

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6658 SENATE STATE AFFAIRS

1062

Part 6

Video Gaming Machine Act

23-5-601. Short title. This part shall be known and may be cited as the "Video Gaming Machine Act of 1989".

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

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

(2) Video gambling machines specifically authorized by this part are:

(a) "Keno machine" means an electronic video gambling machine that, upon insertion of cash, is available to play keno as defined and provided by rules of the commission, utilizing a video display and microprocessors, in which by the skill of the player or by chance, or both, the player may receive free games or credits that can be redeemed for cash. The term does not include a slot machine or any machine that directly dispenses coins, cash, tokens, or anything else of value.

(b) "Bingo machine" means an electronic video gambling machine that, upon insertion of cash, is available to play bingo as defined and provided by rules of the commission, utilizing a video display and microprocessors, in which by the skill of the player or by chance, or both, the player may receive free games or credits that can be redeemed for cash. The term does not include a slot machine or any machine that directly dispenses coins, cash, tokens, or anything else of value.

(c) "Draw poker machine" means an electronic gambling machine that, upon insertion of cash, is available to play or simulate the play of the game of draw poker, as defined and provided by rules of the commission, utilizing a video display and microprocessors in which, by the skill of the player or by chance, or both, the player may receive free games or credits that can be redeemed for cash. The term does not include a slot machine or any machine that directly dispenses coins, cash, tokens or anything else of value.

(5) "Licensee" means an individual, partnership, corporation, or association that has been issued an operator's license as defined in 23-5-212 by the commission.

(6) "Manufacturer-distributor" means an individual, partnership, corporation, or association that assembles, produces, makes or supplies or repairs video draw poker machines or associated equipment for sale, use, or distribution in this state.

(7) "Net machine income" means money put into a video draw poker or keno machine minus credits paid out in cash.

23-5-603. Video gambling machines -- possession -- play -- hours of play -- restriction. (1) No person may make available for public play a video gambling machine unless that person has first obtained an operator's license as defined in 23-5-212. Machines licensed under 23-5-612 may be made available for play by the public, and it is legal to play such machines, except that a person under the age of 18 years may not play a video gambling machine.

(2) Any person who receives an operator's license to make a video gambling machine available for play must have the machine unavailable for play between 2a.m. and 8a.m. each day.

23-5-605. Powers and duties of the commission -- licensing. (1) In addition to those powers and duties enumerated in Part 2, the commission shall administer the provisions of this part.

(2) The commission shall adopt rules implementing this part and:

(a) with respect to state licenses:

(i) provide licensing procedures;

(ii) prescribe necessary application forms; and

(iii) grant or deny license applications;

(b) with respect to the video draw poker, bingo and keno machine net income tax:

(i) prescribe record keeping requirements for licensees;

(ii) provide a procedure for inspection of records;

(iii) provide a method for collection of the tax; and

(iv) establish penalties for the delinquent reporting and payment of the required tax.

(c) with respect to video gambling machine specifications, shall define by rule the kind and location within the machine of all devices and mechanisms necessary to assure that the machines meet the provisions of this part.

(3) The commission may suspend, revoke, deny, or place a condition on a license issued under this part for reasonable cause.

(4) The commission is a criminal justice agency, and designated employees and duly authorized commission representatives are granted peace officer status with powers of search, seizure, and arrest to regulate and control those persons licensed under this part.

23-5-607. Expected payback -- verification. The commission shall prescribe the expected payback value of one credit played to be at least 80% of the value of a credit. Each video gambling machine must have an electronic accounting device that the commission may use to verify the winning percentage. The commission may not publish or otherwise disseminate income figures and other statistics obtained in the payback verification process or contained in payback verification reports in a manner that allows or helps a person to identify a particular machine or to match a particular machine with a particular income or statistic.

23-5-608. Limitation on amount of money played and value of prizes -- payment of credits in cash. (1) A video gambling machine may not allow more than \$2 to be played on a game or award free games or credits in excess of the value of \$800 per game.

(2) Each licensee shall pay in cash all credits owed to a player as shown on a valid ticket voucher.

23-5-610. Video gambling machine net income tax -- records -- distribution -- quarterly statement and payment.

(1) Each licensee shall pay to the commission a gambling machine tax of 15% of net machine income from each gambling machine licensed under this part.

(2) Each licensee shall keep a record of net machine income in such form as the commission may require. The records must at all times during the business hours of the licensee be subject to inspection by the commission, its agents, or employees.

(3) Each licensee shall, within 15 days after the end of each quarter, complete and deliver to the commission a statement showing the total net machine income from each gambling machine licensed to him, together with the total amount due the state as gambling machine net income tax for the preceding quarter. The statement must contain such other information as the commission may require.

(4) (a) The commission must deposit one-third of the tax collected under subsection (3) in the general fund.

(b) The commission must forward the remaining two-thirds of the tax collected under subsection (3) to the treasurer of the county or the clerk, finance officer, or treasurer of the city or town in which the licensed machine is located, for deposit to the county or municipal treasury. Counties are not entitled to proceeds from taxes on income from video draw poker and keno machines located in cities and towns. The two-thirds local government portion of tax collected under subsection (3) is statutorily appropriated to the commission as provided in 17-7-502 for deposit to the county or municipal treasury.

23-5-611. State license qualifications -- limitations -- right to hearing. (1) (a) A person who has been granted an operator's license as defined in 23-5-212 and a license under 16-4-401(2) to sell alcoholic beverages for consumption on the premises may be granted a license for the placement of video gambling machines in his licensed establishment.

(b) Each applicant for a license shall on the application form disclose to the commission any information required by the commission consistent with the provisions of 23-5-211.

(2) A licensee may not have on the premises or make available for play on the premises of his licensed establishment more than twenty five machines of any combination legal under this chapter.

23-5-612. State license -- fee. (1) (a) The commission, upon payment of the fee provided in subsection (1)(b) and in conformance with rules adopted under this part, shall issue to the operator's license a license for each video gambling machine.

(b) The commission shall charge an annual license fee of \$200 for each video gambling machine. The commission shall retain \$100 of the license fee collected for each video gambling machine for the purposes of administering this part and the remaining \$100 shall be returned on a quarterly basis to the local governing body where the machine is located. The license expires on June 30 of each year and shall not be prorated.

23-5-613. Investigations and violations. (1) The commission or duly authorized commission representatives shall make necessary investigations, suspend or revoke state licenses for violations of this part, except 23-5-615, and hold hearings on such matters. A license may be suspended prior to a hearing upon a finding of danger to public health and welfare but may not be revoked until the hearing is completed.

(2) A violation of this part, except 23-5-615, or a rule promulgated under 23-5-605 is a criminal offense, and a fine not to exceed \$10,000 for the first violation and \$15,000 for a subsequent violation must be imposed.

(3) If a video draw poker machine is operated in violation of this part, except 23-5-615, it may be seized under 23-5-121 and the provisions of 23-5-122 apply.

(4) Employees of the commission or duly authorized commission representatives designated as enforcement agents may investigate the background of license applicants to the extent judged necessary by the commission, but no person may be investigated prior to his submission of an application for a license.

(5) (a) Findings of suspected illegal activity must be reported to the appropriate law enforcement agency.

(b) The clerk of the court shall, upon final judgment of conviction of a licensee, report to the commission the name of the licensee convicted of violating a local gambling ordinance.

(c) On receipt of such report, the commission may commence proceedings to revoke or suspend the licensee's video draw poker license.

(6) Any peace officer of this state may arrest a person for tampering with a video draw poker machine, attempting or conspiring to manipulate the outcome or the payoff of a video draw poker machine, or manipulating the outcome or payoff of a video draw poker machine by physical tampering or other interference with the proper functioning of the machine.

23-5-615. Gambling prohibited by ordinance. (1) An incorporated city may enact an ordinance defining certain areas in its incorporated limits where gambling activities may or may not occur.

(2) A county may enact an ordinance or resolution defining certain areas in the county, not within the incorporated limits of a city, where gambling may or may not occur

(3) No county or incorporated city may by ordinance restrict the number of licenses that the commission may issue.

23-5-616. Removal of machine from public access. If a machine fails to meet the specifications and requirements of this part, or any rules of the commission at any time after initial licensure, the operator licensee shall immediately remove the machine from public access until it meets all requirements.

23-5-618. Judicial review of agency decision. (1) Any interested party has the right to judicial review of a final decision of the commission concerning the grant, denial, renewal, revocation, or suspension of a license required under this part.

(2) A petition for judicial review must conform to the provisions of Title 2, chapter 4, part 7.

23-5-625. Manufacturer-distributor of video draw poker machines -- license -- fees. (1) It is unlawful for any person to manufacture, sell, or distribute any video gambling machine or associated equipment for use or play in this state without having first been issued a manufacturer-distributor's license by the commission.

(2) The commission shall charge an annual license fee of \$1,000 for the issuance or renewal of a manufacturer-distributor's license.

(3) In addition to other license fees, the commission may charge the applicant a onetime manufacturer-distributor's license application processing fee. The processing fee may not exceed the commission's actual costs for processing an application.

(4) All manufacturer-distributor's licenses expire on June 30 of each year, and the license fee may not be prorated.

(5) The commission shall retain the license and processing fees collected for purposes of administering this part.

23-5-626. License qualifications -- investigation -- right to hearing. (1) An applicant for issuance or renewal of a manufacturer-distributor's license shall:

(a) apply to the commission on forms prescribed by the commission;

(b) establish to the satisfaction of the commission that the applicant's past record and present status as a manufacturer-distributor of video draw poker machines or associated equipment and as a business person and citizen demonstrate that the applicant is likely to conduct his business in compliance with all laws.

(c) in all other respects meet the provisions of 23-5-211.

(2) A person denied a manufacturer's or distributor's license has the right to a hearing before the commission. The hearing must be conducted in accordance with the provisions of the Montana Administrative Procedure Act.

23-5-627. Determination of unsuitability for licensure -- effect. (1) If the commission determines that a manufacturer-distributor is unsuitable for issuance of a license or if a previously issued license is revoked:

(a) the commission may not approve any new video gambling machine or associated equipment produced by the manufacturer-distributor;

(b) the commission may revoke a license for a machine produced by that manufacturer-distributor and owned by a person in the state of Montana at the time of revocation of the manufacturer-distributor's licensure only if, after a reasonable length of time, the machine remains out of compliance with state requirements; and

(c) a manufacturer-distributor may not sell, transfer, or offer for use or play in this state any new video gambling machine or associated equipment.

(2) Any association or agreement between the manufacturer-distributor and a licensee is considered to include a provision for its termination without liability on the part of the licensee upon a determination by the commission that the manufacturer-distributor is unsuitable for licensure. Failure to include such provisions for termination in an agreement is not a defense in any action brought under the provisions of this section to terminate the agreement.

(3) Failure of a licensee to terminate any association or agreement with a manufacturer-distributor after receiving notice of the commission's determination of unsuitability for licensure constitutes grounds for revocation of the licensee's video gambling machine licenses.

23-5-631. Examination and approval of new video gambling machines and associated equipment -- fee. (1) The commission shall examine and approve new video gambling machines and associated equipment which is manufactured, sold, or distributed for use in this state before the video gambling machine or associated equipment is played or used.

(2) A video gambling machine or associated equipment may not be examined or approved by the commission until the manufacturer-distributor of the machine or associated equipment is licensed as required in 23-5-625.

(3) The commission shall require the manufacturer-distributor seeking the examination and approval of a new video gambling machine or associated equipment to pay the anticipated actual costs of the examination in advance and, after the completion of the examination, shall refund overpayments or charge and collect amounts sufficient to reimburse the commission for underpayments of actual costs.

23-5-635. Penalties -- hearing. If the commission finds, after a hearing conducted pursuant to the Montana Administrative Procedure Act, that a person has violated any of the provisions of this part or the commission's rules, the commission may, in addition to the other penalties prescribed:

- (1) suspend the license for a period of not more than 180 days;
- (2) impose a civil penalty not to exceed \$6,000 for each violation whether or not the person is licensed by the commission;
- (3) revoke the license;
- (4) deny renewal of the license on expiration thereof;

or

- (5) impose a combination of any two of the penalties set forth in subsections (1) through (4).

23-5-636. Judicial review of commission decision. (1) Any interested party has the right to judicial review of a final decision of the commission concerning the grant, denial, renewal, revocation, or suspension of a license, or the imposition of a civil penalty required under this part.

(2) A petition for judicial review must conform to the provisions of Title 2, chapter 4, part 7.

(3) Any limitation, condition, revocation, suspension, denial, fine or imposition of a civil penalty enacted by the commission is effective until reversed upon judicial review.

APPENDIX G

Gaming Advisory Council Charge

CREATION OF GAMING ADVISORY COUNCIL

WHEREAS, gambling and wagering in various forms have far-reaching economic and social impacts upon the State of Montana and its citizens that necessitate control and regulation; and

WHEREAS, Title 23, Chapter 5, MCA, imposes on local and state governments the responsibility for controlling, regulating and taxing gambling, and this situation has resulted in fragmentation and disparity; and

WHEREAS, the 1987 legislature amended various parts of Title 23, Chapter 5 to the effect that the state of Montana is required to license video gaming machines (keno, bingo and poker) and to verify payback percentages and collect revenue from net machine income; and

WHEREAS, state and local departments and agencies are experiencing difficulty administering statutory provisions relating to video gaming machines, and this difficulty is due, in part, to interpretation of the gaming laws as written, and, in part, to existing structures and inter-relationships of agencies to enforce those laws.

NOW, THEREFORE I, Keith Colbo, Director of the Department of Commerce, hereby create the GAMING ADVISORY COUNCIL within the Department of Commerce, effective January 11, 1988, in accordance with the provisions of section 2-15-122, MCA. The Council shall terminate its activities by June 30, 1989 unless renewed before that date.

The Council shall serve in an advisory capacity to the Department of Commerce, and shall study, analyze and report to the Department regarding the following matters:

1. A review of existing legislation to correct technical defects in the existing statutes;
2. An analysis of potential legislation to modify the environment under which regulated gambling operates in the State;
3. A review of jurisdictional authority in gambling matters with respect to the following:
 - (a) inequitable enforcement of existing gaming statutes across the state, and

- (b) potential problems and remedies associated with local-option gambling including types of games allowed, hours of play, regulation and enforcement of state and local statutes and ordinances, and law enforcement and regulatory problems crossing jurisdictional boundaries;
4. A review of the current gaming tax rate on video games; study of a potential tax on live games and pools; and, an analysis of the methods, laws and rules related to the collection of tax revenues.
 5. A long term analysis of the direction the state of Montana is going and should be going in relation to gaming in the state including:
 - (a) a review of the regulatory organizational structure in state and local governments;
 - (b) some comment through analysis of the types and proliferation of games and gambling in Montana; and,
 - (c) an analysis of the tax receipts available under various options discussed in (b), including some discussion of the higher social, regulatory and law enforcement costs associated with gaming.

This analysis and advice to be offered the department should include all existing and potential areas of gambling except the Montana State Lottery and the area of pari-mutual betting in the state.

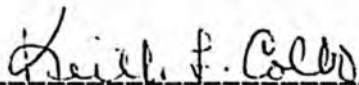
The Director of the Department of Commerce shall advise the Legislature of the recommendations made by the Gaming Advisory Council.

The Council shall have 9 (nine) members who shall serve at the pleasure of the governor, and whose names and addresses are:

1. Jack Haffey, Chairman
40 E. Broadway
Butte, MT 59701
2. Al Donahue
1700 Fox Farm Road
Great Falls, MT 59401
3. Becky Erikson
114 Lomond
Glasgow, MT 59230

4. Brad Schoepf
1320 Two-Mile Drive
Kalispell, MT 59901
5. Bob Fletcher
c/o Cannery Lounge
43 W. Main
Bozeman, MT 59715
6. Harold Hanser
P.O. Box 35025
Billings, MT 59107
7. Bill Ware
221 Breckenridge
Helena, MT 59601
8. Mike McMeekin
Sheriff's Office
Missoula County Courthouse
Missoula, MT 59801
9. John "Ed" Kennedy
Drawer 1997
Kalispell, MT 59901

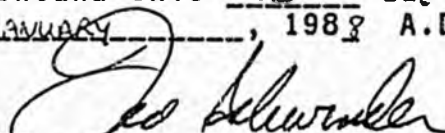
SUBMITTED to the Governor for approval this 11th day of January, 1988.



Keith Colbo, Director

I, Ted Schwinden Governor of the State of Montana, pursuant to the authority vested in me by Section 2-15-122, MCA, do hereby approve the creation of the GAMING ADVISORY COUNCIL within the Department of Commerce, and the appointment of the above-named persons thereto, as requested by Keith Colbo, Director of the Department of Commerce.

GIVEN under my hand and the
GREAT SEAL of the State of
Montana this 25th day of
JANUARY, 1988 A.D.



Ted Schwinden, Governor

ATTEST:



Jim Waltermire
Secretary of State

APPENDIX H

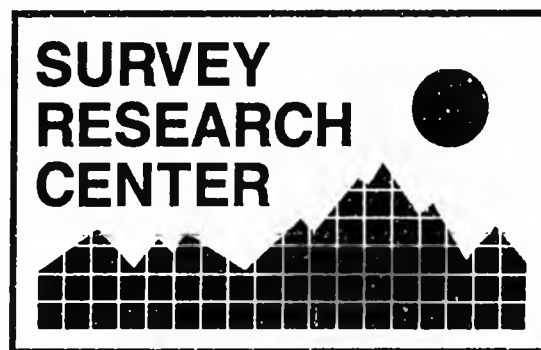
Montana Gambling Survey

Montana State University

MONTANA GAMBLING SURVEY

Gaming Advisory Council
Montana Department of Commerce

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Applied
Research
Focusing
on
Statewide
Social,
Economic
and
Policy
Issues

MONTANA GAMBLING SURVEY

**Gaming Advisory Council
Montana Department of Commerce**

**Montanans' Opinions About Gaming
and Its Regulation, Enforcement and Effects**

**Prepared by
Survey Research Center
Montana State University
1-108 Wilson Hall
Bozeman, Montana 59715**

May 27, 1988

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HIGHLIGHTS OF THE STUDY
Montanans' Opinions About
Gambling Games, Regulations, and Effects

A General Summary of Study Findings:

- * The majority of Montanans do not gamble frequently.
50 % didn't gamble in the past year.
17 % gamble frequently.
- * However, a majority of Montanans are tolerant of current games. They support retaining all current games by wide margins, except calcuttas which aren't well known.
- * Montanans recognize gambling creates costs to society.
67 % said gambling is a moral issue, among others.
90 % recognized family problems.
72 % said law enforcement costs are higher.
62 % said social services costs are higher.
- * Thus, the gambling industry must get support from non-gamblers.
85 % see gambling as an economic issue.
37 % view economics as the most important gambling issue.
- * Montanans must see benefits that override social costs.
73 % see gambling as a recreation issue.
70 % believed attracting outside money is a benefit.
- * Revenues are the most widely recognized gambling benefit.
85 % viewed the generation of tax revenues as a benefit.

POLICY CONCLUSIONS OF THE STUDY
Montanans' Opinions About
Gambling Games, Regulations, and Effects

A General Summary of Policy Conclusions.

- * Regulation of gaming is desirable.
 - 74 % would limit hours.
 - 68 % would limit bets.
 - 77 % would keep video poker in bars and lounges.
 - 63 % would further limit video keno and bingo to the same locations as poker machines.
 - 73 % wouldn't allow local governments to legalize more types of games than allowed by the state.

- * Uniformity of rules and regulations is desirable.
 - 92 % want identical rules statewide.

- * Taxation of gambling is widely recognized and is desirable.
 - 85 % view gaming as an economic issue.
 - 82 % see tax revenues as a benefit.
 - 75 % want all live games taxed, equivalent to machines. However, those who are strictly opposed to gambling on moral grounds do not favor gambling more when informed about tax revenues.

- * A State Gaming Commission is desirable.
 - 76 % are in favor.

CHANGES IMPLIED BY THE STUDY
Montanans' Opinions About
Gambling Games, Regulations, and Effects

Specific Changes Implied From the Study.

- * Oversight of gaming needs to be strengthened.
Establish a State gaming commission.
Establish State control of enforcement.
- * Access to games is and should continue to be restricted.
Limit types of games, hours, and location more strictly.
- * Uniformity of rules and regulations needs to be enacted.
Uniformity throughout the State is a very consistent theme. However, a sizeable minority still want localities to be able to further restrict types of games available.
- * An economic development focus for gaming is needed.
An economic development theme runs throughout responses. But, clearly, promotion shouldn't be a State responsibility.
- * Problems created by gambling must be addressed.
Family, social, economic and local government problems are widely recognized.
- * Taxation of additional games needs to be enacted.
Live games should be taxed as are video games.

Preferences for current rules.

- * Keep the current types of games authorized.
- * Keep casino-type gaming illegal.
- * Keep rules for charities and non-profit groups the same as those for commercial gaming.

Montanans' Opinions About
Gambling Games, Regulations, and Effects

INTRODUCTION

Gambling has been a common form of entertainment in Montana for years. Under the 1972 Montana Constitution, the Legislature has the power to authorize the types of gambling that are legal, and the rules and regulations governing gambling and its enforcement. The Legislature in turn has the power to establish the authority that can be exercised at the local level.

Purpose of the Report: This report describes the opinions and attitudes of Montanans about gaming in Montana. It is the result of a telephone survey conducted during late April and early May, 1988 by the Survey Research Center under contract with the Montana Department of Commerce and at the request of the Montana Gaming Advisory Council.

Topics included in the survey and described in this report include opinions concerning the types of games that should be legal, desired regulations and the location of regulatory authority, the effects of gaming on Montanans and the economy, viewpoints on charitable gaming, and gaming habits.

Legal games in Montana are live poker and certain other card games, keno, bingo and raffles; video draw poker, keno and bingo; commercial sports pools; and calcuttas. In addition, horse racing and the state lottery are permitted but not addressed in this study.

Illegal games in Montana include blackjack, dice games, roulette, slot machines (other than video draw poker, keno, and bingo), punchboards, bookmaking, dog racing, and private commercial lotteries.

Regulatory Background: Regulation of video gambling in Montana is the responsibility of the Montana Department of Commerce. Local governments have the authority under state law to levy license fees for gaming devices, and also to further limit the places and conditions of game machine operations, such as the maximum number of machines at any one establishment, below that established by state law. Localities can restrict the number of video bingo and keno machines per establishment to less than 15, but must allow at least five per establishment.

Criminal enforcement of gaming regulations is the responsibility of local law enforcement officials, not state officials, under current law.

The only games currently regulated by the State are video poker, bingo and keno machines. Live games are not regulated by the State. Poker machines are limited to establishments licensed to serve alcoholic beverages. Keno machines are only limited to establishments selling food products.

On July 1, 1988, the number of poker machines per establishment is limited to five, and the combined number of both bingo and keno machines to 15, for a maximum grand total of 20.

Gaming machines also are limited by state law to accept only \$0.25. Grandfathered bingo and keno machines can accept \$0.10, and \$0.05 coins until July 1, 1989, at which time these machines must conform to all state regulations.

The current payout per machine is required by state law to be at least 80 percent, and can be either in the form of additional games or currency at the players option. The probabilities of winning are controlled by mechanical or electronic settings in the machines.

The maximum winning limit is \$100 per game for poker machines, and \$100 per card for bingo and keno machines, resulting in a possible \$800 payout since these machines are capable of playing up to 8 cards per game.

Taxation Background: The 1987 Legislature enacted a 15-percent tax on the net income of video gaming machines. Net receipts are gross receipts less payouts from the machines. Of these tax revenues, two-thirds are retained by local governments, and the remainder goes to the State. The total video game tax revenues for a full fiscal year are estimated to be \$12 million, of which \$8 million will be retained by local governments. By comparison, the Montana Department of Revenue reports that total state revenues were \$1.7 billion, and local government revenues \$1.2 billion in fiscal 1986. Total tax revenues in that year were \$617 million for the State and \$510 million for local governments. (The differences in tax and total revenues are transfers from Federal sources, and other non-tax revenues such as sewer and water fees, and interest.) While the video game machine tax revenues are not large by comparison with total revenues in the State, the video tax retained by local governments can be significant in some localities.

SUMMARY OF SURVEY METHODS

The value of a survey is that, under certain conditions, the opinions of only a small proportion of the population can be used to estimate, within known margins of error, the opinions of the entire population. The margin of error of a survey is determined by the number interviewed, assuming all other conditions are met. The conditions that are most critical in producing an accurate survey and one for which the margin of error is predictable are (a) a random sample, (b) an unbiased questionnaire, (c) skilled interviewers and (d) a high response rate. Given those conditions and a large number of completed interviews, the results of a survey predict the opinions of the whole population with a known margin of error.

Special efforts were made in this study to ensure that these conditions were met. The sample is a random state-wide sample of telephone numbers. Professional experts were involved in the construction of the questionnaire in order to minimize biases resulting from the wording of and manner in which questions were asked. Interviewers were given training in the administration of this survey. Finally, callbacks to specific telephone numbers in the sample were made rather than substituting new telephone numbers for those that could not be reached, and a high response rate was achieved. Additional details of procedures are reported in the "Appendix."

This study reflects a sample of the views of adult Montanans statewide. Opinions of people in specific geographic regions of the State cannot be studied separately using these data because the number of respondents in any one area of the State would be too small to yield an acceptable margin of error in the estimates.

The final number of interviews completed was 635. The success rate was 71 percent of working residential telephone numbers in the sample, due to continued recalling and making appointments to speak with the appropriate household members at later times if they were not available at the time of the first call. More than 3,500 telephone calls were made during the course of this survey in order to achieve the high response rate.

The sample size is sufficiently large to predict state-wide results with a margin of error due to chance of plus or minus four percentage points at the 95 percent confidence level. This means that the true population percentage would be within the range of four points above or below that reported

from the sample data 95 percent of the time. When comparing two percentages from the sample data, the difference between the two must be greater than 8 percent in order to infer that a difference is meaningful for the population.

The sample size is also large enough to describe subpopulations of at least 250 members with a margin of error of plus or minus six percentage points at the 95 percent confidence level.

The appropriateness of the reported results in this study in reflecting the views of all adult Montanans was improved considerably over that of the raw data. The raw data demonstrated that the opinions of female interviewees were significantly different from the opinions of males interviewed, although the opinions usually were in the same direction. On average, female respondents generally were less inclined toward gambling than male respondents. A larger proportion of male respondents in the sample than is normal in the Montana population would yield raw percentage totals inappropriately weighted toward favoring gambling. Or, a larger proportion of female respondents than is in the Montana population would yield raw averages less inclined toward gambling. In order to appropriately reflect the opinions of all adult Montanans, the raw responses for males and females from the survey are weighted by the proportions of males and females in the Montana population. All data reported in the following tables are calibrated in this manner in order to reflect the Montana population.

The socio-economic characteristics of people in the sample are reasonably close to those reported by the 1980 U.S. Census, supporting the representativeness of the sample. Socio-economic profiles of the sample are reported in the Appendix under "Socio-economic Characteristics."

TYPES OF COMMERCIAL GAMES DESIRED

The very first questions of the interview asked about games that should be legal. The questions were designed to determine if any change in the types of currently legal games was desired, and, in addition, if other games should be legalized. These lists established a common basis for the remainder of the interview for questions concerning commercial gaming in Montana.

Desired Status of Currently Legal Games: Montanans agree that the games now legal should remain legal except for calcuttas. (Table 1) Legal games in Montana are live poker

Table 1: Types of Legal Games Desired^a

	Yes	No	No Answer ^b	Total ^c
	Percent			
<u>Games Currently Legal</u>				
Commercial bingo	81	17	3	100
Commercial raffles	76	20	4	100
Poker tables	65	30	5	100
Commercial keno	65	26	9	100
Video draw poker	62	30	8	100
Video bingo	62	29	10	100
Video keno	60	31	9	100
Commercial sports pools	60	29	11	100
Calcuttas	38	22	40	100
<u>Games Currently Illegal</u>				
Slot machines	47	48	5	100
Twenty-one	44	46	10	100
Punchboards	40	45	15	100
Dog racing	34	61	5	100
Private commercial lotteries	31	60	9	100
Craps/other dice games	28	60	12	100
Roulette	28	61	11	100
Bookmaking	15	70	15	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

and certain other card games, keno, bingo and raffles; video draw poker, keno and bingo; commercial sports pools; and calcuttas.

Commercial live bingo received the highest rating, with 81 percent agreeing that it should remain legal, followed by commercial raffles with 76 percent. Other games, including video games and sports pools, received approval for remaining legal from over 60 percent of Montanans.

Calcuttas were the only currently legal game that did not get over 50 percent agreeing that it should remain legal.

The level of support for continuing the currently legal games was associated with the degree of familiarity with the game. Except for calcuttas, people were reasonably familiar with most currently legal games. Calcuttas were the least familiar of the currently legal games--35 percent were not familiar with calcuttas--and they received only a 40-percent approval to remain legal. Next in order, only 6 percent were not familiar with commercial sports pools and they received a 60-percent approval. At the other extreme, almost everyone was familiar with commercial bingo and raffles, and they received 81 and 76-percent approvals, respectively.

Desired Status of Currently Illegal Games: No currently illegal game received more than a 50-percent support for legalization. (Table 1) Furthermore, there was no consistent pattern relating game familiarity with the degree of support. Almost everyone was familiar with slot machines and they received the highest rating of any currently illegal game with a 48-percent approval for legalization. Legalization of blackjack was preferred by 47 percent, with only 5 percent not familiar with the game. Punchboards received the third highest rating, with 41 percent favoring legalization, yet 10 percent were not familiar enough with punchboards to make a judgement. Bookmaking received the lowest approval rate of 16 percent, yet only 11 percent were not familiar with the game.

TYPES OF COMMERCIAL GAMING REGULATIONS DESIRED

A series of questions was asked about gaming regulations. In general, Montanans want gaming to be controlled (Table 2), and they want control to be uniform throughout the State and among games.

Table 2: Types of Commercial Gaming
Regulations and Controls Desired^a

Item	Yes	No	No Answer ^b	Total ^c
	Percent			
<u>Regulation</u>				
Limits on hours?	74	23	3	100
Limits on bet?	68	25	7	100
Limits on win?	48	44	8	100
Limit video poker to bars?	77	20	3	100
Limit video keno & bingo to bars?	63	32	5	100
<u>Controls</u>				
Identical rules statewide?	92	5	3	100
Should local governments be allowed to limit the types of games to fewer than allowed by the State?	51	45	4	100
Should local governments be allowed to legalize more types of games than allowed by the State?	20	73	6	100
Statewide Gaming Commission?	76	16	8	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

Gaming Hours: Almost three-fourths do not want 24-hour gaming. That fact implies that some limits on gaming hours are desired. Currently, gaming hours are established by local ordinances and differ from place to place across the State.

Betting Limits: Limits on how much a player can bet in a game also were preferred by 68 percent of Montanans. Current law limits bets to two dollars per game on video machines.

Winning Limits: Only 48 percent favor limits on winnings. The margin of error in the sample implies that no judgement can be made from this finding. Current Montana law limits winnings to \$100 per game for poker machines and \$800 for bingo and keno machines.

Location of Video Machines: Montana regulations allow video keno and bingo machines to be anywhere food is sold, while video draw poker machines are limited to establishments that serve alcoholic beverages.

By a wide margin--77 percent--Montanans prefer poker machines to be in establishments that serve alcoholic beverages. That preference is consistent with current Montana law.

Montanans also prefer that video keno and bingo machines be limited to establishments that serve alcoholic beverages. The 63-percent response is significantly above the majority, and the five percent not answering the question also would not change the outcome significantly. Note that this question was not asked for live games, and the response to video keno and bingo machines may not be the same as that for live keno and bingo.

KINDS OF COMMERCIAL GAMING CONTROLS DESIRED

The control of gaming is a significant state issue. For example, Senate Bill 293 of the 50th Montana Legislature to legalize the licensing of electronic video twenty-one died in committee without action. In addition, Senate Bill 308 would have allowed localities to legalize blackjack in their jurisdiction, but the bill failed to pass second reading in the Senate.

Several questions probed Montanans' attitudes about controls. (Table 2)

State-wide Rules: An overwhelming majority of Montanans--92 percent--favor gambling rules that are the same everywhere in the State. Variations would not be allowed in rules such as

types of legal games, establishments qualifying for gaming, or legal gaming hours from one place to another if this response is strictly interpreted.

Local Control Over Types of Games: The theme of common state-wide gaming rules remained when additional questions were asked. Half of the respondents would allow localities to limit the types of games to fewer than are legal by state law. However, only 20 percent prefer to allow localities to legalize more games than allowed by state law. Thus, local option even for limiting the types of games otherwise legal in the State is not heavily favored. Allowing localities to add games otherwise not legal in the State is overwhelmingly opposed.

Since a significant number of respondents still desire local option to limit types of games, along with the contradictory desire for uniformity, caution should be exercised in interpreting this result.

State-wide Gaming Commission: Also in keeping with the theme of state-wide rules, Montanans favor a state-wide gaming commission by an overwhelming majority of 76 percent.

OPINIONS ABOUT TAXATION OF COMMERCIAL GAMING

A 15-percent tax on net income of video gaming machines was passed almost unanimously by both chambers of the 50th Montana Legislature. The tax yield should be about \$12 million dollars for the first full year, of which \$8 million will be retained by the local governments in each jurisdiction.

The first question posed on taxation was whether all live games (such as commercial poker tables or live bingo) should also be taxed by the State. That question was preceded by a statement that only video gambling machines are taxed by the state government in Montana. The preference was 75 percent favoring the taxation of live games. (Table 3) This response again is consistent with the theme of uniform gaming regulations across the State as discussed in the previous section.

A second taxation question came at the end of the opinion survey so as not to introduce bias in answers to other questions on gaming. This second question was asked only of those who had expressed disapproval of gaming machines in previous questions. The intent of the question was to determine if knowledge of the tax yields would change their negative opinions about gaming machines. Before asking the

Table 3: Desirability of Taxing All Live Games^a

Response	Percent
Yes	75
No	20
No Answer ^b	5
Total ^c	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

Table 4: Does Tax Information Change Attitudes of those Opposed to Video Games?^a

Information makes attitude toward video gaming machines:	Percent
Initially Opposed	
More favorable	3
Less Favorable	2
Same as Before	28
Initially in Favor	
Question not Asked	67
Total ^b	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b Percentages may not add to 100 because of rounding error.

question, interviewers stated that "In 1988, about \$12 million will be collected from taxes on video gambling machines. Eight million of that will go to local governments. Does this information change your feelings about keeping video gambling legal? Does it make you less favorable, more favorable or does your attitude stay the same toward video gambling machines?"

Previously in the survey, 67 percent already had expressed approval of gaming machines. (Table 4) Of the remaining 33 percent, over 80 percent were opposed to gambling on moral grounds, and almost none of the 33 percent changed their negative opinion concerning gaming machines by the added knowledge about the machine's tax yield and its distribution to local governments. To them it was more desirable to outlaw games than to collect taxes on them.

In summary, these and other responses confirm that Montanans desire gaming to be taxed, and that games be taxed uniformly.

OPINIONS ABOUT THE EFFECTS OF COMMERCIAL GAMING

A combination of social, moral, economic and recreation issues are related to gambling in Montana. (Table 5) Of the gambling issues, economic issues were rated as the most important by 37 percent. Moral issues were rated next highest as the most important issue by 25 percent. Social and recreation issues rated in third and fourth place as the most important issue by 17 and 14 percent, respectively.

When asked if commercialized gambling is good or bad for the people of Montana, 34 percent responded "good", 35 percent responded "bad", and 22 percent recognized both good and bad effects. (Table 6)

These answers clearly demonstrate that gambling issues are complex and not clearcut.

Responses to additional questions show that Montanans recognize the costs as well as the economic benefits of gambling.

Effects on Families and Society: Montanans regard the effects of gambling on the family as a problem. A commonly heard perception about gamblers is that they spend money gambling rather than providing their families the basic necessities. Only 10 percent said that the conflict between gambling and providing families with the basic necessities was "not a problem", while 81 percent said that it was a problem. (Table 7)

Table 5: Perceived Types of Issues Related to Commercial Gambling^a

Type of Issue	Is an Issue	Is the Most Important Issue
Social	75	17
Moral	67	25
Economic	85	37
Recreation	73	14
Other	9	2
No Answer ^b	N/A	5
Total ^c	N/A	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

Table 6: Effect of Commercial Gambling
On the People of Montana^a

Effect	Percent
Good	34
Bad	35
Both Good & Bad	22
Other	2
No Answer ^b	6
Total ^c	100

a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

b No opinion or no response.

c Percentages may not add to 100 because of rounding error.

Table 7: Gambling Versus Basic Family Necessities^a

Degree of problem	Percent
Very Serious	12
Moderately Serious	27
Slightly Serious	41
Not a Problem	10
No Answer ^b	9
Total ^c	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

The problem of money being spent on gambling versus family necessities was rated "slightly serious" by 41 percent of Montanans. (Table 7) Twenty-seven percent perceived it as a "moderately serious" problem, and 12 percent as a "very serious" problem.

Effects on Local Governments: Montanans also recognize that gambling increases governmental costs. Most--72 percent--believe that law enforcement costs would increase. (Table 8) In addition, 62 percent believe that the costs of social services would increase. However, only 41 percent believe that welfare costs would increase. It is noteworthy that only a very few stated that governmental costs would decrease.

Effects on the Economy: The economic issues associated with gambling were mentioned as the most important of any issue by the greatest number of respondents. (Table 5) In addition, the gambling industry is often perceived as a source of economic development in Montana.

Three questions related to the economy were asked--the perceived benefits of the gambling industry to Montana, opinions concerning the legalization of casino gambling, and promotion of gambling for economic development.

Perceived Benefits: The benefits of gambling are widely recognized, just as were the costs. The generation of tax revenues was listed as a benefit by 82 percent of Montanans. (Table 9) In addition, most Montanans--70 percent--recognize that the attraction of money from outside the State is a benefit of the gambling industry. The provision of jobs and the attraction of tourists were each recognized as benefits by 58 percent.

However, the attraction of new residents to Montana was rated as a benefit by only 33 percent. This response can have at least three interpretations. First, Montanans could believe that gambling will create few new jobs. Or, the jobs created by gambling may be filled only by residents. Finally, Montanans may not want new residents in the State, especially gaming employees. Since new jobs are viewed as one of the benefits of gambling, this response appears to signal that attracting new residents is not to be counted as a benefit.

Legalization of Casino Gambling: A total of 57 percent of Montanans do not want legalized casino gambling similar to that in Nevada. (Table 10) Only 38 percent prefer legalized casino gambling, and 6 percent expressed no opinion. Two-

Table 8: Effect of Commercial Gambling on Government Expenses^a

Service	Increase	Decrease	No Change	No Answer ^b	Total ^c
Law enforcement	72	1	22	6	100
Welfare	41	4	35	21	100
Social services	62	1	25	12	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

Table 9: Perceived Economic Benefits of Commercial Gambling on Montana's Economy^a

Effect	Benefits	Does Not Benefit	No Answer ^b	Total ^c
Generate tax revenues	82	14	5	100
Attract outside money	70	26	4	100
Provide more jobs	58	38	4	100
Attract tourists	58	40	2	100
Attract new residents	33	63	4	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

Table 10: Should the State Legalize Casino Gambling Similar to Nevada?^a

Answer	Percent
Yes:	
Allow it Everywhere in State	23
Limit it to Certain Places	13
No opinion on Location	2
No:	
No Answer ^b	6
Total ^c	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

thirds of the 38 percent preferring casino gambling (23 percent of the all adults) would allow casino gambling anywhere in the State, and the remaining one-third would limit it to certain cities, towns, or places.

Promotion of Commercial Gambling: The promotion of commercial gambling as an industry by the State of Montana is desired by only 42 percent, with 5 percent expressing no opinion. (Table 11) Fifty-two percent believe the State should not promote the industry.

VIEWPOINTS ON CHARITABLE GAMING

Two questions were asked concerning charitable gambling. (Table 12) Charitable gambling was defined in the question as gambling that was operated by non-profit organizations.

Consistent with the theme of uniformity of gaming regulations and controls, 66 percent of Montanans do not favor allowing non-profit organizations to operate games that are not commercially legal in the State. An affirmative answer would have left the question open as to what would be allowed.

When the question was asked with limits attached, still no clearcut majority approved. The second question asked whether Montana should let charities and other non-profit organizations have a temporary license for Las Vegas-type casino gambling for short-term fund raising. In contrast to the first question, the second question placed a time limit on the license, made it clear that any non-profit organization was eligible, and mentioned fund raising as a goal. Still, only 48 percent approved with only three percent not answering the question. The survey error of plus or minus four percent means that the answer is too close to call--the true vote could turn out for or against by a small majority in this case.

GAMING HABITS OF MONTANANS

Charitable Gaming: According to the survey results, charitable gambling appears to be much less common than commercial gambling in Montana. (Table 13) Only three percent had participated in charitable gambling frequently--at least once a month during the past year. Fully 70 percent reported no charitable gambling during the past year. Perhaps activities such as buying a chance, for example, on a side of beef from Future Farmers of America are simply not perceived as gambling by the average Montanan.

Table 11: Should the State Promote Commercial Gambling as an Industry?^a

Response	Percent
Yes	42
No	52
No Answer ^b	5
Total ^c	100

a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

b No opinion or no response.

c Percentages may not add to 100 because of rounding error.

Table 12: Legalization of Charitable Gambling^a

	Yes	No	No Answer ^b	Total ^c
	Percent			
Allow games not commercially legal?	29	66	5	100
Issue temporary casino licenses?	48	49	3	100

a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

b No opinion or no response.

c Percentages may not add to 100 because of rounding error.

Table 13: Gambling Habits of Montanans^a

Frequency	Charitable Commercial	
	Percent	
Frequently	3	17
Less than Once a Month	6	15
Once or Twice a Year	19	14
None Last Year	70	53
No Answer ^b	1	1
Total ^c	100	100

^a Percentages calculated from 635 raw interviews to reflect statewide Montana population characteristics.

^b No opinion or no response.

^c Percentages may not add to 100 because of rounding error.

Commercial Gaming: More than half of Montanans reported no commercial gambling during the past year. (Table 13) On the other hand, 17 percent reported gambling at commercial establishments frequently.

Montanans appear to be tolerant of commercial gambling even though they may not practice it. That interpretation also explains the themes of uniformity of rules and controls, and the hesitancy of approving casino gambling.

GENDER DIFFERENCES AND GAMING OPINIONS

Women were more opposed to commercial gaming than were men. Significant differences in attitudes between the sexes were found. (Table 14) For example, the row headings in the first part of Table 14 correspond to row headings and titles in Tables 1 and 2 in the text. An asterisk in the first column indicates that differences in responses were not statistically significant. The last two columns show significant differences--the second column differences in degree but not direction, and the last column differences in the direction of opinions. A large X means that the differences were very significant (significant at the one percent level), and a small x indicates significant differences but only at the five percent level.

Thus in the first part of Table 14, reading down the last column, we find that women were not in favor of slot machines, blackjack, and punchboards while men were by significant margins. Men were not in favor of winning limits, but, women were, and by a significant margin.

Table 14: Items with Significant Male/Female Attitude Differences

	No Difference	Difference	
		Same Direction	Opposite Direction
<u>Legalization of Games</u>			
Commercial bingo.....		X	
Commercial raffles.....*			
Poker tables.....		X	
Commercial keno.....		X	
Video draw poker.....		X	
Video bingo.....*			
Video keno.....		X	
Commercial sports pools.....		X	
Calcuttas.....		X	
Slot machines.....			X
Twenty-one.....			X
Punchboards.....			X
Dog racing.....		X	
Private commercial lotteries.....		X	
Craps/other dice games.....		X	
Roulette.....		X	
Bookmaking.....		X	
<u>Regulation</u>			
Limits on hours?.....		X	
Limits on bet?.....		X	
Limits on win?.....			X
Limit video poker to bars?.....		X	
Limit video keno & bingo to bars?.....		X	
<u>Controls</u>			
Identical rules statewide?.....*			
Limit games to fewer types?.....		X	
Should local governments be allowed to limit the types of games to fewer than allowed by the State?.....			X
Should local governments be allowed to legalize more types of games than allowed by the State?.....*			X
Statewide Gaming Commission?.....		X	(Men are <u>more</u> in favor)
<u>Taxation</u>			
Desirability of taxing all live games.....*			
Tax income affects attitude toward video games.....		X	

(continued next page)

Table 14 Cont'd: Items with Significant Male/Female Attitude Differences

	No Difference	Same Direction	Difference Opposite Direction
<u>Issues Related to Commercial Gambling</u>			
Social.....*			
Moral.....X			
Economic.....*			
Recreation.....X			
Effect of Gambling on Montanans.....X			
Gambling Versus			
Basic Family Necessities.....X			
<u>Effect of Commercial Gambling</u>			
<u>on Government Expenses</u>			
Law enforcement.....*			
Welfare Aid.....X			
Social services.....X			
<u>Perceived Economic Benefits of Commercial</u>			
<u>Gambling on Montana's Economy (Men see greater benefits throughout)</u>			
Generate tax revenues.....X			
Attract outside money.....X			
Attract tourists.....X			
Provide more jobs.....X			
Attract new residents.....X			
Should the State Legalize Casino			
Gambling Similar to Nevada?.....X			
Should the State Promote Commercial			
Gambling as an Industry?.....X			
<u>Legalization of Charitable Gambling</u>			
Issue temporary licenses			
for casino gambling?.....*			
Allow games not			
commercially legal?.....*			
<u>Gambling Habits of Montanans</u>			
Charitable.....*			
Commercial.....X			

APPENDIX

- A. Questionnaire
- B. Cross-reference to Tables
- C. Socio-economic Characteristics of Respondents
- D. Methods
 - Sample
 - Questionnaire Development
 - Procedures
 - Response Rate

A. Questionnaire

Is this _____ (telephone #) _____?

This is _____ (Interviewer's full name) _____, calling from the Montana State University Survey Research Center. We are doing a survey on how Montanans feel about commercial gambling issues. I need to talk to the youngest/oldest man/woman over the age of 17 in your household (would that be you? is he/she in today?)

IF THERE IS NO SUCH HOUSEHOLD MEMBER, ACCEPT ONE OF THE GENDER AVAILABLE, AND THE RIGHT AGE, THEN ALTERNATE THE REQUEST FOR THE NEXT CALL. IF THE PERSON EXISTS, BUT IS NOT AVAILABLE, MAKE ARRANGEMENTS TO CALL BACK WHEN HE/SHE WILL BE HOME.

IF NEW PERSON COMES TO TELEPHONE, REPEAT: This is _____, calling from the Montana State University Survey Research Center. We are doing a survey on how Montanans feel about commercial gambling issues.

CONTINUE AS FOLLOWS: Are you a resident of Montana? IF NOT A RESIDENT, THANK THEM AND CONCLUDE THE CALL.

The Montana Gaming Advisory Council, associated with the Department of Commerce, is interested in what you want in the future for gambling in the State. The survey results will be used for legislative recommendations.

Your telephone number was selected at random and your responses will be confidential. The survey should take about 15 minutes. Feel free to ask questions at any time, and you may withhold a response to any item if you wish, Okay?

First, I have a list of different games that are often played in commercial gambling. Some kinds are legal in the state, and some are not. We'd like to know how you feel.

1. The following COMMERCIAL games are NOT LEGAL in Montana. Do you think any of them should be legalized?

Twenty-one (or black jack)
Craps, or other dice games
Roulette
Slot machines (other than poker, keno, bingo video games)
Punchboards
Bookmaking
Dog Racing
Private commercial lotteries

NOT LEGAL NOW:

- 1 LEGALIZE
- 2 DON'T LEGALIZE
- 3 NOT FAMILIAR WITH GAME
- 4 (NO OPINION)
- 5 (NO RESPONSE)

- 1a. Are there any other commercial games you know of that are NOT LEGAL, which you would like to see legalized? (Specify -- 1 line, press RETURN at end)
2. The following COMMERCIAL games ARE legal in Montana. Do you think any of them should be against the law?

Poker tables
Commercial bingo
Commercial raffles
Commercial keno
Video draw poker
Video keno
Video bingo
Commercial sports pools
Calcuttas

- LEGAL. NOW:
- 1 SHOULD BE AGAINST THE LAW
 - 2 OK TO BE LEGAL
 - 3 NOT FAMILIAR WITH GAME
 - 4 (NO OPINION)
 - 5 (NO RESPONSE)

- 2a. DO NOT READ!! AT THIS POINT, PLEASE ENTER RESPONDENT'S VOLUNTEERED ATTITUDE TOWARD GAMBLING:

- 1 VERY OPPOSED
- 2 VERY IN FAVOR
- 3 NOTHING VOLUNTEERED

3. Next, we would like to know what you think about regulating commercial gambling in the state. Residents' opinions are important to help shape future rules and regulations.

- 3a. Do you think Montana should have 24-hour gambling?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

- 3b. Should there be limits on how much a player can bet in a game?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

- 3c. Should there be limits on how much a player can win in a game?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

3d. Currently, poker machines can only be placed in bars, cocktail lounges or other places where alcohol is consumed. Would you like to see poker machines allowed other places as well, or do you think the limitation is OK?

- 1 THEY SHOULD BE ALLOWED OTHER PLACES, TOO
- 2 LIMITATION IS OK
- 3 (NO OPINION)
- 4 (NO RESPONSE)

3e. Keno and bingo machines can go virtually anywhere food can be purchased. Do you think THAT is OK, or do you think they should be limited like poker machines?

- 1 THEY SHOULD BE LIMITED LIKE POKER MACHINES
- 2 IT IS OK AS IS
- 3 (NO OPINION)
- 4 (NO RESPONSE)

4. Only video gambling machines are taxed by the state government in Montana. Do you think ALL live games (such as commercial poker tables or live bingo) should also be taxed by the state?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

COMMENTS: (IF VOLUNTEERED: 2 lines -- Enter comments and press RETURN)

5a. Do you think gambling rules should be the same everywhere in Montana--in Kalispell, Billings, Plentywood, or your own county or city?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

5b. Do you think local governments should have the right to legalize MORE types of games than allowed by the state?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

5c. Should local governments have the right to limit the types of games to FEWER kinds than allowed by the state?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

5d. Do you think Montana should have a state gaming commission?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

Now I would like to ask about some effects of gambling on the state and the people of Montana.

6. Would you say commercialized gambling is good or bad for the people of Montana?

- 1 GOOD
- 2 BAD
- 3 (BOTH GOOD AND BAD)
- 4 (OTHER)
- 5 (NO OPINION)
- 6 (NO RESPONSE)

7. Some people believe that commercial gambling is an industry that is beneficial to the state. From this list, please tell me if you think gambling BENEFITS the state's economy:

- By making more jobs for Montanans?
- By attracting new residents?
- By getting outside money into the state?
- By attracting tourists to Montana?
- By providing a source of tax revenue to the state?

- 1 DOES NOT BENEFIT ECONOMY OF STATE
- 2 BENEFITS ECONOMY OF STATE
- 3 (NO OPINION)
- 4 (NO RESPONSE)

7a. Can you think of other examples of the effect of commercial gambling on Montana's economy? (2 lines--Press RETURN after each line)

(Questions 8, 9a and 9b are SKIPPED if respondent answered "BAD" to question 6 and saw NO BENEFITS in all of question 7.)

8. Do you think the state should PROMOTE commercial gambling as a benefit to the economy?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

COMMENTS: (IF VOLUNTEERED: 2 lines -- Enter comments and press RETURN)

9a. Would you support the legalization of casino gambling similar to that which is legal in Nevada?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

9b. Should casino gambling be allowed everywhere, or be limited to certain cities and towns or resort areas as designated by the state legislature?

- 1 ALLOW EVERYWHERE
- 2 LIMIT TO AREAS DESIGNATED BY LEGISLATURE
- 3 (NO OPINION)
- 4 (NO RESPONSE)

10. (This question is asked ONLY if respondent desires to make any video game(s) illegal.) In 1988, about 12 million dollars will be collected from taxes on video gambling machines. Eight million of that will go to local governments. Does this information change your feelings about keeping video gambling legal? Does it make you less favorable, more favorable or does your attitude stay the same toward video gambling machines?

- 1 MORE FAVORABLE
- 2 LESS FAVORABLE
- 3 STAY THE SAME
- 4 (NO OPINION)
- 5 (NO RESPONSE)

11. Now we want your opinion on how commercial gambling may affect the amount of effort and expense for providing public services by state or local governments.

a. Let's start with Law Enforcement. Does gambling cause an increase, decrease, or no change in effort or expense for Law Enforcement?

- 1 INCREASE
- 2 DECREASE
- 3 NO CHANGE
- 4 (NO OPINION)
- 5 (NO RESPONSE)

Why do you say that? (2 lines — Press RETURN at the end of each line)

b. Next, Welfare Aid: Does gambling cause an increase, decrease, or no change in effort or expense for Welfare aid?

- 1 INCREASE
- 2 DECREASE
- 3 NO CHANGE
- 4 (NO OPINION)
- 5 (NO RESPONSE)

Why do you say that? (2 lines — Press RETURN at the end of each line)

c. Next, Social Services (such as family or individual counseling):
Does gambling cause an increase, decrease, or no change in effort
and expense for social services?

- 1 INCREASE
- 2 DECREASE
- 3 NO CHANGE
- 4 (NO OPINION)
- 5 (NO RESPONSE)

Why do you say that? (2 lines -- Press RETURN at the end of each line)

d. Can you think of any other government or community service that is
affected by gambling?

- 1 NO
- 2 YES

What service? Can you explain the effect and why you think it occurs?
(3 lines -- press RETURN after each line):

12a. In your opinion, are the issues related to commercial gambling:

social issues?
moral issues?
economic issues?
recreation issues?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

12b. Are there OTHER kinds of issues involved?

- 1 NO
- 2 YES

Please specify (1 line -- press RETURN at end):

12c. You mentioned these kinds of issues:

- 1 social
- 2 moral
- 3 economic
- 4 recreation
- 5 other
- 6 (NO RESPONSE)

This set of choices corresponds
to the items receiving a "YES"
response in parts 12a and 12b
above.

13. Not used in survey.

Which ONE set of issues do you feel is more important?

14. Some people think gamblers spend their money on games rather than providing basic family necessities. In your opinion, how big a problem is this in Montana? Would you say it is a very serious problem, a moderate problem, a slight problem, or not a problem in Montana?

- 1 A VERY SERIOUS PROBLEM
- 2 A MODERATE PROBLEM
- 3 A SLIGHT PROBLEM
- 4 NOT A PROBLEM
- 5 (NO OPINION)
- 6 (NO RESPONSE)

15. So far, I have been asking questions related to COMMERCIAL gambling. Now I would like to ask a few questions about CHARITABLE gambling, that is, gambling operated by NON-PROFIT organizations.

- a. Should "charitable gambling" be allowed to offer other types of gambling not legal for commercial gambling establishments?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

- b. Should Montana let charities and other non-profit organizations have a temporary license for Las Vegas-type casino gambling for short-term fund raising?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

16. Have you done any "charitable gambling" in the last year?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

- a. (If YES) About how frequently? (READ DOWN THE LIST UNTIL STOPPED)

- 1 ONCE OR TWICE LAST YEAR
- 2 LESS THAN ONCE A MONTH
- 3 LESS THAN ONCE A WEEK
- 4 ONCE A WEEK
- 5 MORE THAN ONCE A WEEK
- 6 (NO RESPONSE)

17. Have you done any commercial gambling in the last year?

- 1 NO
- 2 YES
- 3 (NO OPINION)
- 4 (NO RESPONSE)

a. (If YES) About how frequently? (READ DOWN THE LIST UNTIL STOPPED)

- 1 ONCE OR TWICE LAST YEAR
- 2 LESS THAN ONCE A MONTH
- 3 LESS THAN ONCE A WEEK
- 4 ONCE A WEEK
- 5 MORE THAN ONCE A WEEK
- 6 (NO RESPONSE)

Finally we need some background information for statistical purposes.
ALL INFORMATION YOU GIVE ME WILL BE COMPLETELY CONFIDENTIAL.

18. First I am going to read some age categories to you. Please stop me when I get to the right one for you:

- 1 UNDER 20
- 2 20 TO 29
- 3 30 TO 39
- 4 40 TO 49
- 5 50 TO 59
- 6 50 TO 69
- 7 70 AND OVER
- 8 (NO RESPONSE)

19. What is your occupation? (What kind of work do you do?)

- A MANAGERIAL AND PROFESSIONAL
- B TECHNICAL, SALES AND ADMINISTRATIVE SUPPORT
- C SERVICE
- D FARMING, FORESTRY AND FISHING
- E PRECISION PRODUCTION, CRAFT AND REPAIR
- F OPERATORS, FABRICATORS AND LABORERS
- G UNEMPLOYED
- H NOT EMPLOYED OUTSIDE HOME
- I STUDENT
- J RETIRED
- K (NO RESPONSE)

20. What is the last grade you finished in school?

- 1 GRADE SCHOOL ONLY (GRADE 8 OR UNDER)
- 2 SOME HIGH SCHOOL (GRADE 9 TO GRADE 11)
- 3 HIGH SCHOOL GRADUATE (GRADE 12)
- 4 SOME COLLEGE
- 5 COLLEGE GRADUATE
- 6 ADVANCED DEGREE
- 7 (NO RESPONSE)

21. How long have you lived in Montana?

- 1 LESS THAN 1 YEAR
- 2 1 - 2 YEARS
- 3 3 - 5 YEARS
- 4 6 - 10 YEARS
- 5 11 - 15 YEARS
- 6 16 OR MORE YEARS
- 7 (NO RESPONSE)

22. Is your household located within city limits, in a suburban area, or in a rural area?

- 1 WITHIN CITY LIMITS
- 2 SUBURBAN
- 3 RURAL
- 4 (NO RESPONSE)

23. What is your marital status?

- 1 MARRIED
- 2 DIVORCED/SEPARATED
- 3 WIDOW/WIDOWER
- 4 NEVER MARRIED
- 5 (OTHER)
- 6 (NO RESPONSE)

24. Finally, I am going to read some income categories to you. Please stop me when I get to your approximate total annual household income.

- A NO CURRENT HOUSEHOLD INCOME
- B UNDER \$5000
- C 5,000 to 9,999
- D 10,000 to 19,999
- E 20,000 to 29,999
- F 30,000 to 39,999
- G 40,000 to 49,999
- H 50,000 AND OVER
- I (DON'T KNOW)
- J (NO RESPONSE)

THANK RESPONDENT FOR TAKING PART IN THE SURVEY AND CONCLUDE THE CALL.

GOOD WORK!

Now complete the following information for the records:
Respondents' Sex:

- 1 MALE
- 2 FEMALE

Telephone Number:

Enter and press RETURN for all remaining items.

B. Cross-reference to Tables

Cross-reference to Tables

<u>Tables</u>	<u>Questions</u>	<u>Topics</u>
1	1,2	Types of commercial games desired
2	3,5	Commercial gaming regulations and controls desired
3,4	4,10	Taxation of commercial gaming
5,6	14,11	Issues and effects of gambling
7	14	Effects on families and society
8	11	Effects on local governments
9	7	Perceived economic benefits
10	9	Casino gambling
11	8	Promotion of commercial gaming
12	15	Charitable gambling
13	16,17	Gambling habits of Montanans
Appendix Part C	18 through 24	Socio-economic Characteristics

C. Socio-economic Characteristics of Respondents

SOCIO-ECONOMIC CHARACTERISTICS OF RESPONDENTS

Age of respondent	Percent
under 20.....	4
20 to 29.....	18
30 to 39.....	25
40 to 49.....	15
50 to 59.....	13
60 to 69.....	12
70 and over.....	11
no response.....	2
 Total.....	 100

Occupation of respondent	Percent
managerial, professional....	17
technical, sales, admin....	14
service.....	12
farming, forestry, fish....	6
craft and repair.....	2
operations, laborers.....	5
unemployed.....	2
not employed outside home...	15
student.....	6
retired.....	18
no response.....	3
 Total.....	 100

Education of respondent	Percent
grade school only.....	4
some high school.....	8
high school grad.....	37
some college.....	28
college grad.....	16
advanced degree.....	5
no response.....	2
 Total.....	 100

Sex of respondent	Percent
male.....	40
female.....	60
 Total.....	 100

Years resident of Montana	Percent
less than 1 yr.....	2
1-2 yrs.....	2
3-5 yrs.....	4
6-10 yrs.....	6
11-15 yrs.....	8
16 or more yrs.....	77
no response.....	2
Total.....	100

Household location	Percent
within city limits.....	55
suburban.....	15
rural.....	28
no response.....	2
Total.....	100

Marital status	Percent
married.....	62
divorced, separated.....	9
widow, widower.....	10
never married.....	16
other.....	1
no response.....	2
Total.....	100

Household income	Percent
no household income.....	1
under \$5000.....	5
\$5000-9,999.....	8
\$10,000-19,999.....	24
\$20,000-29,999.....	26
\$30,000-39,999.....	13
\$40,000-49,999.....	6
\$50,000 and over.....	8
no response.....	10
Total.....	100

D. Methods

Sample
Questionnaire Development
Procedures
Response Rate

METHODS

Sample: The sample used for this survey was purchased from Survey Sampling, Inc. (SSI), a Connecticut firm which specializes in random samples of households and persons in the United states. 1,400 telephone numbers were generated from data on Montana exchanges and households, stratified to all counties in proportion to each county's share of telephone households in the state.

For each county, unique telephone numbers were selected by systematic sampling from among all working blocks of numbers for all telephone exchanges assigned to the county. SSI then screened these numbers to remove as many business listings as possible; such ineligible numbers were replaced with other random numbers. The sample was geographically drawn so that each successive 100 set of numbers was representative of the State as a whole, allowing the sample to be split into two groups of 700 numbers each for purposes of distributing respondents' ages more representatively according to the procedures described below. The 1,400 numbers were called exhaustively during the course of the survey.

Questionnaire Development: Questionnaire development was a multi-step procedure involving transmission of the clients' desires on paper, personal discussion, and an audio tape of part of a Gaming Advisory Commission meeting. Two draft versions were submitted to the clients for discussion, clarification and revision. Experts at the M.S.U. Survey Research Center and Department of Sociology consulted in the revision process. The final draft was then programmed for the Sawtooth Software Ci2 Computer Interviewing software package and underwent thorough checking and pre-testing. About 25 pre-test interviews were held, after which some wording was revised to improve respondent comprehension of questions.

Procedures: Most interviews were done during the hours of 6:30 to 9:00 P.M. the weeks of April 25 through May 9. When telephone numbers had been called three nights in a row and were still unanswered, the numbers were then called during the daytime. Messages were left on answering machines for the recipient to call the Survey Research Center, collect. Constant busy signals were checked to see if the numbers were actually in service. Numbers not in service, business phones and numbers of non-residents were eliminated from the sample. All numbers that remained unanswered were called at least once a day until data collection was stopped.

The first 700 sample numbers were called for the youngest adult male or female Montana resident in the household; the second 700 numbers were called for the oldest adult male or female Montana resident in the household. This procedure

eliminated a potential bias: the failure to randomly select adults younger or older than the head of household, when they were present. The sex of the person to be interviewed was alternated from interview to interview to better balance the gender of respondents. When the person to be interviewed was not present, an appointment was made to call back at a convenient time. More than 3,500 calls were made in the three weeks of calling, and 635 interviews were completed.

Response Rate: Of the 1,400 numbers in the sample, 401 were not in service, 98 were businesses not initially screened out, and 9 were households of persons who were not residents of the State. The remaining of 892 numbers were considered valid sample numbers. The response rate for 635 completed interview was therefore calculated as $100 \times 635/892$, or 71.2 percent.

800 copies of this public document were published at an estimated cost of \$5.25 per copy, for a total cost of \$4,200.00, which includes \$4,200 for printing and \$.00 for distribution.

S B

263

FILE 2



Ben Esch 272-4475

"gamsee" - sectional

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 263

SPONSOR Pouchot by request

BILL TITLE Video gaming devices on premises

DATE REFERRED 4/5/89

^{Ray Galante}
Lamar Forque, Music Vend Distributing Co
PO Box 24807, Seattle 98124 1-800-242-7729

HEARING SCHEDULED 4-17-89

FISCAL NOTE PREPARED
req Kettle 4-12am

reforcement
Reno (702) 688-1115 → Agent Healy
Nevada (702) - 687-6530 + see
State Gaming Commission, will
Carson City notes
Montana - Dept. Commerce Video Gaming
Control Bureau (406) 42-7325
Kathy Anderson on Robinson

SPONSOR CONTACTED ✓

INTERESTED PARTIES CONTACTED

✓ Kim Hutchingson 586-1116
Dan Coffee

11th floor
50B, side B

Julie Liederhaus, Clarion Hotel, Auch

Steve Kettle, Dept Revenue 2320
~~John Hansen~~

Pat Sharrack, ABC 277-8638
FAX # 278-5026

Linda Wild, DCEO 2500 Randall Bureau 2534

Fahrenkamp (Moyer) 3834

Szymanski

Jim O'Connor
431 Jnu St
Fbx AK 99701
SB 263

~~Mike Ford~~ 2450 / Chenoweth

OTHER

VID - memo to Pat 3/2/1 (Montana, sectional)

VIDNV - New gambling

PHONE MESSAGE

TO: *Jeanna* DATE: *2/5* TIME: *1:52* AM/PM

FROM: *Hackett Bennett* AREA CODE

OF: *Ocean Pacific Seafood* NO. *562-4111*

5401 Codina St. EXT. *Ext. 201*

phone back by 2:05 or tomorrow

am - any time after 8:00. Re

JB 263 / video gambling. 9950

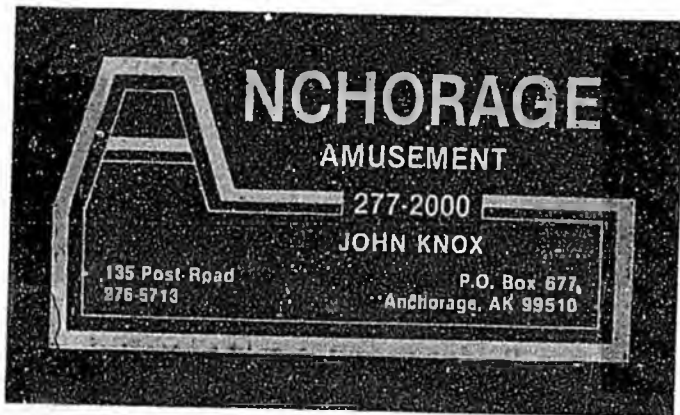
SIGNED: *D*

PHONED CALL BACK RETURNED CALL WANTS TO SEE YOU WILL CALL AGAIN WAS IN URGENT

GHARR

DAN K. COFFEY
ATTORNEY AT LAW

KAY, SAVILLE, COFFEY, HOPWOOD & SCHMID
2550 DENALI STREET, SUITE 1300
ANCHORAGE, ALASKA 99503
TELEPHONE (907) 276-4335 • FAX (907) 278-1812



gamsec.txt sectional ^{3/90}~~1/89~~
vidsumm.txt summary 12/89
vidpen.txt penalties 12/89
vid 2.txt 12/22/89 redraft
ballot.txt summary initiative
vidam.txt amend. to SS
vidchart.txt compare other states
263inerno.txt 3/10 Staff memo

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Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



P.O. Box V
State Capitol
Juneau, Alaska 99811

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot
RE: Wednesday, March 7 Committee Hearing
DATE: March 6, 1990

On Wednesday, March 7 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SS SB 263, An Act establishing the Alaska Gaming Commission and authorizing the commission to regulate video gaming.

SB 263 was heard by the State Affairs Committee last session. The Sponsor Substitute, which is modeled after Montana's video gaming law, clarifies many of the bill's provisions. In brief, SSSB 263 would establish a 5-member Gaming Commission in the Department of Commerce to license and regulate video gaming.

Under the bill, a municipality could prohibit by ordinance the installation of video gaming devices within its boundaries. The devices could be installed only in bars, and would be tested and approved by the commission before installation; the number of devices per bar would be limited. Device distributors and bar operators would be licensed by the commission, allowable bets and payouts would be minimal and substantial penalties would apply to violators.

License fees, device taxes and 15% of each device's net income would accrue to the state's general fund; 1/3 of the device tax and net income would to municipalities in which are located.

SB 348, An Act granting probation officers status as peace officers under the public employees' retirement system; and providing for an effective date.

This bill would amend the definition of "peace officer" in Title 39 to include probation officers and would permit adult and juvenile probation officers to retire after 20 years service, whereas most state employees retire after 30 years service. Prior years as probation officer would be credited service. Currently when a correctional officer is promoted to a probation officer, they lose the peace officer status and move into the regular PERS.

CS SB 254, An Act relating to Group Health Insurance; and providing for an effective date. Scheduled for final action, the CS reflects a majority of the changes discussed at the last hearing. Changes are highlighted.

SB 263, ESTABLISHING THE ALASKA GAMING COMMISSION AND
AUTHORIZING THE COMMISSION TO REGULATE VIDEO GAMING

TO TESTIFY:

DAN COFFEY, C.H.A.R.R.

RANDALL BURNS, DIV. OCCUPATIONAL LICENSING, DEPT. COMMERCE

OTHERS?

F.Y.I.

REMEMBER 3 TECHNICAL AMENDMENTS (IF BILL IS GOING TO MOVE
OUT). MEMBERS HAVEN'T SEEN YET; I'VE GOT COPIES.

IN ADDITION, BILL DRAFTER HAS SUGGESTED AMEND TO "ALASKA VIDEO
GAMING COMMISSION".

NO

DIFFERENCES FROM MONTANA LAW:

MONTANA DOESN'T LIMIT TO BARS

MONTANA GIVES 2/3 TO LOCAL GOVERNMENT; WE GIVE 1/3

MONTANA MAXIMUM KENO PAYOUT IS \$800; OURS IS \$100

(MONTANA'S RATIONALE IS THAT KENO IS PLAYED WITH 8
CARDS AND YOU CAN WIN \$100 ON EACH; OUR RATIONALE IS
THAT WE WANT TO KEEP THE GAME CONSERVATIVE AND THE
STAKES LOW)

SPOKE TO PAT SHARROCK, A.B.C. BOARD. THEIR INVOLVEMENT IS
LIMITED TO POSSIBILITY THAT GAMING COMMISSION WOULD CONTRACT
WITH THEM TO INSPECT MACHINES -- HE SEES NO PROBLEMS. ALSO,
A.B.C. COULD REVOKE LIQUOR LICENSE FOR VIOLATION OF VIDEO
GAMING STATUTE (I.E. ILLEGAL GAMBLING).

FISCAL NOTE: BASED ON 5 MACHINES PER BAR (MAXIMUM 20 ALLOWED)
AND MONTANA'S PER-MACHINE ANNUAL REVENUE OF \$9,300. ESTIMATE
TOTAL REVENUE AT \$7.5 MILLION -- AFTER SHARING 1/3 OF TAX WITH
MUNICIPALITIES AND PAYING COST OF GAMING COMMISSION, NEW
REVENUES TO STATE WOULD BE \$4.4 MILLION ANNUALLY.

(LAST YEAR'S FISCAL NOTE SHOWED MORE REVENUE -- STATE WAS
TAKING 25% OF NET INCOME RATHER THAN 15%, NONE OF WHICH
WAS SHARED WITH MUNICIPALITIES. BOTH FISCAL NOTES WERE
PREPARED BY JOHN HANSEN -- HE WORKED FOR DEPT. REVENUE
LAST YEAR AND TRANSFERRED TO D.C.E.D. WHEN THEY TOOK OVER
GAMING.)

*that's
good*

- 5-Commission - reg + collect taxes
- licenses by distributors + operators
- ~~no~~ criminal background checks
- 1W Bars only - Age 21
- Machine testing, computer printouts
- Inspectors on Kenosha
- video poker / \$100 payout
- \$2 limit
- 20 machine limit
- 80% payout - no coins
- \$200 tax/machine + 15% net
- $\frac{1}{3}$ to munics but muni option



- Gaming commission
- Gov appoint
- House "
- Com of commerce
- dist/operator conflict
- \$2 - standard

PAT

BY SEN. POURCHOT BY REQUEST

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 263

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Gaming Commission,
7 authorizing the commission to regulate video gaming
8 devices and persons who manufacture, assemble, pro-
9 duce, distribute, and operate them, and exempting
10 video gaming devices from the definition of gambling
11 devices; relating to state laws applicable to regu-
12 lation of gambling, state criminal laws defining
13 criminal mischief, municipal regulation and taxation
14 of video gaming devices, and taxes imposed on and
15 regulation of video gaming and coin-operated devices;
16 and providing for an effective date."

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

18 * Section 1. AS 05 is amended by adding a new chapter to read:

19 CHAPTER 45. ALASKA GAMING COMMISSION.

20 ARTICLE 1. ESTABLISHMENT AND OPERATION OF COMMISSION.

21 Sec. 05.45.010. ALASKA GAMING COMMISSION. (a) The Alaska
22 Gaming Commission is established in the Department of Commerce and
23 Economic Development. The commission is composed of five members.
24 Four members shall be appointed by the governor, subject to confirma-
25 tion by the legislature. The fifth member of the commission is the
26 commissioner of commerce and economic development or the commis-
27 sioner's designee.

28 (b) Each member of the commission shall at the time of the
29 member's appointment be a resident of the state.

*Commission
make-up*

TAG

no criminal
element
commission

5 (c) Except for the commissioner of commerce and economic devel-
6 opment or the commissioner's designee, a person may not serve as a
7 member of the commission if that person has been convicted of
8 (1) a felony; or
9 (2) an offense under AS 05.15, AS 11.66.200 - 11.66.280, or
10 a comparable provision of municipal, state, or federal law.

games of
chance gambling

11 (d) Except for the commissioner of commerce and economic devel-
12 opment or the commissioner's designee, a person may not serve as a
13 member of the commission until the investigation required under
14 AS 18.65.080(b) is completed.

background check

15 (e) The commission shall elect a chair from its membership.

16 (f) Three members of the commission constitute a quorum for the
17 transaction of business.

18 Sec. 05.45.020. TERM OF OFFICE. Members of the commission
19 appointed by the governor serve staggered terms of three years. A
20 vacancy is filled by appointment for the unexpired term. A member of
21 the commission holds office until a successor is appointed and qual-
22 ifies.

23 Sec. 05.45.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) Except
24 for the commissioner of commerce and economic development or the
25 commissioner's designee, the governor may remove a member for cause,
26 including incompetence, neglect of duty, or misconduct in office. A
27 member being removed for cause shall be given a copy of the charges
28 and afforded an opportunity to publicly present a defense in person or
29 by counsel upon not less than 10 days' notice. If a member is removed
for cause, the governor shall file with the lieutenant governor a
complete statement of all charges made against the member and the
governor's findings based on the charges, together with a complete
record of the proceedings.

1 (b) The governor may immediately suspend a member for a viola-
2 tion of law or for misconduct in office pending removal from office
3 under (a) of this section.

4 Sec. 05.45.040. COMPENSATION AND PER DIEM. Except for the
5 commissioner of commerce and economic development or the commis-
6 sioner's designee, members of the commission do not receive a salary
7 for their service on the commission but are entitled to per diem and
8 travel expenses authorized for state boards and commissions under
9 AS 39.20.180.

10 Sec. 05.45.050. DUTIES AND POWERS OF THE COMMISSION. (a) The
11 commission shall

12 (1) license, regulate, and supervise video gaming under
13 this chapter;

14 (2) as to the regulation and supervision of video gaming
15 devices, have and exercise all duties and powers that the Department
16 of Revenue may exercise under AS 43 to levy, collect, and enforce the
17 payment of taxes and fees imposed by this chapter;

18 (3) adopt regulations establishing the minimum machine
19 specifications for video gaming devices that may be used in the state;

20 (4) hire staff as needed to enforce and administer this
21 chapter; and

22 (5) adopt regulations necessary to carry out the provisions
23 of this chapter.

24 (b) The commission may

25 (1) issue subpoenas to compel witnesses to appear before
26 it;

27 (2) compel the production of documents showing the receipts
28 and disbursements of a person licensed under AS 05.45.200 or 05.-
29 45.210;

*Commission
powers*

1 (3) appoint a hearing officer to conduct a hearing required
2 by this chapter or by a regulation adopted under it.

3 Sec. 05.45.060. EMPLOYEES OF THE COMMISSION. Employees of the
4 commission are in the partially exempt service under AS 39.25.120.

5 Sec. 05.45.070. ENFORCEMENT OF REGULATIONS. The attorney
6 general shall enforce the regulations of the commission.

7 Sec. 05.45.080. RECORDS OF THE COMMISSION. All records of the
8 commission are public records and subject to public inspection.

9 Sec. 05.45.090. ADMINISTRATIVE PROCEDURE ACT. The operations of
10 the commission are subject to the Administrative Procedure Act
11 (AS 44.62).

12 Sec. 05.45.100. CONFLICT OF INTEREST ACT. The commission is
13 subject to AS 39.50 (conflict of interest).

14 ARTICLE 2. REGULATION OF PERSONS ENGAGED IN VIDEO GAMING.

*distributor's
license*

15 Sec. 05.45.200. DISTRIBUTOR'S LICENSE. (a) A person may not
16 manufacture, assemble, produce, or distribute a video gaming device in
17 this state without a valid video gaming distributor's license issued
18 by the commission. To remain valid, a distributor's license must be
19 renewed annually on or before a date set by the commission.

20 (b) An applicant for a license or renewal of a license under (a)
21 of this section shall pay to the commission an annual fee of \$1,000.

*operator's
license*

22 Sec. 05.45.210. PREMISES OPERATOR'S LICENSE. (a) A person may
23 not install or allow another to use a video gaming device without a
24 valid video gaming premises operator's license issued by the commis-
25 sion. The commission shall refuse to issue a gaming premises opera-
26 tor's license to a person unless the person holds a license described
27 in AS 05.45.230. *beverage dispensary, club, pub, common carrier*
28 To remain valid, a premises operator's license must
29 be renewed annually on or before a date set by the commission.

(b) An applicant for a license or renewal of a license under (a)

1 of this section shall pay to the commission an annual fee of \$100.

2 Sec. 05.45.220. LICENSING PROCEDURE. (a) The commission

3 (1) shall refuse to issue a license to a person under

4 AS 05.45.200 or 05.45.210 if the person has been convicted of

(A) a felony; or

(B) an offense under AS 05.15, AS 11.66.200 - 11.-
66.280, or a comparable provision of municipal, state, or federal
law;

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9 (2) may refuse to issue a license to a person under AS 05.-
10 45.200 or 05.45.210, if the person fails to comply with a provision of
11 this chapter or of a regulation adopted under it;

12 (3) may require an applicant for a license or renewal of a
13 license issued under AS 05.45.200 or 05.45.210 and, if the applicant
14 is a corporation, each shareholder and employee of the corporation, to
15 file an affidavit that the applicant has never been convicted of a
16 crime identified in (1) of this subsection.

17 (b) A person who is denied a license under (a) of this section
18 has the right to a hearing on the commission's decision and may appeal
19 the denial to the superior court.

20 Sec. 05.45.230. INSTALLATION OF VIDEO GAMING DEVICES. (a) A
21 person licensed under AS 05.45.210 may install or allow another to use
22 video gaming devices only in premises that sell alcoholic beverages
23 and for which has been issued

24 (1) a beverage dispensary license under AS 04.11.090;

25 (2) a duplicate beverage dispensary license for additional
26 rooms under AS 04.11.090(e);

27 (3) a club license under AS 04.11.110;

28 (4) a common carrier dispensary license under AS 04.11.180;

29 or

include ferries

*no criminal
element -
licensees*

*in
bars
only*

UAF is only one

(5) a pub license under AS 04.11.220.

(b) A person may not install more than 20 video gaming devices on a licensed premises.

ARTICLE 3. REGULATION OF VIDEO GAMING.

Sec. 05.45.300. TESTING OF PROTOTYPE VIDEO GAMING DEVICES. (a)

Before a video gaming device is sold or distributed for use in the state, the commission shall test and approve a prototype of the device to ascertain whether a device manufactured to the specifications of the prototype meets minimum machine specification standards.

(b) The commission may contract with another state to fulfill the requirements of (a) of this section.

(c) The commission shall require the distributor seeking the examination and approval of a new video gaming device to pay the anticipated actual costs of the examination in advance and, after the completion of the examination, shall refund overpayments or charge and collect amounts sufficient to reimburse the commission for underpayments of actual costs.

Sec. 05.45.310. INSPECTION. The commission may provide for regular inspection of video gaming devices that are approved for installation and use under this chapter. Regular inspection may include a review of the audit trail of the video gaming device to ensure compliance with the payout requirements of AS 05.45.340. The commission may contract with the Alcoholic Beverage Control Board to conduct regular inspections authorized by this section.

Sec. 05.45.320. REGULATION OF PLAY. (a) A person who has not reached the age of 21 years may not use a video gaming device.

(b) The operator of premises in which video gaming devices have been installed may allow use of the video gaming devices only during hours when a person may sell alcoholic beverages on the premises under

max.
20

machine
testing

machine
inspection

age 21

1 AS 04.16.010 and AS 04.21.010.

2 Sec. 05.45.330. LIMITATION OF WAGER. The maximum amount that
3 may be wagered on a game that is played or simulated by a video gaming
4 device is \$2. A video gaming device may not be programmed to accept a
5 wager in an amount that exceeds the maximum amount authorized by this
6 section.

*max. \$2
bet*

7 Sec. 05.45.340. PAYOUT REQUIREMENTS. (a) Each video gaming
8 device shall pay out not less than 80 percent of the value of the
9 amount played during the useful life of the device. Each video gaming
10 device must have an electronic accounting device that the commission
11 may use to verify the payout percentage.

80% payout

12 (b) Based on the play of a video gaming device, the video gaming
13 device shall provide the user of the device who is successful a maxi-
14 mum cash payout of \$100 per game.

*max \$100
per game*

15 ARTICLE 4. ENFORCEMENT.

16 Sec. 05.45.400. LICENSE TERMINATION. (a) The commission shall
17 suspend or revoke a license issued under AS 05.45.200 or 05.45.210 if
18 the person holding the license has been convicted of

19 (1) a felony; or

20 (2) an offense under AS 05.15, AS 11.66.200 - 11.66.280, or
21 a comparable provision of municipal, state, or federal law.

*license
suspension*

22 (b) The commission may suspend or revoke a license issued under
23 AS 05.45.200 or 05.45.210 if the person holding the license fails to
24 comply with a provision of this chapter or of a regulation adopted
25 under it.

26 (c) A person whose license is suspended or revoked under this
27 section has the right to notice of and a hearing on the commission's
28 decision and may appeal the suspension or revocation to the superior
29 court.

1

ARTICLE 5. TAXES AND FEES.

*device
tax
\$200/ea.*

2

Sec. 05.45.500. TAXES. (a) A person who maintains a video gaming device for use or permits the use of a video gaming device on premises under the person's control shall first pay to the commission a tax of \$200 a year for each video gaming device.

3

4

5

6

(b) In addition to the tax payable under (a) of this section, the holder of a video gaming device premises operator's license under AS 05.45.210 shall, not later than 15 days after the end of the calendar quarter,

7

8

(1) pay to the commission 15 percent of the net machine income earned in the previous calendar quarter from a video gaming device; and

9

10

(2) file a statement with the commission showing the total net machine income earned in the previous calendar quarter from the licensee's video gaming devices and the amount due the department based on the net machine income.

11

12

13

(c) A person who fails to pay the taxes and fees or file a statement required under this section is subject to a civil penalty of not more than \$1,000 for each violation. Each day a person fails to comply constitutes a separate violation. The civil penalty may be imposed by the commission in an administrative proceeding or by a court.

14

15

(d) In this section, "net machine income" means money received from a video gaming device less money paid out in cash for credits earned from the video gaming device.

16

17

Sec. 05.45.510. DISTRIBUTION OF REVENUE. Subject to an appropriation made for the purpose, the commission shall pay one-third of the proceeds of the taxes collected under AS 05.45.500(a) and (b) to municipalities in the proportion that the revenue was earned within

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1/3 moni.

1 them.

2 ARTICLE 6. GENERAL PROVISIONS.

3 Sec. 05.45.900. DEFINITIONS. In this chapter,

4 (1) "commission" means the Alaska Gaming Commission;

5 (2) "video gaming device"

6 (A) means an electronic machine that uses a video
7 screen or display and microprocessors to play or simulate the
8 play of the game of draw poker or the game of keno, as defined by
9 regulation of the commission, or of another game authorized by
10 the commission, and that upon insertion of money allows a user by
11 skill or chance to receive

12 (i) free games; or

13 (ii) credits that may be redeemed for cash;

14 (B) does not include a machine that directly dispenses
15 coins, cash, tokens, or anything else of value.

16 * Sec. 2. AS 05.15.060 is amended to read:

17 Sec. 05.15.060. REGULATIONS. The department shall adopt regu-
18 lations under the Administrative Procedure Act (AS 44.62) necessary to
19 carry out this chapter covering, but not limited to,

20 (1) the issuance, renewal, and revocation of permits and
21 licenses;

22 (2) a method of ascertaining net proceeds, the determina-
23 tion of items of expense that may be incurred or paid, and the limita-
24 tion of the amount of the items of expense to prevent the proceeds
25 from the activity permitted from being diverted to noncharitable,
26 noneducational, nonreligious, or profit-making organizations, indi-
27 viduals, or groups;

28 (3) the immediate revocation of permits and licenses au-
29 thorized under this chapter if this chapter or regulations adopted

*poker
keno*

no coins

*excludes
someone
with revoked
video license
from activity
in games
of chance*

games of chance

1 under it are violated;

2 (4) the requiring of detailed, sworn, financial reports of
3 operations from permittees and licensees including detailed statements
4 of receipts and payments;

5 (5) the investigation of permittees, licensees, and their
6 employees, including the fingerprinting of those permittees, licens-
7 ees, and employees when the commissioner considers it advisable to
8 fingerprint;

9 (6) exclusion from participation as a permittee, licensee,
10 or employee of a permittee or licensee, of a person

11 (A) convicted of, in prison for, or on parole for a
12 felony within the preceding five years, or convicted of a crime
13 involving theft or dishonesty or of a violation of a municipal,
14 state, or federal gambling law; or

15 (B) whose video gaming license has been suspended or
16 revoked under AS 05.45;

17 (7) the method and manner of conducting authorized activ-
18 ities and awarding of prizes or awards, and the equipment that may be
19 used;

20 (8) the number of activities that may be held, operated, or
21 conducted under a permit during a specified period; however, the
22 department may not allow more than 14 bingo sessions a month and 35
23 bingo games a session to be conducted under a permit;

24 (9) a method of accounting for receipts and disbursements
25 by operators, including the keeping of records and requirements for
26 the deposit of all receipts in a bank;

27 (10) the disposition of funds in possession of a permittee
28 or a person, municipality, or qualified organization that possesses an
29 operator's license at the time a permit or a license is surrendered,

1 revoked, or invalidated;

2 (11) restrictions on the participation by employees of the
3 Department of Fish and Game in salmon classics;

4 (12) other matters the commissioner considers necessary to
5 carry out this chapter or protect the best interest of the public.

6 * Sec. 3. AS 05.15.122(c) is amended to read:

7 (c) The department may not issue an operator's license to an
8 applicant if the applicant or a person employed by the applicant in a
9 managerial or supervisory capacity

10 (1) [.] has been convicted of, in prison for, or on parole
11 for a felony within the preceding five years, or has been convicted of
12 a crime involving theft or dishonesty or of a violation of a municipi-
13 pal, state, or federal gambling law; or

14 (2) has had a video gaming license suspended or revoked
15 under AS 05.45.

16 * Sec. 4. AS 05.15.122(d) is amended to read:

17 (d) A licensee may not employ a person in a managerial or super-
18 visory capacity if the person

19 (1) has been convicted of, in prison for, or on parole for
20 a felony within the preceding five years, or has been convicted of a
21 crime involving theft or dishonesty or of a violation of a municipal,
22 state, or federal gambling law; or

23 (2) has had a video gaming license suspended or revoked
24 under AS 05.45.

25 * Sec. 5. AS 05.15.140(b) is amended to read:

26 (b) In an application for a permit, a municipality or qualified
27 organization shall disclose the name and address of each person re-
28 sponsible for the operation of the activity and whether any person
29 named

games of chance

James of chance

1 (1) has been convicted of, in prison for, or on parole for
2 a felony within the preceding five years, or convicted of a crime
3 involving theft or dishonesty or of a violation of a municipal, state,
4 or federal gambling law; [OR]

5 (2) has a prohibited financial interest, as defined in
6 regulations adopted by the commissioner, in the operation of the
7 activity; or

8 (3) has had a video gaming license suspended or revoked
9 under AS 05.45.

10 * Sec. 6. AS 05.15.140(c) is amended to read:

11 (c) The commissioner may not issue a permit for an activity
12 operated by a person who

13 (1) has been convicted of, in prison for, or on parole for
14 a felony within the preceding five years, or has been convicted of a
15 crime involving theft or dishonesty or of a violation of a municipal,
16 state, or federal gambling law; or

17 (2) has had a video gaming license suspended or revoked
18 under AS 05.45.

19 * Sec. 7. AS 11.46.482(a) is amended to read:

20 (a) A person commits the crime of criminal mischief in the *class C felony (max \$50,000, 5 yrs.)*
21 second degree if, having no right to do so or any reasonable ground to
22 believe the person has such a right,

23 (1) with intent to damage property of another, the person
24 damages property of another in an amount of \$500 or more;

25 (2) the person tampers with an oil or gas pipeline or
26 supporting facility or an airplane or helicopter with reckless disre-
27 gard for the risk of harm to or loss of the property;

28 (3) the person recklessly creates a risk of damage in an
29 amount exceeding \$100,000 to property of another by the use of widely

1 dangerous means; [OR]

2 (4) the person drives, tows away, or takes the propelled
3 vehicle of another and the vehicle or any other property of another is
4 damaged or the owner incurs reasonable expenses as a result of the
5 loss of use of the vehicle in a total amount of \$500 or more; or

6 (5) the person physically manipulates or interferes with a
7 video gaming device regulated under AS 05.45 to alter the outcome of
8 or payoff from a game played or whose play is simulated on the device.

9 * Sec. 8. AS 11.66.280(2) is amended to read:

10 (2) "gambling" means that a person stakes or risks some-
11 thing of value upon the outcome of a contest of chance or a future
12 contingent event not under the person's control or influence, upon an
13 agreement or understanding that that person or someone else will
14 receive something of value in the event of a certain outcome; "gam-
15 bling" does not include

(A) bona fide business transactions valid under the
17 law of contracts for the purchase or sale at a future date of
18 securities or commodities and agreements to compensate for loss
19 caused by the happening of chance, including contracts of indem-
20 nity or guaranty and life, health, or accident insurance; [OR]

(B) playing an amusement device that

22 (i) confers only an immediate right of replay not
23 exchangeable for something of value other than the privilege
24 of immediate replay; and

25 (ii) does not contain a method or device by which
26 the privilege of immediate replay may be cancelled or re-
27 voked;

28 (C) an activity authorized by the commissioner of
29 commerce and economic development under AS 05.15; or

penalty

*video gaming
is not
illegal
gambling*

1 (D) using a video gaming device regulated under
2 AS 05.45;

3 * Sec. 9. AS 11.66.280(3) is amended to read:

4 (3) "gambling device" means any device, machine, parapher-
5 nalia, or equipment that is used or usable in the playing phases of
6 unlawful gambling, whether it consists of gambling between persons or
7 gambling by a person involving the playing of a machine; "gambling
8 device" does not include

9 (A) lottery tickets, policy slips, or other items used
10 in the playing phases of lottery or policy schemes; [OR]

11 (B) an amusement device as described in (2)(B) of this
12 section; or

13 (C) a video gaming device regulated under AS 05.45;

14 * Sec. 10. AS 11.81.900(b) ^{criminal code} is amended by adding a new paragraph to
15 read:

16 (58) "video gaming device" has the meaning given in AS 05.-
17 45.900.

18 * Sec. 11. AS 18.65.080 is amended by adding a new subsection to read:

19 (b) The Department of Public Safety shall investigate and ascer-
20 tain whether a person appointed by the governor to serve as a member
21 of the Alaska Gaming Commission has been convicted of a crime set out
22 in AS 05.45.010(c).

*background
checks*

23 * Sec. 12. AS 29.10.200 ^{home rule limitations} is amended by adding a new paragraph to read:

24 (51) AS 29.35.085 (video gaming devices)

25 * Sec. 13. AS 29.35 is amended by adding a new section to read:

26 Sec. 29.35.085. VIDEO GAMING DEVICES. (a) A municipality may
27 prohibit the installation and operation of video gaming devices within
28 the municipality by ordinance.

*mun.
option*

29 (b) Except as provided by (a) of this section, a municipality