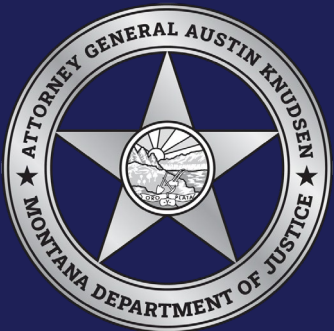


GAMBLING CONTROL DIVISION (GCD)

February 2023

Section D Budget Presentation



The Gambling Control Division (GCD) was established by the 1989 Legislature to regulate the gambling industry in Montana.

The division is tasked with creating and maintaining a uniform regulatory climate to protect the businesses, players, organizations, citizens, and all who are affected by legalized gambling in Montana.



Public Policy of State Concerning Gambling 23-5-110

- (1) The legislature finds that for the purpose of ensuring the proper gambling environment in this state it is necessary and desirable to adopt a public policy regarding public gambling activities in Montana. The legislature therefore declares it is necessary to:
 - (a) create and maintain a uniform regulatory climate that assures players, owners, tourists, citizens, and others that the gambling industry in this state is fair and is not influenced by corrupt persons, organizations, or practices;
 - (b) protect legal public gambling activities from unscrupulous players and vendors and detrimental influences;
 - (c) protect the public from unscrupulous proprietors and operators of gambling establishments, games, and devices;
 - (d) protect the state and local governments from those who would conduct illegal gambling activities that deprive those governments of their tax revenues;
 - (e) protect the health, safety, and welfare of all citizens of this state, including those who do not gamble, by regulating gambling activities; and
 - (f) promote programs necessary to provide assistance to those who are adversely affected by legalized gambling, including compulsive gamblers and their families.
- (2) The legislature adopts the policy that an applicant for a license or permit or other department approval under parts 1 through 8 of this chapter does not have a right to the issuance of a license or permit or other department approval pursuant to the provisions of parts 1 through 8 of this chapter only for good cause. A holder does not acquire a vested right in the license or permit issued or other department approval granted. A license or permit issued under parts 1 through 8 of this chapter may not be sold, assigned, leased, or transferred.
- (3) Revenue to fund the expense of administration and control of gambling as regulated by parts 1 through 8 of this chapter must be derived solely from fees, taxes, and penalties on gambling activities, except the gambling activities of the Montana state lottery and the parimutuel industry.



35 – FTE in use
7 GCD Offices

- Helena (8)
- Billings (12)
- Bozeman (2)
- Glendive (2)
- Great Falls (1)
- Kalispell (2)
- Missoula (7)



GCD Responsibilities

Gambling Control Division staff perform the following functions:

- Operations
 - Fiscal, Communications, Project Management, and Records Management
- License and Tax Section
 - Gambling and Alcohol Application/Permit Processing, Tax Collections, and Tax Audits
- Technical Services Section
 - VGM Testing (hardware/software), System Testing, VGM Inspections, and Database Programming
- Legal Section
 - ALS Attorney assists in Civil and Criminal Action and Administrative Rule Writing
- Compliance Section
 - Gambling, Alcohol, and Tobacco Investigations, Licensee and Location Suitability, and Financial Audits



GCD Responsibilities

- Through the Gambling Control Division, the Department of Justice regulates all forms of gambling in Montana, except for the Montana Lottery (*including sports betting*) and horse racing.
 - Video gambling machines (keno, poker, bingo, or line games)
 - Live card games (Poker)
 - Live bingo and live keno
 - Sports pools and sports tabs
 - Calcutta pools
 - Casino nights
 - Raffles
 - Live fantasy sports leagues
 - Dice games (shake-a-day)



GCD Responsibilities

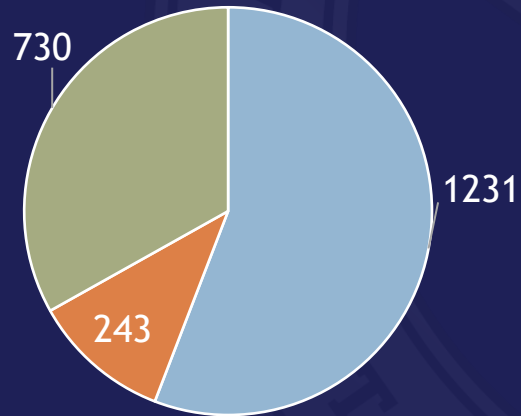
- Established MOU's for services provided on behalf of Gambling Control Division:
 - Alcoholic Beverage Control Division – licensing for combined alcohol/gambling applications, auditing, and investigative services including background checks and location inspections.
 - Department of Revenue Tobacco - tax enforcement, inspections.
 - Montana Lottery – investigative services.



GCD Statistics

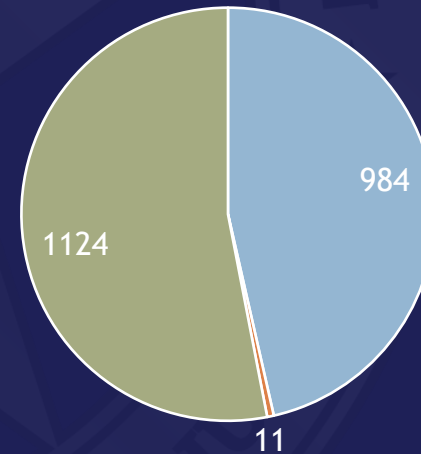
- License Applications
- Licensing Premises Inspections

Applications - FY22 = 2204



■ Combined ■ Gambling only ■ Alcohol only

Premises Inspections - FY22 = 2119



■ Combined ■ Gambling Only ■ Alcohol only



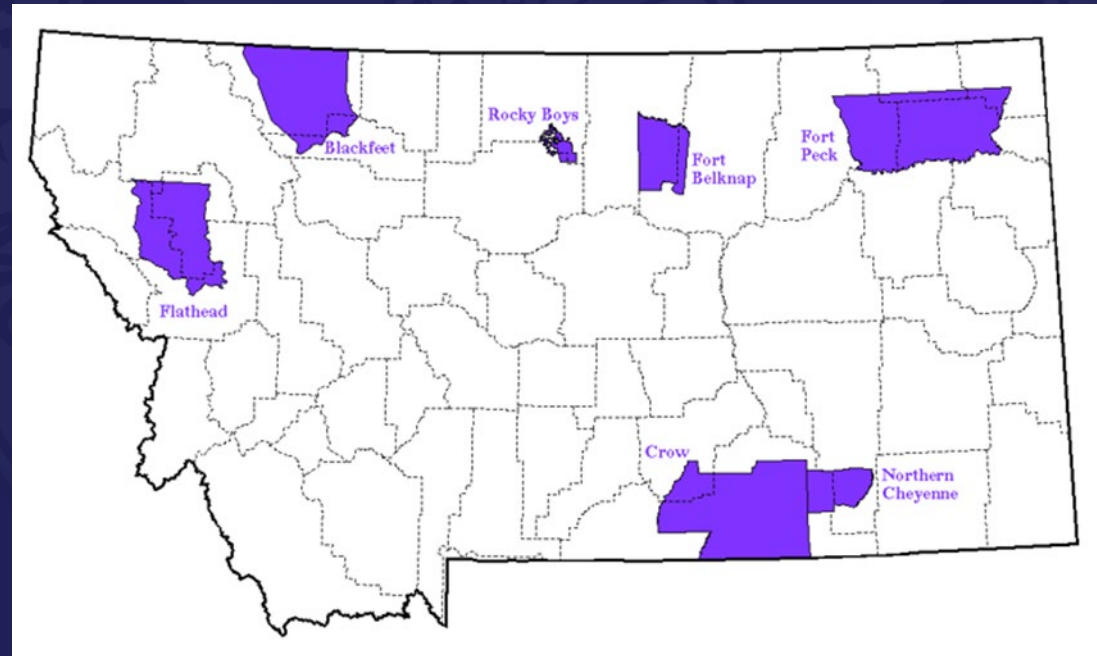
Problem Gambling

- We have a close working relationship with Brad Longcake and the Montana Council on Problem Gambling
 - Assisted in the production and distribution of resources the past few years during Problem Gambling Awareness Month (March)



Tribal Gaming

- The Indian Gaming Regulatory Act (IGRA) enacted by Congress in 1988
 - A team of representatives from the Governor's Office negotiate State-Tribal Compacts for the State on behalf of the Governor.



Gaming Advisory Council

- Tasked with studying all aspects of gambling in Montana.
- Nine members:
 - Senate (1)
 - House of Representatives (1)
 - Public (1)
 - Local Government (2)
 - Native American (1)
 - Gaming Industry (3)
- Quarterly meetings
- Provide a Biennial Report and Legislative Recommendations



2022 Biennium Report Statistics

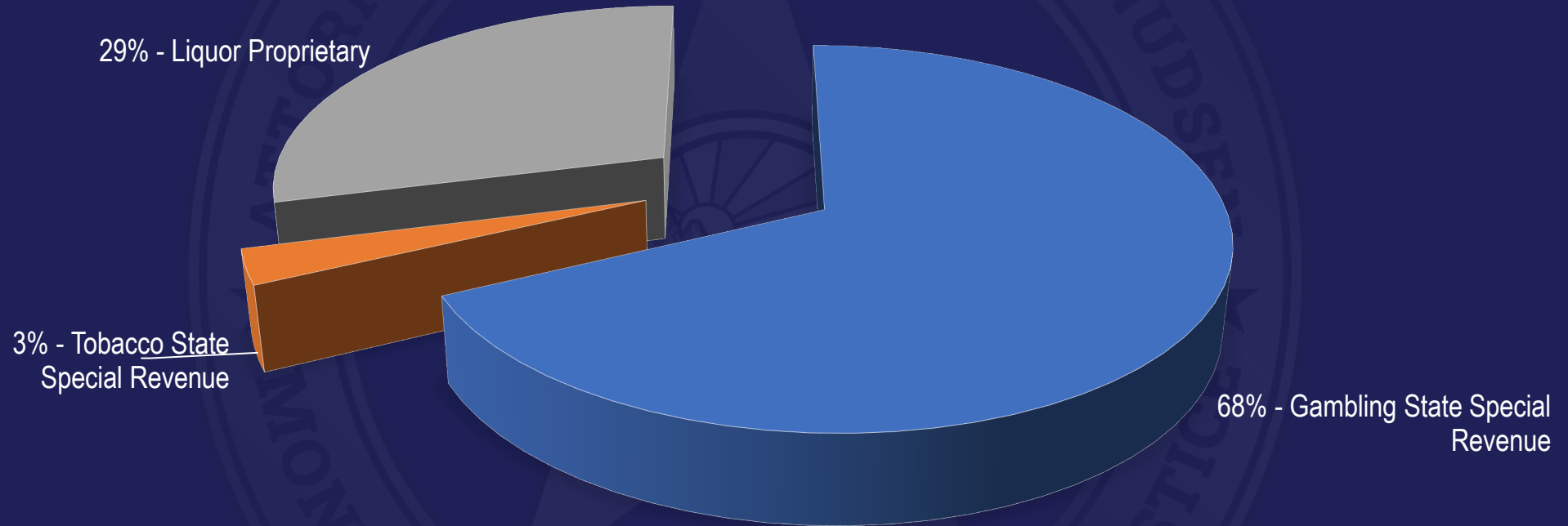
Approximately:

- 1,395 Licensed Gambling Operators
- \$153 Million Video Gambling Machine Industry Revenue
- \$78 Million in VGM Tax Revenue in FY22. A 4% increase from FY21
 - Key indicator for the industry
 - Deposited into the General Fund
- 17,020 Active Video Gambling Machines
- 19,130 Video Gambling Machine Permits Issued



Gambling Control Division

Fiscal Year 2023



GCD Budget

- GCD has worked hard to reduce expenses within our budget so that funds can be applied to other needs within the Department of justice and save taxpayer dollars.
- The only increase to our budget is what's necessary to meet inflation over the next two years.



Budget Requests

Present Law Adjustments	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	145,435	0	213,876	0.00	0	156,737	0	230,495
DP 2 - Fixed Costs	0.00	0	(14,930)	0	(24,884)	0.00	0	(15,052)	0	(25,087)
DP 3 - Inflation Deflation	0.00	0	20,082	0	29,533	0.00	0	23,580	0	34,677
Grand Total All Present Law Adjustments	0.00	\$0	\$150,587	\$0	\$218,525	0.00	\$0	\$165,265	\$0	\$240,085

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).



GCD Budget

- The Operating Expenses request includes \$16,598 in FY 2024 and \$19,047 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. The rates charged for these services are approved in a separate portion of the budget.
- The Inflation Deflation request includes \$29,533 in FY 2024 and \$34,677 in FY 2025 to provide the funding required in the budget to pay fixed costs assessed by other agencies within the state government for the services they provide. Examples of fixed costs include liability and property insurance, legislative audit, warrant writer, payroll processing, and others. These figures are included in the Operation Expenses adjustments.



Accomplishments & Efficiencies

- FTE Reduction

- Increase workload (happier staff)
- Maintain effectiveness

- Industry Relationships

- Education and Compliance is our focus
- Bad actors get the attention they deserve



Goals & Metrics

- Application & Case Flow Efficiencies
 - This is a high priority among GCD staff from top to bottom. We are always looking for opportunities to make the application process smoother for MT businesses. A GCD management staff member was recently tasked with leading this effort.
 - To meet this goal, we will establish standards for how long a case should be with a staff member and monitor effectiveness across all staff.
- Educating Montana Businesses
 - We want to connect with and develop relationships with licensees. Our goal is that they would feel comfortable reaching out to us and we are doing our part to keep them informed.
 - To meet this goal, we will create and cultivate an annual town hall meeting for licensees.



Goals & Metrics

- Strengthen Partnership with ABCD
 - Our relationship with the DOR – Alcohol Beverage Control Division staff and leadership is paramount to our mission of providing the best possible environment for Montana businesses to operate in.
 - To meet this goal, we will have regular scheduled meetings between the administrators and supervisor's staff.
 - We will also conduct joint training, so GCD staff is educated on the latest laws and rules for alcohol regulation. This will be important after the session is over.



Ongoing Projects

- Application Submission Process
 - Reduce the number of incomplete applications that are submitted.
 - We will do this without reducing customer service.
- Annual Industry Town Hall Meeting
 - Inform licensees of the pitfalls we saw in the previous year and how to avoid them.
 - Provide an open forum to hear feedback from Montana business owners on the effectiveness of the services we provide.



Gambling Control Division

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