

1 HOUSE BILL NO. 297  
2 INTRODUCED BY T. WELCH, S. KERNS, R. MARSHALL, E. BUTTREY, L. JONES, R. FITZGERALD, K.  
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4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING VIDEO GAMBLING MACHINE TAXES ~~TO ALLOW A~~  
6 ~~DEDUCTION FOR NEGATIVE INCOME~~; PROVIDING DEFINITIONS; PROVIDING RULEMAKING  
7 AUTHORITY; AMENDING SECTIONS 23-5-602 AND 23-5-610, MCA; AND PROVIDING AN EFFECTIVE  
8 DATE AND AN APPLICABILITY DATE."

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

11  
12 **Section 1.** Section 23-5-602, MCA, is amended to read:

13 **"23-5-602. Definitions.** As used in this part, the following definitions apply:

14 (1) "Aggregate gross income" means the sum total of the gross income of all video gambling  
15 machines owned by a licensed machine owner.

16 ~~(1)(2)~~ "Associated equipment" means all proprietary devices, machines, or parts used in the  
17 manufacture or maintenance of a video gambling machine, including but not limited to integrated circuit chips,  
18 printed wired assembly, printed wired boards, printing mechanisms, video display monitors, metering devices,  
19 and cabinetry.

20 ~~(2)(3)~~ "Automated accounting and reporting system" means a system that, at a minimum, is used to  
21 electronically report video gambling machine accounting data to the state.

22 ~~(3)(4)~~ (a) "Bingo machine" means an electronic video gambling machine that, upon insertion of cash,  
23 is available to play bingo, as defined by rules of the department. The machine uses a video display and  
24 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,  
25 bonus games, or credits that may 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 ~~(4)(5)~~ (a) "Bonus game" means a game other than a bingo, poker, keno, or video line game that is

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

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

11 ~~(5)(6)~~ "Electronically captured data" means video gambling machine accounting information and  
12 records of video gambling machine events, in electronic form, that are automatically recorded and  
13 communicated to the department through an approved automated accounting and reporting system.

14 ~~(6)(7)~~ "Gross income" means money put into a video gambling machine minus credits paid out in  
15 cash and minus negative income in the same quarter. Gross income may be either a negative or a positive  
16 value.

17 ~~(7)(8)~~ (a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash,  
18 is available to play keno, as defined by rules of the department. The machine uses a video display and  
19 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,  
20 bonus games, or credits that may be redeemed for cash.

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

23 ~~(8)(9)~~ "Licensed machine owner" means a licensed operator or route operator who owns a video  
24 gambling machine for which a permit has been issued by the department.

25 ~~(9)(10)~~ "Multigame" means a combination of at least two or more approved types of games, including  
26 bingo, poker, keno, or video line games, within the same video gambling machine cabinet if the video gambling  
27 machine cabinet has been approved by the department.

28 ~~(10)~~ "Negative income" means money paid out in cash from a video gambling machine that exceeds

1 ~~money put into the machine.~~

2 (40)(11) "Permitholder" means a licensed operator on whose premises is located one or more video  
3 gambling machines for which a permit has been issued by the department.

4 (44)(12) "Player rewards system" means a system that rewards player loyalty, including but not limited  
5 to employing player rankings, awarding player points, or other promotions based on player engagement at an  
6 individual licensed premises as determined by using video gambling machine data, which may come from an  
7 automated accounting and reporting system, and other information gathered at an individual licensed premises.

8 (42)(13) (a) "Poker machine" means an electronic video gambling machine that, upon insertion of  
9 cash, is available to play or simulate the play of the game of draw poker, 5-card stud, 7-card stud, or hold 'em,  
10 as defined by rules of the department. The machine uses a video display and microprocessors and, by the skill  
11 of the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may  
12 be redeemed for cash.

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

15 (43)(14) (a) "Video line game" means a video line game as defined by rules of the department and  
16 approved by the department. A video line game uses a video display and microprocessors and, by the skill of  
17 the player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may be  
18 redeemed for cash. Video line games may be offered only in a multigame video gambling machine cabinet.

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

21

22 **Section 2.** Section 23-5-610, MCA, is amended to read:

23 **"23-5-610. Video gambling machine gross income tax -- ~~negative income~~ records --**  
24 **distribution -- ~~quarterly statement and payment.~~** (1) A licensed machine owner shall pay to the department a  
25 video gambling machine tax of 15% of the NET aggregate gross income from each all video gambling machine  
26 machines issued a permit under this part in the manner prescribed by the department. A licensed machine  
27 owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts  
28 stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft,

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1 and if the theft is the result of either unauthorized entry and physical removal of the money from the machines  
2 or of machine tampering and the amounts stolen are documented.

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

6 ~~(3) For each video gambling machine issued a permit under this part, a licensed machine owner shall,~~  
7 ~~within 15 days after the end of each quarter and in the manner prescribed by the department, complete and~~  
8 ~~deliver to the department a statement showing the total gross income, together with the total amount due the~~  
9 ~~state as video gambling machine gross income tax for the preceding quarter. The statement must contain other~~  
10 ~~relevant information that the department requires.~~

11 (4)(3) The department shall, in accordance with the provisions of 17-2-124, forward the tax collected  
12 under subsection ~~(3)-(1)~~ of this section to the state treasurer for deposit in the general fund."

13  
14 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2023.

15  
16 NEW SECTION. Section 4. Applicability. [This act] applies to tax liabilities for calendar quarters  
17 beginning after June 30, 2023.

18 - END -