

**MINUTES
GAMING ADVISORY COUNCIL**

*November 29, 2011
Helena, Montana*

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

COUNCIL MEMBERS PRESENT

Mark Kennedy (Chairman)	Tim Carson
Steve Morris	John Tooke (Vice-Chairman)
John Engen	Jed Fitch
Sen. Jon Sonju	Rep. Pat Noonan

DIVISION STAFF PRESENT

Rick Ask	Ben Kamerzel
Cregg Coughlin	Jeff Bryson
Angela Nunn	Kathy Fisher

SUMMARY OF COUNCIL ACTION

- ◆ **The Council voted unanimously to approve the minutes of the 9/16/11 meeting.**
- ♥ **The Council tentatively set the next meeting for March 2, 2012 in Helena.**

CALL TO ORDER AND ROLL CALL

Chairman Kennedy called the meeting to order at 10:00 a.m. All members were present except for Bob McAnally (excused); Mayor Engen participated by conference call. The minutes from the September 16, 2011 meeting were approved unanimously. Tim Burton, Deputy Director, DOJ, welcomed the Council and thanked them for their work with the Division.

DIVISION UPDATE

Division Statistical Report

Administrator Ask gave a brief overview of the Division statistics through first quarter FY 2012. He explained that video gambling machine tax collections for the first quarter FY 2012 were \$12.47 million, a decrease of \$289,000 (2.26%) from the previous quarter, and \$129,000 (1.05%) more than the first quarter of FY 2011. In the first quarter of FY

2012, the Division received 75 liquor, gambling, and combined liquor gambling applications (including amended applications), this is 13 more than the 62 applications received during the first quarter of last fiscal year. During the first quarter of FY 2012, 15,862 VGM permits were issued, 489 fewer than the first three months of fiscal year 2011. Mr. Carson commented that in December and January there would be an increase in permits with the introduction of line games on January 1. Mr. Ask stated that by the end of the first quarter, the number of card tables licensed during FY 2012 was 277, down 31 tables from the same time the previous year; the number of card dealers licensed at the end of first quarter FY 2012 was 522, down 137 from the same time the previous year; and the total number of bingo and keno licenses was 64 during the first quarter of fiscal year 2012, a decrease of 14 from the first quarter of fiscal year 2011. Mr. Ask said there was no measurable increase in bingo permits but the new bingo laws did not go into effect until October 1, 2011. Mr. Peterson stated that he had heard from bingo licensees that they were seeing increased play since the changes went into effect.

Mr. Tooke asked Mr. Carson what the conversion to line games will look like to the operators and route operators. Mr. Carson responded that for line game programs that have been approved – they are in the machines and can be turned on at 12:01 a.m. January 1, 2012. Mr. Carson said that in this first phase it is logistically challenging to get the games turned on; every manufacturer is approaching this differently and the conversion will vary based on manufacturer.

OLD BUSINESS

Card Tournament Subcommittee Report

Mr. Tooke said Florida has created a vibrant poker environment by creating a list of allowable card games and eliminating the limits. He thinks Montana needs to compete against internet gambling, especially because Las Vegas is trying to get internet poker legalized. Mr. Tooke said he believes Montana needs to compete and foster an environment to convince internet gamblers to come back to brick and mortar establishments.

Mr. Fitch stated that the present card tournament rules don't make sense. He suggested rule and statute changes be explored to allow more small tournaments. Mr. Kennedy stated that Neil Peterson and John Hayes were at the meeting and all committee members are interested in revising the rules. The committee also discussed and thought the GAC should address the \$300 pot limit for regular poker games. There will be a sub-committee conference call on December 16, 2011 to formulate recommendations for the spring GAC meeting. Mr. Ask requested a proposal with recommendations to review with the Attorney General.

NEW BUSINESS

Internet Gambling

Mr. Ask stated that internet gambling is having an impact on Montana gambling. Federal law currently prohibits interstate internet gambling with some exceptions. Montana law also prohibits internet gambling with exceptions for the Lottery, simulcast horse racing and approved gambling related uses on Indian lands.

Mr. Coughlin gave an overview of the current federal internet gambling and related bills before the 112th Congress. Mr. Coughlin will provide the Council members with PDF copies of the bills via e-mail.

Mr. Kennedy asked how the Council can approach this issue. Mr. Ask responded that it is important that we continue to educate the public that these types of internet gambling are illegal and to stay informed as to any new legislation at the federal level or in other jurisdictions. Nevada, for example, has taken an aggressive approach to internet gambling and pre-approved relationships between casinos and internet providers pending approval of internet gambling at the federal level. Nevada has also determined it will begin accepting applications from internet providers beginning in February of 2012, pending approval of federal legislation; California has legislation pending that would provide for intrastate internet gambling; and the District of Columbia has initially approved the concept of providing internet gambling to hotspots like bars, hotels, and clubs, etc. Mr. Ask was not sure how gambling could be limited to those locations.

Mr. Tooke stated that younger players need to be developed as customers over time – especially since the younger generation is so involved in video gaming etc., and some gamblers prefer the internet to poker rooms because they can smoke. Mr. Fitch stated that he has friends that enter tournaments online because they take place over a limited amount of time for a decent payout. Mr. Fitch suggested that expansion of Montana card tournaments could help get players into Montana establishments that are now playing on the internet. Mr. Tooke stated that the cost of delivering a tournament on the internet is much cheaper than the cost of setting up a tournament in an establishment with dealers, chips, tables, etc. Mr. Morris said that it is convenient for the player to play online and many probably have no desire to go play in a live setting. Rep. Noonan stated that no matter what happens, people who want to gamble on the internet will and Montana just needs to make card tournaments more attractive for those who do want to participate in an establishment.

PUBLIC COMMENT

Mr. Tooke commented on the Lottery advertising a blackjack game. Mr. Morris stated that it is only a scratch ticket.

Mr. Carson asked Mr. Kamerzel for an update on line game submissions. Mr. Kamerzel said that two manufacturers have line games approved; several manufacturers have multiple platforms, the testing for Spielo is 95% complete; Epic is testing one platform, there is a new machine from GVG and a new game just came in from MTD. He projected that all testing will be complete by the end of the year depending on the completeness of the submissions, except for the machine from MTD. No submissions have been received to date from Fleetwood. Chairman Kennedy said that he had heard positive feedback about the submission process from the industry.

FINAL BUSINESS

The Council tentatively scheduled their next meeting for March 2, 2012, in Helena. The meeting adjourned at 11:40 a.m.