

1 SENATE BILL NO. 189

2 INTRODUCED BY K. BOGNER

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO HORSERACING
 5 MACHINES; INCORPORATING HISTORICAL HORSERACING MACHINES INTO THE VIDEO GAMING
 6 MACHINE CONTROL LAW; ALLOWING PARIMUTUEL GAMBLING THROUGH HISTORICAL
 7 HORSERACING MACHINES; PROVIDING FOR ALLOCATION OF FEES AND TAXES; PROVIDING FOR
 8 TAXES TO GO TO THE BOARD OF HORSERACING FOR THE PROMOTION OF LIVE HORSERACING;
 9 PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AMENDING SECTIONS 23-4-105, 23-
 10 5-110, 23-5-112, 23-5-602, 23-5-603, 23-5-607, 23-5-608, 23-5-610, AND 23-5-621, MCA; AND PROVIDING A
 11 DELAYED EFFECTIVE DATE."

12

13 WHEREAS, horseracing in Montana can trace its roots back to the 1800s. The 1965 Montana
 14 Legislature created the Montana Board of Horseracing and charged it with the promotion of horseracing across
 15 the state. During the 1980s, Montana horseracing reached its pinnacle in terms of the number of days of racing
 16 along with the amount of dollars wagered at the tracks. In 1984, annual wagering at live race meets was just
 17 shy of \$12,000,000 and there were 143 race days that year; and

18 WHEREAS, horseracing has been in decline since the passage of the 1985 Video Poker Machine Act.
 19 In 1991, annual wagering at live race meets had fallen to approximately \$6,000,000 and there were 77 race
 20 days that year. In 2019, only 8 days of horseracing were conducted between the two remaining racetracks in
 21 operation; and

22 WHEREAS, this act seeks to renew horseracing in this state by providing video gaming machines that
 23 will benefit the Montana Board of Horseracing and local communities.

24

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

26

27 **NEW SECTION. Section 1. Historical horseracing machines authorized -- hub operations --**
 28 **payments -- rulemaking.** (1) A licensed operator may make available for public play historical horseracing

1 machines as provided in this part. Except as specifically provided in this part, the term "historical horseracing
2 machine" is included in the definition of a "video gambling machine" and is subject to the provisions of this part.

3 (2) (a) The historical horseracing machines specifically authorized by this part may allow parimutuel
4 betting that is based on the outcome of historical horseracing. The historical horseracing equipment must be:

5 (i) located in the state at a location approved by the department; and

6 (ii) available for inspection by the department.

7 (b) Daily wagering reports must be provided to the department by the licensee.

8 (3) A historical horseracing machine may allow wagers and payouts on games as provided in 23-5-
9 608. The department shall adopt rules relating to payouts exceeding the limit as provided in 23-5-608.

10 (4) A historical horseracing machine must make the minimum and maximum payout for each wager
11 available for view by the player. Payouts are determined by the rules of the wager and the size of the
12 parimutuel pool. A historical horseracing machine may display the size of the parimutuel pool or pools.

13

14 **Section 2.** Section 23-4-105, MCA, is amended to read:

15 **"23-4-105. Authority of board.** (1) The board shall license and regulate racing, match bronc rides,
16 and wild horse rides and review race meets held in this state under this chapter. All percentages withheld from
17 amounts wagered, amounts set aside pursuant to 23-4-202(4)(d), percentages collected pursuant to 23-4-
18 204(3), percentages collected pursuant to 23-4-302(3) and (5)(b), ~~and~~ money collected pursuant to 23-4-
19 304(1)(a) and (1)(b), and money collected from the tax on historical horseracing machines as provided in 23-5-
20 610(5)(b), must be deposited in a state special revenue account and are statutorily appropriated to the board as
21 provided in 17-7-502. The board shall then distribute all funds collected under 23-4-202(4)(d), 23-4-204(3), 23-
22 4-302(3) and (5)(b), ~~and~~ 23-4-304(1)(a) and (1)(b), and 23-5-610(5)(b) to live race purses or for other purposes
23 for the good of the existing horseracing industry. If the board decides to authorize new forms of racing,
24 including new forms of simulcast racing, not currently authorized in Montana, the board shall do so after holding
25 public hearings to determine the effects of these forms of racing on the existing saddle racing program in
26 Montana. The board shall consider both the economic and safety impacts on the existing racing and breeding
27 industry.

28 (2) Funds retained by the board in a state special revenue fund pursuant to 23-4-302(1) and (4) are

1 statutorily appropriated to the board as provided in 17-7-502 for the operation of a simulcast parimutuel network
2 and for other purposes that the board considers appropriate for the good of the existing horseracing industry."

3

4 **Section 3.** Section 23-5-110, MCA, is amended to read:

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

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

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

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

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

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

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

22 (2) The legislature adopts the policy that an applicant for a license or permit or other department
23 approval under parts 1 through 8 of this chapter does not have a right to the issuance of a license or permit or
24 the granting of the approval sought. The issuance of a license or permit issued or other department approval
25 granted pursuant to the provisions of parts 1 through 8 of this chapter is a privilege revocable only for good
26 cause. A holder does not acquire a vested right in the license or permit issued or other department approval
27 granted. A license or permit issued under parts 1 through 8 of this chapter may not be sold, assigned, leased,
28 or transferred.

- 1 (3) (a) Revenue to fund the expense of administration and control of gambling as regulated by parts
2 1 through 8 of this chapter must be derived solely from fees, taxes, and penalties on gambling activities, except:
3 (i) the gambling activities of the Montana state lottery; and
4 (ii) the parimutuel industry.
5 (b) Subsection (3)(a)(ii) does not apply to historical horseracing as authorized in [section 1]."

6
7 **Section 4.** Section 23-5-112, MCA, is amended to read:
8 **"23-5-112. Definitions.** Unless the context requires otherwise, the following definitions apply to parts
9 1 through 8 of this chapter:

- 10 (1) "Antique gambling device" means:
11 (a) an illegal gambling device manufactured prior to 1994; or
12 (b) any gambling device which, at any present time, is 30 years old or older.
13 (2) "Applicant" means a person who has applied for a license or permit issued by the department
14 pursuant to parts 1 through 8 of this chapter.
15 (3) "Application" means a written request for a license or permit issued by the department. The
16 department shall adopt rules describing the forms and information required for issuance of a license.
17 (4) "Associated gambling business" means a person who provides a service or product to a licensed
18 gambling business and who:
19 (a) has a reason to possess or maintain control over gambling devices;
20 (b) has access to proprietary information or gambling tax information; or
21 (c) is a party in processing gambling transactions.
22 (5) "Authorized equipment" means, with respect to live keno or bingo, equipment that may be
23 inspected by the department and that randomly selects the numbers.
24 (6) "Bingo" means a gambling activity played for prizes with a card bearing a printed design of 5
25 columns. The letters B-I-N-G-O must appear above the design, with each letter above one of the columns.
26 More than 75 numbers may not be used. One or more numbers may appear in each square, except for the
27 center square, which may be considered a free play. Numbers must be randomly drawn using authorized
28 equipment until the game is won by the person or persons who first cover one or more previously designated

1 arrangements of numbers on the bingo card.

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

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

6 (9) "Card game table" or "table" means a live card game table:

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

9 (b) operated by a senior citizen center.

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

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

14 (12) "Department" means the department of justice.

15 (13) "Distributor" means a person who:

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

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

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

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

23 (i) promotional games of chance;

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

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

27 (15) "Gambling device" means a mechanical, electromechanical, or electronic device, machine, slot
28 machine, instrument, apparatus, contrivance, scheme, or system used or intended for use in any gambling

1 activity.

2 (16) "Gambling enterprise" means an activity, scheme, or agreement or an attempted activity, scheme,
3 or agreement to provide gambling or a gambling device to the public.

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

6 (b) The term does not mean:

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

9 (ii) a promotional game of chance;

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

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

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

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

18 (19) "Heads or tails" means a gambling activity in which players attempt to predict the outcome of a
19 coin toss. Those who are incorrect are eliminated and those who are correct continue to another round until one
20 winning player remains and is awarded a prize.

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

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

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

1 5 of this chapter, in a bingo game approved by the department under part 4 of this chapter, or in a promotional
2 game of chance approved by the department; and

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

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

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

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

13 (c) credit gambling; and

14 (d) internet gambling.

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

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

27 (24) "Keno" means a game of chance in which prizes are awarded using a card with 8 horizontal rows
28 and 10 columns on which a player may pick up to 10 numbers. A keno caller, using authorized equipment, shall

1 select at random at least 20 numbers out of numbers between 1 and 80, inclusive.

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

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

7 (27) "Licensee" means a person who has received a license from the department.

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

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

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

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

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

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

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

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

27 (32) "Operator" means a person who purchases, receives, or acquires, by lease or otherwise, and
28 operates or controls for use in public a gambling device or gambling enterprise authorized under parts 1

1 through 8 of this chapter.

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

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

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

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

14 (37) "Public gambling" means gambling conducted in:

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

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

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

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

25 (39) "Route operator" means a person who:

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

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

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

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

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

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

14 (42) "Video gambling machine" is a gambling device specifically authorized by part 6 of this chapter
15 and the rules of the department."
16

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

18 **"23-5-602. Definitions.** As used in this part, the following definitions apply:

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

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

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

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

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

11 (4) "Electronically captured data" means video gambling machine accounting information and records
12 of video gambling machine events, in electronic form, that are automatically recorded and communicated to the
13 department through an approved automated accounting and reporting system.

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

15 (6) "Historical horserace" means a horserace that was:

16 (a) previously conducted by a licensed parimutuel facility;

17 (b) concluded with official results; and

18 (c) concluded without scratches, disqualifications, or dead-heat finishes.

19 (7) "Historical horseracing" means a parimutuel gambling activity through an approved historical
20 horseracing machine that is based on the outcome of horseraces conducted in the past.

21 (8) "Historical horseracing machine" means an electronic video gambling machine that, on insertion of
22 cash or voucher, is available to place wagers on historical horseracing, as defined in this section and by rules of
23 the department. The machine uses a video display, makes past performance information available to the
24 player, and determines prizes based solely on the outcome of the historical horseraces.

25 ~~(6)~~(9) (a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash,
26 is available to play keno, as defined by rules of the department. The machine uses a video display and
27 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,
28 bonus games, or credits that may be redeemed for cash.

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

3 ~~(7)(10)~~ "Licensed machine owner" means a licensed operator or route operator who owns a video
4 gambling machine for which a permit has been issued by the department.

5 ~~(8)(11)~~ "Multigame" means a combination of at least two or more approved types of games, including
6 bingo, poker, keno, or video line games, within the same video gambling machine cabinet if the video gambling
7 machine cabinet has been approved by the department.

8 (12) "Parimutuel betting" means a system or method of wagering in which patrons wager on horses
9 that finish in the position or positions for which wagers are taken and share in the amounts wagered, plus any
10 amounts provided by an operator, less deductions required or permitted by law.

11 ~~(9)(13)~~ "Permitholder" means a licensed operator on whose premises is located one or more video
12 gambling machines for which a permit has been issued by the department.

13 ~~(10)(14)~~ (a) "Poker machine" means an electronic video gambling machine that, upon insertion of
14 cash, is available to play or simulate the play of the game of draw poker, 5-card stud, 7-card stud, or hold 'em,
15 as defined by rules of the department. The machine uses a video display and microprocessors and, by the skill
16 of the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may
17 be redeemed for cash.

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

20 ~~(11)(15)~~ (a) "Video line game" means a video line game as defined by rules of the department and
21 approved by the department. A video line game uses a video display and microprocessors and, by the skill of
22 the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may be
23 redeemed for cash. Video line games may be offered only in a multigame video gambling machine cabinet.

24 (b) The term does not include a game played on a slot machine or a machine that directly dispenses
25 coins, cash, tokens, or anything else of value."
26

27 **Section 6.** Section 23-5-603, MCA, is amended to read:

28 **"23-5-603. Video gambling machines -- possession -- play -- restriction.** (1) A licensed operator

1 may make available for public play only the number of approved video gambling machines specifically
2 authorized by this part.

3 (2) The video gambling machines specifically authorized by this part are bingo, poker, keno, video
4 line, historical horseracing, and multigame video gambling machines. Only the number of approved machines
5 for which permits have been granted under 23-5-612 may be made available for play by the public on the
6 premises of a licensed operator. The department shall adopt rules allowing a video gambling machine that
7 needs repair to be temporarily replaced while it is being repaired with a video gambling machine that is
8 approved under the permit provisions of this part. A fee may not be charged for the replacement machine.

9 (3) A video line game approved by the department for play must be made available to any licensed
10 machine owner.

11 (4) A manufacturer may not charge a fee for the use of a bingo, poker, keno, video line, historical
12 horseracing, or multigame video gambling machine on a daily basis or any other periodic basis.

13 (5) A licensed operator, distributor, route operator, or manufacturer is prohibited from referencing
14 games not authorized under this title in advertising, promoting, or inducing play of a video gambling machine.
15 The department shall further define by rule what advertising is allowed under this subsection.

16 (6) Machines on premises appropriately licensed to sell alcoholic beverages for on-premises
17 consumption, as provided in 23-5-119, must be placed:

18 (a) in a room, area, or other part of the premises in which alcoholic beverages are sold or consumed;
19 and

20 (b) within control of the operator for the purpose of preventing access to the machines by persons
21 under 18 years of age."

22

23 **Section 7.** Section 23-5-607, MCA, is amended to read:

24 **"23-5-607. Expected payback -- verification.** (1) The department shall prescribe the expected
25 payback value of credit awarded to be at least 80% of the value of credit played for each bingo, poker, keno,
26 and video line game in a video gambling machine. The credit ratio may not be greater than 92% for each video
27 line game.

28 (2) Each video gambling machine must have an electronic accounting device that the department

1 may use to verify the winning percentage.

2 (3) Each operator of historical horseracing machines shall deposit wagers in the applicable parimutuel
3 pool, less an amount not to exceed 20% of the total amount wagered."

4

5 **Section 8.** Section 23-5-608, MCA, is amended to read:

6 **"23-5-608. Limitation on amount of money played and value of prizes -- payment of credits in**
7 **cash -- ticket voucher expiration -- rules.** (1) A video gambling machine or historical horseracing machine
8 may not allow more than \$2 to be played on a game or award free games or credits in excess of \$800 a game.

9 (2) A licensee shall pay in cash all credits owed to a player as shown on a valid ticket voucher up to
10 \$800. Payouts in excess of \$800 may be made by cash or by presentation of a valid ticket voucher payable
11 through a process established by the department through rulemaking.

12 (3) The department may establish by rule a reasonable time period during which a player shall
13 present a valid ticket voucher to the licensee for payment before the voucher may be considered expired and
14 invalid."

15

16 **Section 9.** Section 23-5-610, MCA, is amended to read:

17 **"23-5-610. Video gambling machine gross income tax -- records -- distribution -- quarterly**
18 **statement and payment.** (1) A licensed machine owner shall pay to the department a video gambling machine
19 tax of 15% of the gross income from each video gambling machine issued a permit under this part. A licensed
20 machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the
21 amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated
22 the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the
23 machines or of machine tampering and the amounts stolen are documented.

24 (2) A licensed machine owner shall keep a record of the gross income from each video gambling
25 machine issued a permit under this part in the form the department requires. The records must at all times
26 during the business hours of the licensee be subject to inspection by the department.

27 (3) For each video gambling machine issued a permit under this part, a licensed machine owner shall,
28 within 15 days after the end of each quarter and in the manner prescribed by the department, complete and

1 deliver to the department a statement showing the total gross income, together with the total amount due the
 2 state as video gambling machine gross income tax for the preceding quarter. The statement must contain other
 3 relevant information that the department requires.

4 (4) Except as provided in subsection (5), The the department shall, in accordance with the provisions
 5 of 17-2-124, forward the tax collected under subsection (3) of this section to the state treasurer for deposit in
 6 the general fund.

7 (5) For the tax collected on historical horseracing machines, the department shall forward the tax
 8 collected in subsection (3) as follows:

9 (a) 50% is deposited in a state special revenue account as provided in this part. The department shall
 10 deduct from the gross deposits into the account an amount sufficient to reimburse the department's actual costs
 11 and expenses in administering historical horseracing; and

12 (b) 50% is deposited in a state special revenue account as provided in 23-4-105 for the support and
 13 rebuilding of the live horseracing industry in the state."

14

15 **Section 10.** Section 23-5-621, MCA, is amended to read:

16 **"23-5-621. Rules.** (1) The department shall adopt rules that:

17 (a) implement 23-5-637;

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

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

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

28 (e) allow, on an individual license basis, licensed machine owners and operators of machines that use

1 an approved automated accounting and reporting system to:

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

6 (ii) acquire and use, at the expense of a licensee, a department-approved site controller;

7 (f) minimize, whenever possible, the recordkeeping and retention requirements for video gambling
8 machines that use an approved automated accounting and reporting system; and

9 (g) implement historical horseracing as provided in this part.

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

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

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

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

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

20 and

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

23

24 NEW SECTION. Section 11. Codification instruction. [Section 1] is intended to be codified as an
25 integral part of Title 23, chapter 5, part 6, and the provisions of Title 23, chapter 5, part 6, apply to [section 1].

26

27 NEW SECTION. Section 12. Effective date. [This act] is effective January 1, 2022.

28

- END -