

HOUSE BILL NO. 578

INTRODUCED BY W. GALT

A BILL FOR AN ACT ENTITLED: "AN ACT LEGALIZING BLACKJACK AND TWENTY-ONE UNDER THE CARD GAMES ACT; LEGALIZING BLACKJACK VIDEO GAMBLING MACHINES; CREATING A STATE SPECIAL REVENUE ACCOUNT; PROVIDING FOR TRANSFERS AND A STATUTORY APPROPRIATION; TAXING PROCEEDS FROM BLACKJACK TABLES; LIMITING THE NUMBER OF TABLES PER ESTABLISHMENT; SETTING A MAXIMUM BET LIMIT; EXPANDING RULEMAKING AUTHORITY; AND AMENDING SECTIONS 17-7-502, 23-5-112, 23-5-308, 23-5-309, 23-5-311, 23-5-312, 23-5-317, 23-5-602, 23-5-603, 23-5-607, AND 23-5-621, MCA."

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

NEW SECTION. Section 1. Blackjack live card game table -- permit -- fees -- disposition of fees.

(1) (a) A person who has been granted an operator's license under 23-5-177 and who holds an appropriate license to sell alcoholic beverages for consumption on the premises, as provided in 23-5-119, may be granted an annual permit for the placement of live blackjack or twenty-one game tables.

(b) A permit is not required for social games played for prizes of minimal value, as defined by department rule.

(2) The annual permit fee for each live blackjack or twenty-one game table operated in a licensed operator's premises is \$500 for each table and may not be prorated.

(3) No more than three tables may be located within the same establishment.

(4) The department shall retain for administrative purposes \$100 of the fee collected under this part for each live card game table and transfer the remainder to the account established in [section 2].

NEW SECTION. Section 2. Blackjack proceeds -- state special revenue account -- distribution -- statutory appropriation. (1) There is an account in the state special revenue fund established by 17-2-102 to be known as the blackjack proceeds fund.

(2) There must be deposited in the account:

(a) money transferred pursuant to 23-5-308(4) and [section 1]; and

(b) tax proceeds received pursuant to [section 3].

(3) Starting July 1, 2019, and each quarter thereafter:

(a) the state treasurer shall transfer 14% of the funds in the account to the sheriffs' retirement system for the pension trust fund; and

(b) the following amounts of the funds in the account are statutorily appropriated, as provided in 17-7-502:

(i) 14% to the department of public health and human services for suicide prevention programs;

(ii) 14% to the department of public health and human services for gambling addiction programs;

(iii) 14% to the office of public instruction for K-12 vocational/technical education programs;

(iv) 14% to the office of public instruction for advanced placement courses;

(v) 14% to the department of public health and human services for the stars to quality program; and

(vi) 14% to the office of the commissioner of higher education for tribal college scholarships.

NEW SECTION. Section 3. Live blackjack or twenty-one gross income tax -- records -- distribution -- quarterly statement and payment. (1) A licensed operator shall pay to the department a tax of 5% of the gross income from each live blackjack or twenty-one table operated under this part. A licensed operator may deduct from the gross income amounts equal to amounts stolen from a table if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of unauthorized entry and physical removal of the money and the amounts stolen are documented.

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

(3) For each table issued a permit under this part, a licensed operator shall, within 15 days after the end of each quarter and in the manner prescribed by the department, complete and deliver to the department a statement showing the total gross income, together with the total amount due the state as live blackjack gross income tax for the preceding quarter. The statement must contain other relevant information that the department requires.

(4) The department shall, in accordance with the provisions of 17-2-124, forward the tax collected under subsection (3) of this section to the state treasurer for deposit into the account established in [section 2].

1

2 **Section 4.** Section 17-7-502, MCA, is amended to read:

3 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
4 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
5 need for a biennial legislative appropriation or budget amendment.

6 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
7 of the following provisions:

8 (a) The law containing the statutory authority must be listed in subsection (3).

9 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
10 appropriation is made as provided in this section.

11 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
12 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;
13 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101;
14 15-70-433; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215;
15 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;
16 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-517; 20-9-520; 20-9-534; 20-9-622; 20-9-905; 20-26-617;
17 20-26-1503; 22-1-327; 22-3-116; 22-3-117; 22-3-1004; 23-4-105; 23-5-306; [section 2]; 23-5-409; 23-5-612;
18 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101;
19 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-1304; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;
20 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 76-13-416; 77-1-108; 77-2-362; 80-2-222;
21 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-102]; 87-1-603;
22 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

23 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
24 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
25 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
26 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
27 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
28 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
29 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
30 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and

sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2), Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to sec. 5, Ch. 244, L. 2013, the inclusion of 22-1-327 terminates July 1, 2017; pursuant to sec. 27, Ch. 285, L. 2015, and sec. 1, Ch. 292, L. 2015, the inclusion of 53-9-113 terminates June 30, 2021; pursuant to sec. 6, Ch. 291, L. 2015, the inclusion of 50-1-115 terminates June 30, 2021; pursuant to sec. 28, Ch. 368, L. 2015, the inclusion of 53-6-1304 terminates June 30, 2019; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of contingency; pursuant to sec. 5, Ch. 422, L. 2015, the inclusion of 17-7-215 terminates June 30, 2021; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec. 10, Ch. 427, L. 2015, the inclusion of 37-50-209 terminates September 30, 2019; and pursuant to sec. 33, Ch. 457, L. 2015, the inclusion of 20-9-905 terminates December 31, 2023.)"

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

"23-5-112. Definitions. Unless the context requires otherwise, the following definitions apply to parts 1 through 8 of this chapter:

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

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

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

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

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

(c) is a party in processing gambling transactions.

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

by the department and that randomly selects the numbers.

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

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

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

(8) "Blackjack" means a gambling card game in which players try to acquire cards with a face value as close as possible to 21 without going over. For purposes of parts 1 through 8 of this chapter, the gambling card game referred to as "twenty-one" is the same as blackjack.

~~(8)~~(9) "Card game table" or "table" means a live card game table:

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

(b) operated by a senior citizen center.

~~(9)~~(10) "Card game tournament" means a gambling activity for which a permit has been issued involving participants who pay valuable consideration for the opportunity to compete against each other in a series of live card games conducted over a designated period of time.

~~(10)~~(11) "Dealer" means a person with a dealer's license issued under part 3 of this chapter.

~~(11)~~(12) "Department" means the department of justice.

~~(12)~~(13) "Distributor" means a person who:

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

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

~~(13)~~(14) (a) "Gambling" or "gambling activity" means risking any money, credit, deposit, check, property, or other thing of value for a gain that is contingent in whole or in part upon lot, chance, or the operation of a gambling device or gambling enterprise.

(b) The term does not mean conducting or participating in a promotional game of chance and does not include amusement games regulated by Title 23, chapter 6, part 1.

(c) The term does not include social card games of bridge, cribbage, hearts, pinochle, pitch, rummy, solo, and whist played solely for prizes of minimal value, as defined by department rule.

~~(14)~~(15) "Gambling device" means a mechanical, electromechanical, or electronic device, machine, slot machine, instrument, apparatus, contrivance, scheme, or system used or intended for use in any gambling activity.

~~(15)~~(16) "Gambling enterprise" means an activity, scheme, or agreement or an attempted activity, scheme, or agreement to provide gambling or a gambling device to the public.

~~(16)~~(17) (a) "Gift enterprise" means a gambling activity in which persons have qualified to obtain property to be awarded by purchasing or agreeing to purchase goods or services.

(b) The term does not mean:

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

(ii) a promotional game of chance; or

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

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

~~(18)~~(19) "House player" means a person participating in a card game who has a financial relationship with the operator, card room contractor, or dealer or who has received money or chips from the operator, card room contractor, or dealer to participate in a card game.

~~(19)~~(20) "Illegal gambling device" means a gambling device not specifically authorized by statute or by the rules of the department. The term includes:

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

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

1 ~~(20)~~(21) "Illegal gambling enterprise" means a gambling enterprise that violates or is not specifically
2 authorized by a statute or a rule of the department. The term includes:

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

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

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

11 (d) credit gambling; and

12 (e) internet gambling.

13 ~~(21)~~(22) (a) "Internet gambling", by whatever name known, includes but is not limited to the conduct of
14 any legal or illegal gambling enterprise through the use of communications technology that allows a person using
15 money, paper checks, electronic checks, electronic transfers of money, credit cards, debit cards, or any other
16 instrumentality to transmit to a computer information to assist in the placing of a bet or wager and corresponding
17 information related to the display of the game, game outcomes, or other similar information.

18 (b) The term does not include the operation of a simulcast facility or advance deposit wagering with a
19 licensed advance deposit wagering hub operator allowed by Title 23, chapter 4, or the state lottery provided for
20 in Title 23, chapter 7. If all aspects of the gaming are conducted on Indian lands in conformity with federal statutes
21 and with administrative regulations of the national Indian gaming commission, the term does not include class
22 II gaming or class III gaming as defined by 25 U.S.C. 2703.

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

26 ~~(23)~~(24) "Keno caller" means a person 18 years of age or older who, using authorized equipment,
27 announces the order of the numbers drawn in live keno.

28 ~~(24)~~(25) "License" means a license for an operator, dealer, card room contractor, manufacturer of devices
29 not legal in Montana, sports tab game seller, manufacturer of electronic live bingo or keno equipment, other
30 manufacturer, distributor, or route operator that is issued to a person by the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(34)~~(35) "Promotional game of chance" means a scheme, by whatever name known, for the disposal or

1 distribution of property among persons who have not paid or are not expected to pay any valuable consideration
2 or who have not purchased or are not expected to purchase any goods or services for a chance to obtain the
3 property, a portion of it, or a share in it. The property is disposed of or distributed by simulating a gambling
4 enterprise authorized by parts 1 through 8 of this chapter or by operating a device or enterprise approved by the
5 department that was manufactured or intended for use for purposes other than gambling.

6 ~~(35)~~(36) "Public gambling" means gambling conducted in:

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

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

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

13 ~~(36)~~(37) "Raffle" means a form of lottery in which each participant pays valuable consideration for a ticket
14 to become eligible to win a prize. Winners must be determined by a random selection process approved by
15 department rule.

16 ~~(37)~~(38) "Route operator" means a person who:

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

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

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

22 ~~(38)~~(39) "Senior citizen center" means a facility operated by a nonprofit or governmental organization that
23 provides services to senior citizens in the form of daytime or evening educational or recreational activities and
24 does not provide living accommodations to senior citizens. Services qualifying under this definition must be
25 recognized in the state plan on aging adopted by the department of public health and human services.

26 ~~(39)~~(40) (a) "Slot machine" means a mechanical, electrical, electronic, or other gambling device,
27 contrivance, or machine that, upon insertion of a coin, currency, token, credit card, or similar object or upon
28 payment of any valuable consideration, is available to play or operate, the play or operation of which, whether
29 by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the
30 person playing or operating the gambling device to receive cash, premiums, merchandise, tokens, or anything

of value, whether the payoff is made automatically from the machine or in any other manner.

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

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

Section 6. Section 23-5-308, MCA, is amended to read:

"23-5-308. Card game dealers -- license. (1) Except as provided in 23-5-318, a person may not deal cards in a live card game of blackjack, panguingue or poker, or twenty-one without being licensed annually by the department.

(2) The license fee for poker or panguingue, for the first year in which the license is effective is \$75, and the annual renewal fee is \$25. The fee may not be prorated.

(3) The license fee for blackjack or twenty-one, for the first year in which the license if effective is \$200, and the annual renewal fee is \$100. The fee may not be prorated.

~~(3)(4)~~ The department shall retain for administrative purposes the \$75 for each initial license fee and \$25 of each renewal fee charged for the issuance of a dealer's license. Any remaining fees shall be transferred to the account established in [section 2].

~~(4)(5)~~ A licensed dealer shall keep on the dealer's person and display upon request the dealer's license when working as a dealer.

~~(5)(6)~~ (a) The department shall adopt rules to implement temporary licensing procedures until a permanent license is issued to a dealer.

(b) The rules must provide that a temporary license:

(i) may be issued at a local department office or at another public location designated by the department; and

(ii) may only be issued upon the payment of the license application fee and submission of an application, required fingerprints, and proof that the applicant for a temporary license has a verifiable offer of employment from a licensed operator or card room contractor."

Section 7. Section 23-5-309, MCA, is amended to read:

"23-5-309. Requirements for conducting card games. (1) Except as provided in 23-5-310, 23-5-317, and 23-5-318, a live card game must be played on a live card game table for which a permit has been issued and

1 on the premises of a licensed operator.

2 (2) Except as provided in 23-5-318, a live card game of blackjack, panguingue or, poker, or twenty-one
3 must be played in the presence and under the control of a licensed dealer."

4
5 **Section 8.** Section 23-5-311, MCA, is amended to read:

6 **"23-5-311. Authorized card games.** (1) The card games authorized by this part are and are limited to
7 the card games known as blackjack, bridge, cribbage, hearts, panguingue, pinochle, pitch, poker, rummy, solo,
8 twenty-one, and whist.

9 (2) A person may conduct or participate in a live card game or make a live card game table available for
10 public play of a live card game only if it is specifically authorized by this part and described by department rules.

11 (3) This part does not apply to games simulated on electronic video gambling machines authorized under
12 part 6 of this chapter."

13
14 **Section 9.** Section 23-5-312, MCA, is amended to read:

15 **"23-5-312. Prizes not to exceed \$800 -- maximum bet.** (1) A Except as provided in subsection (3), a
16 prize for an individual live card game may not exceed the value of \$800. Games may not be combined in any
17 manner so as to increase the value of the ultimate prize awarded. Except during a tournament conducted under
18 23-5-317, all prizes must be awarded immediately upon completion of each hand.

19 (2) If a licensed operator conducts a promotional game of chance involving a live card game, the prize
20 limit provided for in subsection (1) applies to prizes awarded as a result of the promotional game of chance.

21 (3) The maximum bet for an individual playing a blackjack or twenty-one game is \$200."
22

23 **Section 10.** Section 23-5-317, MCA, is amended to read:

24 **"23-5-317. Tournaments.** (1) (a) A licensed operator who has a permit for placing at least one live card
25 game table on the operator's premises may apply to the department for an annual large-stakes live card game
26 tournament permit. A large-stakes tournament permit allows the operator to conduct up to 16 large-stakes
27 tournaments a year on the operator's premises.

28 (b) The department shall charge an annual fee of \$120 for a large-stakes tournament permit. The permit
29 fee may not be prorated and must be retained by the department for administrative purposes.

30 (c) A large-stakes tournament may not be conducted for more than 5 consecutive days.

1 (d) The operator shall notify the department at least 5 days before the start of a large-stakes tournament.

2 If a tournament will be conducted on the premises of more than one licensed operator, each operator shall notify
3 the department at least 5 days before the start of the tournament. Except as provided in subsection (1)(f), each
4 large-stakes tournament is counted toward each operator's annual 16-tournament limit.

5 (e) An operator issued a large-stakes tournament permit may participate with other large-stakes
6 tournament permitholders to conduct a progressive large-stakes tournament in which the ultimate prize is not
7 awarded until the final round of the tournament is completed.

8 (f) An operator issued a large-stakes tournament permit may conduct up to three charitable large-stakes
9 tournaments a year that are not counted toward the operator's annual 16-tournament limit. The operator shall
10 notify the department of the charitable tournament at least 5 days before the start of the tournament.

11 (g) An operator may charge an entry fee for a large-stakes tournament, which may include a fee to cover
12 expenses incurred from conducting the tournament. The total amount paid by a participant to enter a large-stakes
13 tournament, including any additional purchase of chips or other payment during the tournament, may not exceed
14 \$1,875. A participant in a large-stakes tournament who has been eliminated from competition during the
15 tournament may reenter the tournament by paying an additional fee if the tournament rules allow the participant
16 to reenter the tournament.

17 (h) The prize for a large-stakes tournament may include the right to participate in another tournament
18 if the value of a seat in the higher-level tournament equals the value of the expected top prize for the tournament.

19 (2) (a) A licensed operator who has a permit for placing at least one live card game table on the
20 operator's premises may apply to the department for an annual small-stakes live card game tournament permit.
21 A small-stakes tournament permit allows the operator to conduct daily small-stakes tournaments on the operator's
22 premises.

23 (b) The department shall charge an annual fee of \$500 for a small-stakes tournament permit. The permit
24 fee may not be prorated and must be retained by the department for administrative purposes.

25 (c) An operator may charge an entry fee for a small-stakes tournament, which may include a fee to cover
26 expenses incurred from conducting the tournament. The total amount paid by a participant to enter a small-stakes
27 tournament may not exceed \$80. A participant in a small-stakes tournament may not repurchase or add chips
28 or reenter the tournament after elimination.

29 (d) A small-stakes tournament permitholder may place one additional live card table on the
30 permitholder's premises, which may be used only for a small-stakes tournament. The tournament may be

1 conducted on permitted card tables and the additional tournament card table.

2 (3) Tournament participants must be provided with a copy of the tournament rules before the start of a
3 large-stakes or small-stakes tournament. A copy of the rules must be posted in a conspicuous location in each
4 area where the tournament is conducted.

5 (4) Permits for the placement of additional live card game tables as provided in 23-5-306 are not required
6 for:

7 (a) additional tables authorized under a large-stakes tournament permit; or

8 (b) an additional small-stakes tournament table authorized under subsection (2)(d).

9 (5) A person must be present on the premises during a large-stakes or small-stakes tournament to
10 oversee the conduct of the card games and to settle disputes among players. This person may be a dealer
11 licensed under 23-5-308.

12 (6) Only a dealer licensed under 23-5-308 may deal cards at a large-stakes or small-stakes blackjack,
13 poker or, panguingue, or twenty-one tournament.

14 (7) The face value of the chips used does not govern the value of the pot awarded at the end of the
15 tournament.

16 (8) At least 50% of the total amount of the entrance fees for any large-stakes or small-stakes tournament
17 that is represented as a charitable tournament must be paid to a charitable, educational, or recreational nonprofit
18 organization.

19 (9) A rake-off may not be taken during a large-stakes or small-stakes tournament card game.

20 (10) The provisions of this part and the department rules governing live card games apply to live card
21 games conducted as part of a tournament unless otherwise provided."

22
23 **Section 11.** Section 23-5-602, MCA, is amended to read:

24 **"23-5-602. Definitions.** As used in this part, the following definitions apply:

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

28 (2) (a) "Bingo machine" means an electronic video gambling machine that, upon insertion of cash, is
29 available to play bingo, as defined by rules of the department. The machine uses a video display and
30 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,

1 bonus games, or credits that may be redeemed for cash.

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

4 (3) (a) "Blackjack machine" means an electronic video gambling machine that, upon insertion of cash,
5 is available to play blackjack or twenty-one, as defined by rules of the department. The machine uses a video
6 display and microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive
7 free games, 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, tokens,
9 or anything else of value.

10 ~~(3)~~(4) (a) "Bonus game" means a game other than a bingo, blackjack, poker, keno, or video line game
11 that is offered as a prize for playing and achieving a defined outcome by playing a bingo, blackjack, poker, keno,
12 or video line game. The term includes a game that allows a player to win free credits, free games, or a multiplier
13 of credits already won or to move to an accelerated pay table for the play of a bingo, blackjack, poker, keno, or
14 video line game. A bonus game must make available to the player a display of the rules for the bonus game.

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

20 ~~(4)~~(5) "Electronically captured data" means video gambling machine accounting information and records
21 of video gambling machine events, in electronic form, that are automatically recorded and communicated to the
22 department through an approved automated accounting and reporting system.

23 ~~(5)~~(6) "Gross income" means money put into a video gambling machine minus credits paid out in cash.

24 ~~(6)~~(7) (a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash, is
25 available to play keno, as defined by rules of the department. The machine uses a video display and
26 microprocessors and, by the skill of the player, by chance, or by both, allows the player to receive free games,
27 bonus games, or credits that may be redeemed for cash.

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

30 ~~(7)~~(8) "Licensed machine owner" means a licensed operator or route operator who owns a video

1 gambling machine for which a permit has been issued by the department.

2 ~~(8)(9)~~ "Multigame" means a combination of at least two or more approved types of games, including
3 bingo, blackjack, poker, keno, or video line games, within the same video gambling machine cabinet if the video
4 gambling machine cabinet has been approved by the department.

5 ~~(9)(10)~~ "Permitholder" means a licensed operator on whose premises is located one or more video
6 gambling machines for which a permit has been issued by the department.

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

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

14 ~~(11)(12)~~ (a) "Video line game" means a video line game as defined by rules of the department and
15 approved by the department. A video line game uses a video display and microprocessors and, by the skill of the
16 player, by chance, or by both, allows the player to receive free games, bonus games, or credits that may be
17 redeemed for cash. Video line games may be offered only in a multigame video gambling machine cabinet.

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

20
21 **Section 12.** Section 23-5-603, MCA, is amended to read:

22 **"23-5-603. Video gambling machines -- possession -- play -- restriction.** (1) A licensed operator may
23 make available for public play only the number of approved video gambling machines specifically authorized by
24 this part.

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

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

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

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

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

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

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

Section 13. Section 23-5-607, MCA, is amended to read:

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

(2) Each video gambling machine must have an electronic accounting device that the department may use to verify the winning percentage."

Section 14. Section 23-5-621, MCA, is amended to read:

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

(a) implement 23-5-637;

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

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

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

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

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

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

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

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

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

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

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

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

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

NEW SECTION. Section 15. Codification instruction. [Sections 1 through 3] are intended to be codified as an integral part of Title 23, chapter 5, part 3, and the provisions of Title 23, chapter 5, part 3, apply

1 to [sections 1 through 3].

2

- END -