

**MINUTES
GAMING ADVISORY COUNCIL**

*October 25, 2013
Helena, Montana*

This is a summary of the Council meeting. The meeting in its entirety is recorded in a digital audio file format and maintained at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits (if any) are on file in the office of the Gambling Control Division.

COUNCIL MEMBERS PRESENT

Tim Carson	Kevin Myhre
Jed Fitch	Rep. Casey Schreiner
Mark Kennedy (Chairman)	Bob McAnally
John Tooke (Vice-Chairman)	

DIVISION STAFF PRESENT

Rick Ask	Ben Kamerzel
Dave Jeseritz	Angela Nunn
Lisa Christiansen	Joe Bryce

SUMMARY OF COUNCIL ACTION

- ◆ **The Council voted unanimously to approve the minutes of the June 28, 2013 meeting.**
- ♠ **The Council tentatively set the next meeting for January 10, 2014 in Helena.**

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present (Jed Fitch participated via conference call), except for Senator Sonju and Steve Morris who were excused. The minutes from the June 28, 2013 meeting were approved unanimously. Mr. Ask stated that Attorney General Fox sent his regrets but Mr. Ask said that the Attorney General appreciates all the work that the Council and the meeting attendees put forth. Mr. Ask introduced Division staff in attendance.

DIVISION UPDATES

Gambling Control Division Activity

Mr. Ask stated that the Division is very excited about upcoming technological advances. The first is coordination with the Department of Revenue Liquor Division of an on-line combined license application submission process. Mr. Ask said that this should improve

the efficiency of the license application process. Ms. Nunn explained that this application process will utilize the Department of Revenue's TAP (Taxpayer Access Point) system. Preliminary testing has begun and a user focus group will be utilized in November (3-6 people) to test the system. Ms. Nunn stated that the new submission process will begin on January 21, 2014. She added that the next step will be to put renewal applications on-line, followed by the rest of the applications. Ms. Nunn asked that any industry members who are interested in being a member of the user focus group to contact her.

Neil Peterson, Gaming Industry Association, asked if the Division will still accept paper applications, or if in the future only on-line applications will be accepted. Mr. Ask responded that paper applications will still be accepted and at this point, the Division does not contemplate ending paper applications.

Mr. Carson asked how the Division will deal with "missing" documents from the on-line application process and at what time an application will be deemed complete. Ms. Nunn stated that documents must be attached as the application progresses or a person cannot go to the next step. Ms. Nunn stated the flow should be more efficient when the application is completed on-line.

Mr. Ask stated that there is one Tier I accounting system being tested in the lab (this means that each machine is tied electronically to a server in that location and electronic meter readings are uploaded on a daily basis to the state's system). This Tier I system has gone "live" in one location in Helena and seems to be running smoothly. If there are no problems this system should roll-out in January.

Gambling Control Division Statistical Report

Angela Nunn gave a brief overview of the Division statistics through first quarter (FY2014). She explained that video gambling machine tax collections for the first quarter (FY2014) were approximately \$14 million, a 2.8% decrease from the previous quarter, but generally equal to collections in the first quarter fiscal year 2013. There are approximately 1,500 active Gambling Operator Licenses. In the first quarter of FY2014, 16,482 video gambling machines were issued permits, 0.5% less than first quarter of FY2013. Ms. Nunn stated that the statistics for the small-stakes and large-stakes tournaments will be included at the end of the first quarter of FY 2014, but to date, 8 small-stakes permits have been issued and 12 large-stakes permits have been issued.

OLD BUSINESS

Sports Pool Subcommittee

Representative Schreiner stated that the subcommittee met on September 13, 2013. Rep. Schreiner stated that the Division suggested amending the definition of "multiple competitor sports pool board definition" to allow multiple teams. The GIA suggested

amending the rule for "selected point sports pools" to allow the pot to float to the subsequent week if no team achieves the selected point in one week and to allow the participants to increase their wager not to exceed \$25. Amendments for sports tab games are also being contemplated.

Sports Tab Games

Mr. Ask explained the history and conduct of sports tab games. Multiple event tab games have been requested by the tab game operators, but current law does not provide for it.

NEW BUSINESS

Temporary Licenses

Mr. Ask stated that the Liquor Control Division grants temporary authority for liquor licenses but there is no temporary authority for gambling licensure. The Division will discuss this with the Attorney General and Division staff. Mr. Ask stated that it was deliberate to leave temporary authority out of the bill that brought gaming regulation under the state. The standards for suitability are similar but a little stricter for gambling.

Promotional Games

Mr. Ask explained the history of promotional games. Mr. Ask stated that at that time one of the popular games was the "pick-the-winners" games that were in all of the newspapers and the Division developed rules for these games. Mr. Ask explained that variations of these games have been offered and there is opposition to the limitations in the administrative rules, some believe the current limits are archaic etc. Mr. Ask stated that discussion is needed to explore the ramifications of changes to these rules.

Budget/Revenue Analysis

Mr. Ask discussed the Division's funding sources. He explained that a video gambling machine permit fee increase was passed in the last legislative session. The Council asked at the last meeting if there was a way to improve the funding sources or processes so that a VGM permit fee increase does not have to happen every 10 years or, if a smaller fee increase every two years was feasible, or if there was another funding source available. The Council also requested information on how the budget was prepared relating to incoming revenue. Mr. Ask explained the Division's budgeting process and said that in the last session the Division actually reduced the number of Full Time Employees (FTEs) by 3 due to more efficient processes in the Division, and consequently operating expenses were reduced. He added that appropriations use the past year as a base and that rent always increases and there is a reaffirmation of necessary overtime expenses for certain employees. The budget is then submitted to the attorney general's office, then the governor's office and then it is included in the budget that is submitted to the legislative fiscal analysts division and the legislature for approval.

Amusement Games

Mr. Ask informed the Council that although a proposal to discuss amusement games had been discussed at the last meeting, subsequently, Mr. Carson requested that the Division postpone that discussion until the next scheduled Council meeting.

PUBLIC COMMENT

Mr. Carson requested discussion on the sports tab accounting processes. Mr. Petersen stated that when the new rules on sports tabs became effective, it changed how sports tab sellers conduct their games, i.e. before the new rules a person could come in with \$100 and buy tabs off of several boards, all of the money went into the till and when a person came in to be paid – he would be paid out of the till. The new rule requires the seller to keep the money collected separate for each sports tab board. Mr. Petersen stated that this creates an accounting nightmare for locations. Ms. Wiggers stated that when the rules were proposed, she thought that the money for sports tabs would just be rung up separately and accounted for separately in the till, not actually separated from the rest of the money taken in by an establishment. She agreed with Mr. Petersen, that envelopes sitting behind the bar, with the \$2,500 pot limits could definitely cause problems. Mr. Ask stated that the Division is reviewing this concern and the application of the new rule. The Division will also study the abandoned property aspect of sports tab and sports pool games and report back to the Council.

Mr. Carson discussed old business concerning website reports, suggested eliminating two reports he thought were useless and compiling one report that will make sense to everybody.

Ms. Wiggers asked if a person can start the new application process and then leave it unfinished, and resume at a later time without losing the information that has already been input. Ms. Nunn stated that the application will resume with the prior information intact.

Chairman Kennedy asked the Division to consider putting the audio from the Gaming Advisory Council meetings on the Department's website so that Council members or members of the public who miss a meeting or want to verify testimony have the ability to review a meeting. Chairman Kennedy stated that other departments make the audio of meetings available to the public. Ms. Nunn stated that the Department is revising the website and will take this into consideration.

FINAL BUSINESS

The Council tentatively scheduled their next meeting for January 10, 2014, in Helena. The meeting adjourned at 11:56 a.m.