend and pay for the
8 defense of any and all claims that may be asserted against a licensee, the department or its employees, or the
9 state of Montana arising from the licensee's conducting of the business of sports betting.

10 (7) A sportsbook shall ensure that:

11 (a) sports betting conducted via a sportsbook operator at the sportsbook or a kiosk is within the sight
12 and control of designated employees of the gambling operator and conducted under continuous observation by
13 surveillance or security equipment in conformity with specifications and requirements established by the
14 department by rule; and

15 (b) sports betting conducted via a platform may be monitored in real time by designated employees of
16 the licensee and conducted under observation in conformity with specifications and requirements established by
17 the department by rule.

18 (8) A sportsbook shall maintain sufficient money and other supplies to conduct sports betting at all times
19 and ensure bettor funds are held separately from operational funds.

20 (9) A sportsbook shall maintain daily records showing gross sports betting receipts and adjusted gross
21 sports betting receipts from all sports betting conducted and shall file with the department any additional reports
22 required by rule or by other provisions of this title.

23 (10) A sportsbook shall take every reasonable measure to prohibit the following persons from placing a
24 sports bet, facilitating a bet, or receiving a payout from a bet:

25 (a) an employee of the division;

26 (b) an individual under 18 years of age;

27 (c) an individual or institutional sportsbook license holder, or any applicant for a license;

28 (d) a bettor that an individual sportsbook or the department has determined to be prohibited from betting
29 at any Montana sportsbook; and

30 (e) anyone placing a messenger bet on behalf of any of the parties listed in this subsection.

1
2 **NEW SECTION. Section 13. Requirements for betting authorization.** (1) A sportsbook may accept
3 sports bets on sports events or on other sporting-related events as permitted by the department pursuant to rules
4 established under [sections 1 through 19] only from persons physically located within the premises of a gambling
5 operator who bet through a platform using a sports betting account that is operated by a sportsbook operator.

6 (2) The intermediate routing of electronic data in connection with sports betting may not determine the
7 location or locations in which a sports bet is initiated, received, or otherwise made.

8 (3) A sportsbook shall employ approved geolocation technology to ensure a bettor who places a sports
9 bet via a platform is located inside the premises of a licensed gaming operation.

10 (4) A sportsbook may not accept a sports bet from an individual under 18 years of age.

11 (5) A sportsbook may ban any person from participating in sports betting at its sportsbook.

12 (6) The department shall adopt rules implementing the provisions of this section.

13
14 **NEW SECTION. Section 14. Fees paid to premises operators.** For the privilege of conducting sports
15 betting within the premises of a licensed gambling operator, a sportsbook operator shall pay to the gambling
16 operator 5% of the net sportsbook income derived from the premises.

17
18 **NEW SECTION. Section 15. Taxes and fees.** (1) The department shall quarterly collect from each
19 licensed sportsbook operator 8.5% of the sportsbook operator's adjusted gross sports betting receipts. The
20 department shall use the accrual method of accounting for purposes of calculating the amount of tax owed by
21 the sportsbook operator.

22 (2) A sportsbook operator shall pay an annual fee of \$100 for each kiosk placed with a gambling
23 operator.

24 (3) The tax collected pursuant to this section is due and payable to the department in quarterly
25 installments. Payments are due 15 days after the end of each quarter in a manner prescribed by the department.

26 (4) The sportsbook operator shall complete and submit payments for the preceding quarter by electronic
27 communication to the department 15 days after the end of each quarter, in a form that the department requires.
28 The submission must include:

29 (a) gross sports betting receipts and adjusted gross sports betting receipts from the preceding quarterly
30 period;

1 (b) the amount of tax for which the sportsbook operator is liable; and

2 (c) information illustrating the computation of the tax amount.

3 (5) When adjusted gross sports betting receipts for a quarterly period are a negative number because
4 the winnings paid to bettors betting on the sportsbook operator's sports propositions exceed the sportsbook
5 operator's gross receipts from sports betting by bettors on those sports propositions, the sportsbook operator may
6 carry over the negative amount to returns filed for subsequent quarters. The negative amount of adjusted gross
7 sports betting receipts may not be carried back to an earlier quarter.

8

9 **NEW SECTION. Section 16. Sports betting fund and distribution.** (1) There is an account in the state
10 special revenue fund known as the Montana sports betting fund.

11 (2) All taxes collected under [sections 1 through 19] must be deposited with the department of justice
12 for credit to the sports betting fund.

13 (3) The fund is an interest-bearing account with all interest or other return earned on the money in the
14 fund credited to and deposited in the fund.

15 (4) All expenses of the department incurred in the administration and enforcement of [sections 1 through
16 19] must be paid from the sports betting fund.

17 (5) The department shall deduct from the gross deposits into the sports betting fund an amount sufficient
18 to reimburse its actual costs and expenses incurred in administering sports betting. The amount remaining after
19 the deduction for administrative expenses is the net sports betting tax revenue.

20 (6) In addition to the amount deducted in subsection (5), the department may retain up to 15% of the
21 gross deposits to fund operations and administrative expenses. In the event that the percentage allotted for
22 operations and administration generates a surplus, the surplus must be allowed to accumulate but may not
23 exceed \$250,000. On an annual basis, the department shall report to the governor any surplus in excess of
24 \$250,000 and remit the entire amount of those surplus funds in excess of \$250,000 to the state general fund.

25

26 **NEW SECTION. Section 17. Bettor disputes.** (1) (a) Subject to subsection (1)(b), when a bettor and
27 a sportsbook operator have a dispute relating to a sports bet that cannot be resolved to the satisfaction of the
28 bettor and the sportsbook operator, the parties shall resolve the dispute through an informal mediation process
29 in accordance with rules adopted by the department.

30 (b) The dispute process in subsection (1)(a) applies to disputes:

1 (i) relating to:

2 (A) alleged winnings or losses;

3 (B) the award or distribution of cash or items of value; or

4 (C) the manner in which sports betting is conducted; and

5 (ii) in which the amount in controversy is \$500 or less.

6 (2) For disputes in which the amount in controversy is greater than \$500, the sportsbook operator shall
7 immediately notify the department of the dispute. Upon being notified of a dispute, the department shall conduct
8 an investigation and determine whether payment should be made. The department shall mail written notice to
9 the sportsbook operator and the bettor of the department's decision resolving the dispute within 45 days after the
10 date the department first receives notification from the sportsbook operator or a request to conduct an
11 investigation from the bettor. The failure of the department to mail notice of the decision within the time required
12 by this subsection does not relieve the department of its authority to resolve the dispute.

13 (3) The decision of the department is effective on the date the aggrieved party receives notice of the
14 decision. Notice of the decision is sufficient if it is mailed to the last-known addresses of the sportsbook operator
15 and bettor. The date of mailing may be confirmed by a certificate signed by an employee of the department that
16 specifies the time the notice was mailed. The notice is considered to have been received by the aggrieved party
17 5 days after it is deposited in the United States mail with the postage on the notice prepaid.

18 (4) Within 20 days after receiving notice of the written decision of the department, the aggrieved party
19 may file a petition with the department requesting a hearing to reconsider the decision. The petition must set forth
20 the basis of the request for reconsideration. If a petition for reconsideration is not filed within the time prescribed,
21 the decision is the final action on the matter and is not subject to reconsideration by the department or any court.

22 (5) The aggrieved party shall provide a copy of the petition to the other party.

23 (6) Within 15 days after filing the petition, the responding party may answer the allegations by filing a
24 written response with the department.

25 (7) The department shall schedule a hearing and shall conduct the hearing in accordance with the
26 Montana Administrative Procedure Act, Title 2, chapter 4, parts 6 and 7.

27 (8) The party seeking reconsideration bears the burden of showing that the department's decision should
28 be reversed or modified. After the hearing, the department or the hearing examiner may sustain, modify, or
29 reverse the department's decision. The decision by the department or the hearing examiner must be in writing
30 and must include findings of fact. A copy of the decision must be delivered or mailed to each party. The decision

1 is final 5 days after the date the parties receive the decision.

2 (9) A sportsbook operator shall pay a bettor's claim within 20 days after a decision of the department or
3 the hearing examiner directing the sportsbook operator to do so becomes final. Failure to pay within the required
4 time is grounds for disciplinary action.

5
6 **NEW SECTION. Section 18. Shipment of gambling devices.** All shipments of sports betting supplies,
7 including devices and related materials, to licensed sportsbook operators in Montana are legal shipments of
8 gambling devices if the registering, recording, and labeling of the supplies have been completed by the supplier
9 in accordance with 15 U.S.C. 1171 through 1178.

10
11 **NEW SECTION. Section 19. Exemption from federal law.** Pursuant to 15 U.S.C. 1172, the legislature
12 declares and proclaims that the state of Montana is exempt from 15 U.S.C. 1171 through 1178.

13
14 **Section 20.** Section 23-5-110, MCA, is amended to read:

15 **"23-5-110. Public policy of state concerning gambling.** (1) The legislature finds that for the purpose
16 of ensuring the proper gambling environment in this state it is necessary and desirable to adopt a public policy
17 regarding public gambling activities in Montana. The legislature therefore declares it is necessary to:

18 (a) create and maintain a uniform regulatory climate that assures players, owners, tourists, citizens, and
19 others that the gambling industry in this state is fair and is not influenced by corrupt persons, organizations, or
20 practices;

21 (b) protect legal public gambling activities from unscrupulous players and vendors and detrimental
22 influences;

23 (c) protect the public from unscrupulous proprietors and operators of gambling establishments, games,
24 and devices;

25 (d) protect the state and local governments from those who would conduct illegal gambling activities that
26 deprive those governments of their tax revenues;

27 (e) protect the health, safety, and welfare of all citizens of this state, including those who do not gamble,
28 by regulating gambling activities; and

29 (f) promote programs necessary to provide assistance to those who are adversely affected by legalized
30 gambling, including compulsive gamblers and their families.

1 (2) The legislature adopts the policy that an applicant for a license or permit or other department approval
 2 under parts 1 through 8 and [sections 1 through 19] of this chapter does not have a right to the issuance of a
 3 license or permit or the granting of the approval sought. The issuance of a license or permit issued or other
 4 department approval granted pursuant to the provisions of parts 1 through 8 and [sections 1 through 19] of this
 5 chapter is a privilege revocable only for good cause. A holder does not acquire a vested right in the license or
 6 permit issued or other department approval granted. A license or permit issued under parts 1 through 8 and
 7 [sections 1 through 19] of this chapter may not be sold, assigned, leased, or transferred.

8 (3) Revenue to fund the expense of administration and control of gambling as regulated by parts 1
 9 through 8 of this chapter must be derived solely from fees, taxes, and penalties on gambling activities, except the
 10 gambling activities of the Montana state lottery and the parimutuel industry."
 11

12 **Section 21.** Section 23-5-111, MCA, is amended to read:

13 **"23-5-111. Construction and application.** In view of Article III, section 9, of the Montana constitution,
 14 parts 1 through 8 and [sections 1 through 19] of this chapter must be strictly construed by the department and
 15 the courts to allow only those types of gambling and gambling activity that are specifically and clearly allowed by
 16 those parts."
 17

18 **Section 22.** Section 23-5-112, MCA, is amended to read:

19 **"23-5-112. Definitions.** Unless the context requires otherwise, the following definitions apply to parts
 20 1 through 8 and [sections 1 through 19] of this chapter:

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

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

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

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

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

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

30 (4) "Authorized equipment" means, with respect to live keno or bingo, equipment that may be inspected

1 by the department and that randomly selects the numbers.

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

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

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

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

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

15 (b) operated by a senior citizen center.

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

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

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

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

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

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

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

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

29 (i) promotional games of chance;

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

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

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

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

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

10 (b) The term does not mean:

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

13 (ii) a promotional game of chance;

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

15 (iv) a savings promotion raffle offered by a bank, trust company, mutual savings bank, savings and loan
16 association, or credit union authorized to do business and accept deposits in this state under state or federal law
17 and conducted in compliance with 23-5-413 that entitles individual members or depositors equal chances to win
18 a designated prize by depositing a sum of money during a specified savings period; or

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

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

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

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

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

1 chance approved by the department; and

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

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

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

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

12 ~~(c) sports betting, by whatever name known, in which a person places a wager on the outcome of an~~
13 ~~athletic event, including bookmaking, parlay bets, or sultan sports cards, but not including those activities~~
14 ~~authorized in Title 23, chapter 4, and parts 2, 5, and 8 of this chapter;~~

15 ~~(d)(c)~~ credit gambling; and

16 ~~(e)(d)~~ internet gambling.

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

22 (b) The term does not include the operation of a simulcast facility or advance deposit wagering with a
23 licensed advance deposit wagering hub operator allowed by Title 23, chapter 4, the state lottery provided for in
24 Title 23, chapter 7, ~~or~~ a raffle authorized under Title 23, chapter 5, part 4, that is sponsored by a nonprofit
25 organization and that is registered with the department, or sports betting under [sections 1 through 19]. If all
26 aspects of the gaming are conducted on Indian lands in conformity with federal statutes and with administrative
27 regulations of the national Indian gaming commission, the term does not include class II gaming or class III
28 gaming as defined by 25 U.S.C. 2703.

29 (22) "Interactive sports betting platform" means a licensed entity that provides software and other
30 technologies to a sportsbook operator in order to facilitate sports betting over the internet or other digital

1 applications, through hardware mechanisms such as laptop or desktop computers, mobile devices, or other
 2 personal electronic devices. A platform may be owned and operated by a sportsbook operator or may exist as
 3 a licensed third party that provides software and technological solutions to sportsbook operators.

4 ~~(22)~~(23) "Keno" means a game of chance in which prizes are awarded using a card with 8 horizontal rows
 5 and 10 columns on which a player may pick up to 10 numbers. A keno caller, using authorized equipment, shall
 6 select at random at least 20 numbers out of numbers between 1 and 80, inclusive.

7 ~~(23)~~(24) "Keno caller" means a person 18 years of age or older who, using authorized equipment,
 8 announces the order of the numbers drawn in live keno.

9 ~~(24)~~(25) "License" means a license for an operator, dealer, card room contractor, manufacturer of devices
 10 not legal in Montana, sports tab game seller, sportsbook operator, manufacturer of electronic live bingo or keno
 11 equipment, other manufacturer, distributor, or route operator that is issued to a person by the department.

12 ~~(25)~~(26) "Licensee" means a person who has received a license from the department.

13 ~~(26)~~(27) "Live card game" or "card game" means a card game that is played in public between persons
 14 on the premises of a licensed gambling operator or in a senior citizen center.

15 ~~(27)~~(28) (a) "Lottery" means a scheme, by whatever name known, for the disposal or distribution of
 16 property among persons who have paid or promised to pay valuable consideration for the chance of obtaining
 17 the property or a portion of it or for a share or interest in the property upon an agreement, understanding, or
 18 expectation that it is to be distributed or disposed of by lot or chance.

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

20 ~~(28)~~(29) "Manufacturer" means a person who:

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

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

25 or

26 (c) purchases gambling devices or components from licensed manufacturers, distributors, route
 27 operators, or operators as trade-ins or to refurbish, rebuild, or repair to sell to licensed manufacturers, distributors,
 28 route operators, or operators;

29 (d) provides goods or services that are contained within a sports betting platform; or

30 (e) assembles or provides a kiosk for the purposes of sports betting.

1 ~~(29)~~(30) "Nonprofit organization" means an organization established as a nonprofit to support charitable,
 2 religious, scholastic, educational, veterans', fraternal, beneficial, civic, senior citizens', or service organizations'
 3 charitable activities, scholarships or educational grants, or community service projects.

4 ~~(30)~~(31) "Operator" means a person who purchases, receives, or acquires, by lease or otherwise, and
 5 operates or controls for use in public a gambling device or gambling enterprise authorized under parts 1 through
 6 8 and [sections 1 through 19] of this chapter.

7 ~~(31)~~(32) "Permit" means approval from the department to make available for public play a gambling
 8 device or gambling enterprise approved by the department pursuant to parts 1 through 8 and [sections 1 through
 9 19] of this chapter.

10 ~~(32)~~(33) "Person" or "persons" means both natural and artificial persons and all partnerships,
 11 corporations, associations, clubs, fraternal orders, and societies, including religious and charitable organizations.

12 ~~(33)~~(34) "Premises" means the physical building or property within or upon which a licensed gambling
 13 activity occurs, as stated on an operator's license application and approved by the department.

14 ~~(34)~~(35) "Promotional game of chance" means a scheme, by whatever name known, for the disposal or
 15 distribution of property among persons who have not paid or are not expected to pay any valuable consideration
 16 or who have not purchased or are not expected to purchase any goods or services for a chance to obtain the
 17 property, a portion of it, or a share in it. The property is disposed of or distributed by simulating a gambling
 18 enterprise authorized by parts 1 through 8 of this chapter or by operating a device or enterprise approved by the
 19 department that was manufactured or intended for use for purposes other than gambling.

20 ~~(35)~~(36) "Public gambling" means gambling conducted in:

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

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

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

27 ~~(36)~~(37) "Raffle" means a form of lottery in which each participant pays valuable consideration for a ticket
 28 to become eligible to win a prize. Winners must be determined by a random selection process approved by
 29 department rule.

30 ~~(37)~~(38) "Route operator" means a person who:

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

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

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

6 ~~(38)~~(39) "Senior citizen center" means a facility operated by a nonprofit or governmental organization that
7 provides services to senior citizens in the form of daytime or evening educational or recreational activities and
8 does not provide living accommodations to senior citizens. Services qualifying under this definition must be
9 recognized in the state plan on aging adopted by the department of public health and human services.

10 ~~(39)~~(40) (a) "Slot machine" means a mechanical, electrical, electronic, or other gambling device,
11 contrivance, or machine that, upon insertion of a coin, currency, token, credit card, or similar object or upon
12 payment of any valuable consideration, is available to play or operate, the play or operation of which, whether
13 by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the
14 person playing or operating the gambling device to receive cash, premiums, merchandise, tokens, or anything
15 of value, whether the payoff is made automatically from the machine or in any other manner.

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

17 ~~(40)~~(41) "Video gambling machine" is a gambling device specifically authorized by part 6 of this chapter
18 and the rules of the department."

19

20 **Section 23.** Section 23-5-113, MCA, is amended to read:

21 **"23-5-113. Department as criminal justice agency.** The department is a criminal justice agency whose
22 designated agents are granted peace officer status, with the power of search, seizure, and arrest. Agents are
23 authorized to investigate gambling activities in this state regulated by parts 1 through 8 and sections 1 through
24 19] of this chapter and the rules of the department, to report violations to the county attorney of the county in
25 which they occur, to investigate and report on activities related to liquor and tobacco administration under Title
26 16, and to act as appointed by the attorney general."

27

28 **Section 24.** Section 23-5-114, MCA, is amended to read:

29 **"23-5-114. Department employees -- activities prohibited.** (1) An employee of the department directly
30 involved with the prosecution, investigation, regulation, or licensing of gambling, as designated by the attorney

1 general, may not:

2 (a) serve as an officer of a business or organization that conducts a gambling activity, other than as an
3 officer of a nonprofit organization;

4 (b) be employed by a licensed operator in any capacity that requires assisting in conducting a gambling
5 activity regulated under parts 1 through 6 and [sections 1 through 19] of this chapter or maintaining records for
6 the gambling activity;

7 (c) have a beneficial or pecuniary interest in a contract for the manufacture, lease, or sale of a gambling
8 device, the conduct of a gambling activity, or the provision of independent consultant services in connection with
9 a gambling activity; or

10 (d) participate in a gambling activity governed by parts 1 through 6 of this chapter, except in performing
11 assigned employment duties. An employee may participate in a gambling activity governed by chapter 4 or 7 of
12 this title.

13 (2) The prohibitions in subsections (1)(a) through (1)(c) apply to a former designated department
14 employee during the first year following termination from employment with the department if the employee was
15 directly involved with the prosecution, investigation, regulation, or licensing of gambling immediately before
16 termination."

17

18 **Section 25.** Section 23-5-115, MCA, is amended to read:

19 **"23-5-115. Powers and duties of department -- licensing.** (1) The department shall administer the
20 provisions of parts 1 through 8 and [sections 1 through 19] of this chapter.

21 (2) The department shall adopt rules to administer and implement parts 1 through 8 and [sections 1
22 through 19] of this chapter.

23 (3) The department shall provide licensing procedures, prescribe necessary application forms, and grant
24 or deny license applications and may provide for the issuance of temporary operating authority.

25 (4) The department shall, as a prerequisite to the issuance of a license pursuant to the authority
26 contained in this chapter, require the applicant to submit fingerprints for the purpose of a criminal background
27 investigation by the department and the federal bureau of investigation.

28 (5) The applicant shall sign a release of information to the department and is responsible to the
29 department for the payment of all fees associated with the criminal background check.

30 (6) The department shall prescribe recordkeeping requirements for licensees, provide a procedure for

1 inspection of records, provide a method for collection of taxes, and establish penalties for the delinquent reporting
2 and payment of required taxes.

3 (7) The department may suspend, revoke, deny, or place a condition on a license issued under parts
4 1 through 8 and [sections 1 through 19] of this chapter.

5 (8) The department may not make public or otherwise disclose confidential criminal justice information,
6 as defined in 44-5-103, information obtained in the tax reporting processes, personal information protected by
7 an individual privacy interest, or trade secrets, as defined in 30-14-402, specifically identified and for which there
8 are reasonable grounds of privilege asserted by the party claiming the privilege.

9 (9) The department shall assess, collect, and disburse any fees, taxes, or charges authorized under
10 parts 1 through 8 and [sections 1 through 19] of this chapter."
11

12 **Section 26.** Section 23-5-116, MCA, is amended to read:

13 **"23-5-116. Disclosure of information.** (1) The department shall, upon request, disclose information
14 concerning a current or former gambling license applicant or gambling licensee or any other person engaged in
15 gambling or a gambling activity governed by parts 1 through 8 and [sections 1 through 19] of this chapter, except:

16 (a) confidential criminal justice information, as defined in 44-5-103;

17 (b) personal information protected by an individual privacy interest;

18 (c) trade secrets, as defined in 30-14-402, specifically identified and for which there are reasonable
19 grounds of privilege asserted by the party claiming the privilege; and

20 (d) information obtained in the tax reporting processes.

21 (2) Notwithstanding the limitations set forth in subsection (1), the department may disclose any
22 information obtained in the application or tax reporting process or as a result of other department operations to:

23 (a) a federal, state, city, county, or tribal criminal justice agency;

24 (b) the department of revenue and the federal internal revenue service; and

25 (c) a gambling regulatory agency of another state, a local government unit of another state, a tribal
26 government, or a foreign nation, provided that the disclosure of the information complies with the law of that
27 jurisdiction and that the receiving entity has been approved for receipt by the Montana attorney general.

28 (3) In the event of a tax delinquency or at the request of a video gambling machine permitholder, the
29 department shall inform the permitholder of the status of a licensed machine owner's tax payments for a video
30 gambling machine located at the permitholder's place of business."

1

2 **Section 27.** Section 23-5-118, MCA, is amended to read:

3 **"23-5-118. Transfer of ownership interest -- definitions.** (1) In this section, "licensed gambling
4 operation" means a business for which a license was obtained under parts 1 through 8 and [sections 1 through
5 19] of this chapter.

6 (2) Except as provided in subsection (3), an owner of an interest in a licensed gambling operation shall
7 notify the department in writing and receive approval from the department before transferring any ownership
8 interest in the operation.

9 (3) This section does not apply to the transfer of a security interest in a licensed gambling operation
10 under the requirements of subsection (4) or to the transfer of less than 5% of the interest in a publicly traded
11 corporation.

12 (4) A regulated lender, as defined in 31-1-111, may obtain a security interest in the assets of a licensed
13 gambling operation to secure a loan or a guaranty of a loan. A regulated lender may use loan and collateral
14 documentation and loan and collateral structure consistent with that used by the regulated lender in commercial
15 loans generally, and the documentation and structure used by the lender do not create an undisclosed ownership
16 interest in the licensee's business by a coborrower or guarantor if the department determines the borrower,
17 coborrower, guarantor, and owner or owners of the assets pledged as collateral meet the requirements of
18 23-5-176. As used in this subsection (4), permissible loan and collateral structuring includes but is not limited to
19 permitting owners and nonowners of a licensed gambling operation to:

20 (a) be coborrowers of a borrower's loan;

21 (b) be guarantors of a borrower's loan, with or without a requirement that the regulated lender exhaust
22 remedies against the borrower before collecting from the guarantor; or

23 (c) pledge assets as collateral for a borrower's loan or for a guaranty of a borrower's loan.

24 (5) When a licensee is the borrower, an owner of the licensee may make a payment on the institutional
25 loan. If a payment is made under this subsection (5):

26 (a) the licensee must notify the department within 90 days that the payment was made and designate
27 whether the payment will be treated as a loan or an equity investment as follows:

28 (i) for a payment treated as a loan, the licensee must memorialize the loan by a written agreement, which
29 must be provided to the department; or

30 (ii) for a payment treated as an equity investment, if a change in ownership percentage occurs as a result,

1 the licensee must follow department requirements for disclosing changes in ownership percentages; and
 2 (b) the funds used for the payment must be the party's own funds or funds borrowed from an institutional
 3 lender.

4 (6) If a borrower, coborrower, or guarantor is not the licensee or an owner of the licensee, the coborrower
 5 or guarantor may make a payment on the institutional loan, and the payment does not create an undisclosed
 6 ownership in the licensee's business by the borrower, coborrower, or guarantor only if:

7 (a) the licensee notifies the department within 90 days that the payment was made;

8 (b) the payment is made as a loan that is memorialized by a written agreement; and

9 (c) the funds used for the payment are the coborrower's or guarantor's own funds or funds borrowed from
 10 an institutional lender.

11 (7) A regulated lender that obtains a security interest in the assets of a licensed gambling operation has
 12 no duty to ensure a coborrower's or guarantor's compliance with the requirements of subsection (5) or (6) in
 13 connection with loan or guaranty payments it may receive from the coborrower or guarantor.

14 (8) For the purposes of subsections (5) and (6), the term "borrower" means the party that is primarily
 15 responsible for making payments and that receives the funds or on whose behalf the funds were paid."
 16

17 **Section 28.** Section 23-5-119, MCA, is amended to read:

18 **"23-5-119. Appropriate alcoholic beverage license for certain gambling activities.** (1) Except as
 19 provided in subsection (3), to be eligible to offer gambling under Title 23, chapter 5, part 3, 5, ~~or 6~~, or [sections
 20 1 through 19] an applicant must own in the applicant's name:

21 (a) a retail all-beverages license issued under 16-4-201, but the owner of a license transferred after July
 22 1, 2007, pursuant to 16-4-204 is not eligible to offer gambling;

23 (b) except as provided in subsection (1)(c), a license issued prior to October 1, 1997, under 16-4-105,
 24 authorizing the sale of beer and wine for consumption on the licensed premises;

25 (c) a beer and wine license issued in an area outside of an incorporated city or town as provided in
 26 16-4-105(1)(f). The owner of the license whose premises are situated outside of an incorporated city or town may
 27 offer gambling, regardless of when the license was issued, if the owner and premises qualify under Title 23,
 28 chapter 5, part 3, 5, ~~or 6~~, or [sections 1 through 19].

29 (d) a retail beer and wine license issued under 16-4-109;

30 (e) a retail all-beverages license issued under 16-4-202; or

1 (f) a retail all-beverages license issued under 16-4-208.

2 (2) For purposes of subsection (1)(b), a license issued under 16-4-105 prior to October 1, 1997, may
3 be transferred to a new owner or to a new location or transferred to a new owner and location by the department
4 of revenue pursuant to the applicable provisions of Title 16. The owner of the license that has been transferred
5 may offer gambling if the owner and the premises qualify under Title 23, chapter 5, part 3, 5, ~~or 6~~, or [sections
6 1 through 19].

7 (3) Lessees of retail all-beverages licenses issued under 16-4-208 or beer and wine licenses issued
8 under 16-4-109 who have applied for and been granted a gambling operator's license under 23-5-177 are eligible
9 to offer and may be granted permits for gambling authorized under Title 23, chapter 5, part 3, 5, ~~or 6~~, or [sections
10 1 through 19].

11 (4) A license transferee or a qualified purchaser operating pending final approval under 16-4-404(6) who
12 has been granted a gambling operator's license under 23-5-177 may be granted permits for gambling under Title
13 23, chapter 5, part 3, 5, ~~or 6~~, or [sections 1 through 19]."

14

15 **Section 29.** Section 23-5-123, MCA, is amended to read:

16 **"23-5-123. Disposal of fines and penalties for violation of gambling laws.** All fines and penalties
17 collected by criminal, civil, or administrative process for a violation of a provision of parts 1 through 8 and
18 [sections 1 through 19] of this chapter or a rule of the department must be deposited in the state general fund."

19

20 **Section 30.** Section 23-5-128, MCA, is amended to read:

21 **"23-5-128. Distributor's license -- fees.** (1) It is a misdemeanor for a person to conduct business as
22 a distributor without first obtaining a distributor's license from the department.

23 (2) Except as provided in subsection (6), the department shall charge an annual license fee of \$1,000
24 for issuing or renewing a distributor's license. The department shall retain the fee for administrative purposes.

25 (3) A distributor's license expires June 30 of each year, and the license fee may not be prorated.

26 (4) Except as provided in subsection (6), the department may charge an additional, one-time license
27 application processing fee to cover the actual cost of processing the original license. ~~The department shall refund~~
28 ~~any amount of the application processing fee not needed to reimburse the~~ The department for actual costs or
29 shall collect an amount sufficient to reimburse the department for actual costs not completely covered by the initial
30 fee charged.

1 (5) The department shall retain for administrative purposes the license and application processing fees
2 collected under this section.

3 (6) The department may waive the license fee provided for in subsection (2) if the applicant is licensed
4 as a manufacturer or route operator and may waive the application processing fee provided for in subsection (4)
5 if the applicant is licensed as a manufacturer, route operator, or operator."
6

7 **Section 31.** Section 23-5-129, MCA, is amended to read:

8 **"23-5-129. Route operator's license -- fees.** (1) It is a misdemeanor for a person to conduct business
9 as a route operator without first obtaining a route operator's license from the department.

10 (2) Except as provided in subsection (6), the department shall charge an annual license fee of \$1,000
11 for issuing or renewing a route operator's license. The department shall retain the fee for administrative purposes.

12 (3) A route operator's license expires June 30 of each year, and the license fee may not be prorated.

13 (4) Except as provided in subsection (6), the department may charge an additional, one-time license
14 application processing fee to cover the actual cost of processing the original license. ~~The department shall refund~~
15 ~~any amount of the application processing fee not needed to reimburse the~~ The department ~~for actual costs or~~
16 shall collect an amount sufficient to reimburse the department for actual costs not completely covered by the initial
17 fee charged.

18 (5) The department shall retain for administrative purposes the license and application processing fees
19 collected under this section.

20 (6) The department may waive the license fee provided for in subsection (2) if the applicant is licensed
21 as a manufacturer or distributor and may waive the application processing fee provided for in subsection (4) if
22 the applicant is licensed as a manufacturer, distributor, or operator."
23

24 **Section 32.** Section 23-5-130, MCA, is amended to read:

25 **"23-5-130. Allowable compensation for route operator.** (1) The compensation that a licensed route
26 operator may receive for leasing a video gambling machine to a licensed operator is limited to a set fee or a
27 percentage of gross machine income, or both a set fee and percentage amount. The route operator may not
28 assume responsibility for any expenses of the operator's business except for expenses associated with:

29 ~~(1)~~(a) paying video gambling machine permit fees and taxes;

30 ~~(2)~~(b) conducting video gambling machine promotional activities;

- 1 ~~(3)~~(c) maintaining and repairing video gambling machines;
- 2 ~~(4)~~(d) supplying funds to allow an operator to exchange a player's money for other coin or currency for
- 3 operating a video gambling machine and to pay out prizes won by players;
- 4 ~~(5)~~(e) providing accounting and recordkeeping services for video gambling machines; and
- 5 ~~(6)~~(f) other activities, if allowed by department rule.

6 (2) A route operator may receive compensation from a licensed sportsbook operator for maintenance

7 of sports betting kiosks limited to a set fee or a percentage of gross machine income, or both a set fee and

8 percentage amount. The route operator may not assume responsibility for any expenses of the sportsbook

9 operator's business."

10

11 **Section 33.** Section 23-5-136, MCA, is amended to read:

12 **"23-5-136. Injunction and other remedies.** (1) If a person has engaged or is engaging in an act or

13 practice constituting a violation of a provision of parts 1 through 8 and [sections 1 through 19] of this chapter or

14 a rule or order of the department, the department may:

15 (a) upon clear and convincing evidence, issue a temporary order to cease and desist from the gambling

16 activity, act, or practice for a period not to exceed 60 days;

17 (b) following notice and an opportunity for hearing, and with the right of judicial review, under the

18 Montana Administrative Procedure Act:

19 (i) issue a permanent order to cease and desist from the act or practice, which order remains in effect

20 pending judicial review;

21 (ii) place a licensee on probation;

22 (iii) suspend for a period not to exceed 180 days a license or permit for the gambling activity, device, or

23 enterprise involved in the act or practice constituting the violation;

24 (iv) revoke a license or permit for the gambling activity, device, or enterprise involved in the act or practice

25 constituting the violation;

26 (v) impose a civil penalty not to exceed \$10,000 for each violation, whether or not the person is licensed

27 by the department; and

28 (vi) impose any combination of the penalties contained in this subsection (1)(b); and

29 (c) bring an action in district court for relief against the act or practice. The department may not be

30 required to post a bond. On proper showing, the court may:

- 1 (i) issue a restraining order, a temporary or permanent injunction, or other appropriate writ;
- 2 (ii) suspend or revoke a license or permit; and
- 3 (iii) appoint a receiver or conservator for the defendant or the assets of the defendant.
- 4 (2) The department may issue a warrant for distraint against an operator who fails to pay a civil penalty
- 5 imposed under subsection (1) or a tax imposed under 23-5-409 or 23-5-610. The department may issue the
- 6 warrant for the amount of the unpaid penalty or for the amount of the unpaid tax, plus penalty and accumulated
- 7 interest on the tax, and shall follow the procedures provided in 15-1-701 through 15-1-708.
- 8 (3) (a) A civil penalty imposed under this section must be collected by the department and distributed
- 9 as provided in 23-5-123.
- 10 (b) If a person fails to pay the civil penalty, the amount due is a lien on the person's licensed premises
- 11 and gambling devices in the state and may be recovered by the department in a civil action."
- 12

13 **Section 34.** Section 23-5-138, MCA, is amended to read:

14 **"23-5-138. Evidence in administrative proceedings.** When conducting an administrative proceeding

15 under parts 1 through 8 and [sections 1 through 19] of this chapter, the department may consider hearsay

16 evidence approved by the hearing examiner in a prehearing conference at which a determination is made that

17 the evidence possesses sufficient guaranties of trustworthiness and does not involve a question of the credibility

18 of a witness or of the credibility of a witness's subjective observations or analysis."

19

20 **Section 35.** Section 23-5-157, MCA, is amended to read:

21 **"23-5-157. Gambling on cash basis -- penalties.** (1) (a) Except as provided in subsection (1)(b), in

22 every gambling activity the consideration paid for the chance to play must be made in cash. A check or debit card

23 may be used to obtain cash to participate in a gambling activity. A participant shall present the cash needed to

24 play the game as the game is being played. If a check or debit card is used to obtain cash on the premises of a

25 licensee then it must be delivered and accepted unconditionally. A licensee or employee of a licensee may not

26 hold a check or other evidence of indebtedness for redemption pending the outcome of a gambling activity.

27 (b) The consideration for the chance to participate in Calcutta pools as provided in 23-5-222, raffles as

28 provided in 23-5-413, casino nights as provided in 23-5-702, ~~and~~ card games normally scored using points as

29 provided in Title 23, chapter 5, part 3, and sports betting provided for in [sections 1 through 19] may be paid by

30 cash, check, or debit card.

1 (c) Credit gambling is prohibited. Credit gambling is offering or accepting as part of the price of
2 participation in a gambling activity or as payment of a debt incurred in a gambling activity:

3 (i) a check, credit card, or debit card held pending the outcome of a gambling activity;

4 (ii) a loan of any kind at any time from or on behalf of a licensee;

5 (iii) any form of deferred payment, including a note, IOU, post-dated check, hold check, or other evidence
6 of indebtedness; or

7 (iv) a check issued or delivered that is accepted by the licensee with the knowledge that it will not be paid
8 by the depository.

9 (2) A person who violates this section is guilty of a criminal offense under 23-5-156 and must be
10 punished in accordance with 23-5-161 or 23-5-162."

11

12 **Section 36.** Section 23-5-161, MCA, is amended to read:

13 **"23-5-161. Criminal liabilities -- misdemeanor.** A person who purposely or knowingly violates a
14 provision of parts 1 through 8 and [sections 1 through 19] of this chapter, the punishment of which is for a
15 misdemeanor, shall upon conviction of a first offense be fined not more than \$500. Upon a second conviction
16 within 5 years of a first conviction, a person shall be fined not more than \$1,000 or imprisoned in the county jail
17 for not more than 6 months, or both. Upon a third conviction within 5 years of a second conviction, a person shall
18 be fined not more than \$10,000 or imprisoned in the county jail for not more than 1 year, or both. Upon a fourth
19 conviction within 5 years of a third conviction, a person shall be fined not more than \$10,000 or imprisoned in the
20 county jail for not more than 1 year, or both, and the department shall revoke all licenses and permits the person
21 holds under parts 1 through 8 and [sections 1 through 19] of this chapter and the person is forever barred from
22 receipt of any license or permit under this chapter. When 5 years have passed following a conviction, the record
23 of that conviction may be made available only to criminal justice agencies or upon court order."

24

25 **Section 37.** Section 23-5-162, MCA, is amended to read:

26 **"23-5-162. Criminal liabilities -- felony.** (1) A person who purposely or knowingly violates a provision
27 of parts 1 through 8 and [sections 1 through 19] of this chapter, the punishment for which is a felony, may upon
28 conviction be fined not more than \$50,000 or imprisoned for not more than 10 years, or both, for each violation.

29 (2) In addition to any penalty imposed under subsection (1), the department shall revoke all licenses or
30 permits issued to the person under parts 1 through 8 and [sections 1 through 19] of this chapter and may not

1 issue the person another license or permit under parts 1 through 8 and [sections 1 through 19] of this chapter."
2

3

Section 38. Section 23-5-172, MCA, is amended to read:

4

"23-5-172. Prosecution. The county attorney of the county in which a violation of a provision of parts
5 1 through 8 and [sections 1 through 19] of this chapter occurs shall prosecute all gambling actions within the
6 jurisdiction of the department. However, if the county attorney declines prosecution or fails to commence an
7 action within a reasonable time, the attorney general may initiate and conduct the prosecution on behalf of the
8 state."

9

10 **Section 39.** Section 23-5-177, MCA, is amended to read:

11 **"23-5-177. Operator of gambling establishment -- license -- fee.** (1) Except as provided in 23-5-310
12 and 23-5-410, it is a misdemeanor for a person who is not licensed by the department as an operator to make
13 available to the public for play a gambling device or gambling enterprise for which a permit must be obtained from
14 the department.

15 (2) To obtain an operator's license, a person shall submit to the department:

16 (a) a completed operator's license application on a form prescribed and furnished by the department;

17 (b) the person's fingerprints and, if the applicant is a corporation, the fingerprints of each person holding
18 10% or more of the outstanding stock of the corporation and of each officer and director of the corporation, to be
19 used for a fingerprint and background check that must be used by the department in determining eligibility for a
20 license;

21 (c) any other relevant information requested by the department; and

22 (d) a license application processing fee, as required in subsection (8).

23 (3) Before issuing an operator's license, the department shall approve, in accordance with 23-5-117, the
24 premises in which the gambling activity is to be conducted.

25 (4) Except as provided in 23-5-117, regardless of the number of on-premises alcoholic beverage licenses
26 issued for a premises, the department may issue only one operator's license for the premises.

27 (5) An operator's license must include the following information:

28 (a) a description of the premises upon which the gambling will take place;

29 (b) the operator's name;

30 (c) a description of each gambling device or card game table for which a permit has been issued to the

1 operator by the department for play upon the premises, including the type of game and permit number for each
2 game; and

3 (d) any other relevant information determined necessary by the department.

4 (6) The operator's license must be issued annually along with all other permits for gambling devices or
5 games issued to the operator.

6 (7) The operator's license must be updated each time a video gambling machine, bingo, keno, or card
7 game table permit is newly issued or the machine or game is removed from the premises.

8 (8) The department shall charge an applicant who has submitted an operator's license application on
9 or after July 1, 1991, a one-time license application processing fee to cover the actual cost incurred by the
10 department in determining whether the applicant qualifies for licensure under 23-5-176. ~~After making its~~
11 ~~determination, the department shall refund any overpayment or charge and collect amounts sufficient to~~
12 ~~reimburse the department for any underpayment of actual costs.~~

13 (9) The operator's license must be prominently displayed upon the premises for which it is issued."
14

15 **Section 40.** Section 23-5-178, MCA, is amended to read:

16 **"23-5-178. Associated gambling business.** (1) The department may adopt rules for the licensing of
17 associated gambling businesses, including but not limited to accounting software vendors, goods and services
18 associated with sports betting, and video gambling machine recyclers.

19 (2) The licensing of an associated gambling business may consider only the legality of the product being
20 sold and the suitability of the owners of the business as provided in 23-5-176.

21 (3) The annual fee for an associated gambling business license is \$100."
22

23 NEW SECTION. **Section 41. Codification instruction.** [sections 1 through 19] are intended to be
24 codified as an integral part of Title 23, chapter 5, and the provisions of Title 23, chapter 5, apply to [sections 1
25 through 19].

26

27 NEW SECTION. **Section 42. Effective date.** [This act] is effective June 1, 2020.

28

- END -