

1 HOUSE BILL NO. 197

2 INTRODUCED BY E. BUTTREY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING GAMBLING LAWS RELATED TO
5 PLAYER INFORMATION; ALLOWING PLAYER REWARDS SYSTEMS; PROVIDING FOR PLAYER
6 PRIVACY; PROVIDING REQUIREMENTS FOR STORAGE OF DATA; PROHIBITING SHARING OF
7 INFORMATION; PROVIDING REQUIREMENTS ON THE SHARING OF DATA; CLARIFYING DEPARTMENT
8 OF JUSTICE RULEMAKING AUTHORITY RELATING TO PLAYER INFORMATION; PROVIDING
9 DEFINITIONS; AMENDING SECTIONS 23-5-602, 23-5-621, AND 23-5-637, MCA; AND PROVIDING AN
10 EFFECTIVE DATE."

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

13
14 **NEW SECTION. Section 1. Player rewards system -- privacy of player -- penalty.** (1) (a) A
15 licensed gambling operator may use a player rewards system. A player rewards system interface must be
16 submitted to the state for approval pursuant to subsection (9), but the licensed gambling operator may utilize
17 any technology available for the input or utilization of player rewards data.

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

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

22 (a) must remain confidential and only used for the purposes of player rewards;

23 (b) is protected as confidential trade secrets of the licensed gambling operator;

24 (c) may be used for managing and operating a player rewards system by the licensed gambling
25 operator for the individual licensed premises where the system is located;

26 (d) may be electronically stored, including off-site electronic storage over the internet; and

27 (e) may be accessed and used remotely by the player rewards system manufacturer, developer,
28 distributor, video gaming machine route operator, or the licensed gambling operator for the purposes of

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

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

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

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

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

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

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

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

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

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

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

1 gambling business.

2

3 **Section 2.** Section 23-5-602, MCA, is amended to read:

4 **"23-5-602. Definitions.** As used in this part, the following definitions apply:

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

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

11 ~~(2)(3)~~ (a) "Bingo machine" means an electronic video gambling machine that, upon insertion of cash,
12 is available to play bingo, as defined by rules of the department. The machine uses a video display and
13 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,
14 bonus games, or credits that may be redeemed for cash.

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

17 ~~(3)(4)~~ (a) "Bonus game" means a game other than a bingo, poker, keno, or video line game that is
18 offered as a prize for playing and achieving a defined outcome by playing a bingo, poker, keno, or video line
19 game. The term includes a game that allows a player to win free credits, free games, or a multiplier of credits
20 already won or to move to an accelerated pay table for the play of a bingo, poker, keno, or video line game. A
21 bonus game must make available to the player a display of the rules for the bonus game.

22 (b) The term does not include a game that allows the player to wager money or credits on the game
23 or to lose money or credits already won. The term does not include a game by which the bonus game would
24 become the predominant game rather than a bingo, poker, keno, or video line game. The department shall by
25 administrative rule define the conditions that would cause a bonus game to be the predominant game. The term
26 does not include a game that displays or simulates a gambling activity that is not legal under state law.

27 ~~(4)(5)~~ "Electronically captured data" means video gambling machine accounting information and
28 records of video gambling machine events, in electronic form, that are automatically recorded and

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

2 ~~(5)(6)~~ "Gross income" means money put into a video gambling machine minus credits paid out in
3 cash.

4 ~~(6)(7)~~ (a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash,
5 is available to play keno, as defined by rules of the department. The machine uses a video display and
6 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,
7 bonus games, or credits that may be redeemed for cash.

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

10 ~~(7)(8)~~ "Licensed machine owner" means a licensed operator or route operator who owns a video
11 gambling machine for which a permit has been issued by the department.

12 ~~(8)(9)~~ "Multigame" means a combination of at least two or more approved types of games, including
13 bingo, poker, keno, or video line games, within the same video gambling machine cabinet if the video gambling
14 machine cabinet has been approved by the department.

15 ~~(9)(10)~~ "Permitholder" means a licensed operator on whose premises is located one or more video
16 gambling machines for which a permit has been issued by the department.

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

21 ~~(10)(12)~~ (a) "Poker machine" means an electronic video gambling machine that, upon insertion of
22 cash, is available to play or simulate the play of the game of draw poker, 5-card stud, 7-card stud, or hold 'em,
23 as defined by rules of the department. The machine uses a video display and microprocessors and, by the skill
24 of the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may
25 be redeemed for cash.

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

28 ~~(11)(13)~~ (a) "Video line game" means a video line game as defined by rules of the department and

1 approved by the department. A video line game uses a video display and microprocessors and, by the skill of
 2 the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may be
 3 redeemed for cash. Video line games may be offered only in a multigame video gambling machine cabinet.

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

6

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

8 **"23-5-621. Rules.** (1) The department shall adopt rules that:

9 (a) implement 23-5-637;

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

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

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

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

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

26 (ii) use a player rewards system; and

27 ~~(iii)~~ (iii) acquire and use, at the expense of a licensee, a department-approved site controller; and

28 (f) minimize, whenever possible, the recordkeeping and retention requirements for video gambling

1 machines that use an approved automated accounting and reporting system.

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

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

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

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

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

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

15

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

17 **"23-5-637. Approved automated accounting and reporting systems.** (1) For the purposes of
18 performing its duties under this chapter, minimizing regulatory costs, simplifying the reporting of video gambling
19 machine revenue data, preserving the integrity of video gambling machines within its jurisdiction, lessening
20 administrative and recordkeeping burdens for licensed machine owners and licensed operators and the
21 department, and enhancing the management tools available to the industry and the state, the department may
22 approve an automated accounting and reporting system for video gambling machines.

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

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

