

1 _____ BILL NO. _____

2 INTRODUCED BY _____

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING THE MONTANA SPORTS WAGERING ACT;
5 PROVIDING DEFINITIONS; ALLOWING FANTASY SPORTS CONTESTS; ALLOWING ONLINE SPORTS
6 WAGERING; PROVIDING FOR PERMITS AND FEES; PROVIDING FOR LICENSURE OF SPORTS
7 WAGERING OPERATORS AND VENDORS; PROVIDING FOR DISTRIBUTION OF REVENUE; PROVIDING
8 PENALTIES; PROVIDING A STATUTORY APPROPRIATION; PROVIDING RULEMAKING AUTHORITY;
9 AMENDING SECTIONS 17-7-502, 23-4-101, 23-5-112, 23-5-113, 23-5-115, 23-5-802, AND 23-7-102, MCA;
10 AND PROVIDING AN EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 NEW SECTION. **Section 1. Short title.** [Sections 1 through 8] may be cited as the "Montana Sports
15 Wagering Act".

16
17 NEW SECTION. **Section 2. Definitions.** As used in [sections 1 through 8], the following definitions
18 apply:

19 (1) "Cash equivalent" means an asset that is convertible to cash and approved for use in
20 connection with online sports wagering. Approved cash equivalents include:

- 21 (a) travelers checks;
22 (b) foreign currency and coin;
23 (c) certified checks, cashier's checks, and money orders;
24 (d) personal checks and drafts;
25 (e) digital, virtual, and cryptocurrencies;
26 (f) online and mobile payment systems that support online money transfers;
27 (g) credit cards and debit cards;
28 (h) prepaid access instruments; and

1 (i) any other form of asset that is convertible to cash and approved by department rules.

2 (2) "Department" has the same meaning as provided in 23-5-112.

3 (3) "Fantasy sports contest" means a simulated game or contest with an entry fee that meets all of
4 the following conditions:

5 (a) the fantasy sports contest team is not composed entirely of individual contestants who are
6 members of the same real-world sports team;

7 (b) each prize and award or the value of all prizes and awards offered to winning fantasy sports
8 contest players is made known to the fantasy sports contest players in advance of the fantasy sports contest;

9 (c) each winning outcome reflects the relative knowledge and skill of the fantasy sports contest
10 players and is determined by the aggregated statistical results of the performance of multiple individual
11 contestants whom each fantasy sports contest player has selected to form that player's fantasy sports contest
12 team. The individual performances of the individual contestants in the fantasy sports contest directly
13 correspond with the actual performances of those contestants in a real-world sporting event in which those
14 individuals participated.

15 (d) a winning outcome is not based on the performance of a single real-world sports team, any
16 combination of real-world sports teams or a single contestant in a real-world sporting event, nor is it based on
17 the score or point spread of one or more real-world sporting events;

18 (e) the fantasy sports contest does not constitute or involve a slot machine or a fixed, commercial
19 electrical gaming device; and

20 (f) the fantasy sports contest is comprised of no fewer than two fantasy sports contest players,
21 provided that all participants are individuals and that the fantasy sports contest operator is not a participant.

22 (4) (a) "Fantasy sports contest player" means an individual who engages in selecting individual
23 contestants to compose a team for a fantasy sports contest.

24 (b) A fantasy sports contest player may not be a minor as defined in 23-4-101.

25 (5) (a) "Online sports wagering" means engaging in sports wagering conducted by a sports
26 wagering operator through an online sports wagering account over the internet by use of a computer, digital
27 platform, or mobile application on a mobile device, any of which uses communications technology to accept
28 sports wagers, or a system or method of electronic sports wagering approved by department rules.

1 (b) The term does not include an activity from a physical location created by a sports wagering
2 operator or vendor that a patron physically visits to place a wager.

3 (6) "Online sports wagering account" means a financial record established by a sports wagering
4 operator for an individual patron into which the patron may deposit and from which the patron may withdraw
5 funds for sports wagering and other purchases, and into which the sports wagering operator may credit
6 winnings or other amounts due to that patron or authorized by that patron. In compliance with any other
7 applicable law, an online sports wagering account may be established electronically through an approved
8 mobile application or digital platform.

9 (7) "Online sports wagering revenue" means the total of all wagers placed by patrons with an
10 online sports wagering operator, excluding free wagers and promotional play, minus all payments to patrons
11 and minus any applicable federal excise taxes. Payments to patrons include all payments of cash, cash
12 equivalents, merchandise, and any other thing of value.

13 (8) "Patron" means a person who places an online sports wagering wager.

14 (9) "Prohibited sports wager" means:

15 (a) a wager involving a sporting event or other event where the majority of contestants or athletes
16 in the sporting event are under 18 years of age; and

17 (b) a wagering category not authorized by administrative rules adopted in compliance with
18 [sections 1 through 8].

19 (10) "Qualified gaming entity" means a gaming entity that offers online sports wagering through
20 computers, digital platforms, or mobile applications in not less than three jurisdictions in the United States
21 pursuant to a state regulatory structure.

22 (11) "Sporting event" means a professional sports event or athletic event, an olympic or
23 international sports event or athletic event, an amateur sports event or athletic event, a collegiate sports event
24 or athletic event, an electronic sport, or any portion of these events, including the individual performance
25 statistics of contestants or athletes in sports events, athletic events, a combination of sports and athletic events,
26 or any other event approved by department rules.

27 (12) (a) "Sports wagering" means the business of accepting wagers from patrons on sporting events
28 through online sports wagering. These wagers include single-game bets, teaser bets, parlays, over-under,

1 money line, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets.

2 (b) The term does not include any of the following:

3 (i) activities other than online sports wagering that are exempted from criminal penalties under

4 Title 23, chapter 5;

5 (ii) activities outside of [sections 1 through 8] authorized or regulated by the department;

6 (iii) lotteries authorized by law;

7 (iv) fantasy sports contests;

8 (v) prohibited sports wagers.

9 (13) "Sports wagering operator" means a qualified gaming entity authorized by the department to
10 accept online sports wagers.

11 (14) "Sports wagering vendor" means a vendor that provides services to a sports wagering operator
12 that the sports wagering operator uses to accept online sports wagers, including geolocation services, know
13 your customer services, payment processors, and data providers.

14

15 NEW SECTION. Section 3. Fantasy sports contests authorized -- online sports wagering

16 **authorized.** It is lawful to participate in a fantasy sports contest as defined in [section 2] and participate in
17 online sports wagering, as defined in [section 2], subject to the provisions of [sections 1 through 8].

18

19 NEW SECTION. Section 4. Online sports wagering regulation -- rulemaking. (1) The department
20 shall regulate online sports wagering and sports wagering operators and vendors.

21 (2) The department shall adopt rules to implement [sections 1 through 8]. The rules shall establish
22 standards and procedures for online sports wagering and associated sports wagering systems.

23 (3) The rules must include governance of the conduct of online sports wagering and the system of
24 wagering associated with online sports wagering, including all of the following:

25 (a) terms and conditions for online sports wagering that are compliant with all applicable federal
26 laws;

27 (b) identification of the sporting events upon which online sports wagers may be accepted and
28 identification of the methods of play available to patrons;

- 1 (c) the manner in which online sports wagers are received and payoffs are remitted;
- 2 (d) commercially reasonable procedures for managing and resolving suspected cheating, sports
3 wagering irregularities, and complaints;
- 4 (e) a requirement that for a patron to make a lawful wager the patron must be physically present in
5 the state when making the wager unless otherwise authorized by the department;
- 6 (f) a requirement for each sports wagering operator to use a geolocation system to take
7 commercially reasonable steps to ensure that a patron making an online sports wager is physically present in
8 the state when making the wager unless otherwise authorized by the department;
- 9 (g) internal controls for all aspects of online sports wagering, including procedures for system
10 integrity, system security, operations, and accounting;
- 11 (h) operational controls for online sports wagering accounts;
- 12 (i) procedures to ensure that sports wagering operators do not offer prohibited sports wagers;
- 13 (j) establishing the method for calculating online sports wagering revenue and standards for the
14 counting and recording of cash and cash equivalents received in the conduct of online sports wagering, to
15 include methods for ensuring that internal controls are followed, financial records are maintained, and audits
16 are conducted;
- 17 (k) reasonable minimum qualifications for sports wagering operators and vendors; and
- 18 (l) any other matters necessary for overseeing online sports wagering and sports wagering
19 operators and vendors.

20 (4) The department shall establish through rule a universal start date for all permitted online sports
21 wagering operators and vendors to commence accepting online sports wagers. The universal start date may
22 not be later than January 15, 2026.

23 (5) In promulgating rules pursuant to this section, the department shall examine the regulations
24 implemented in other states where online sports wagering is conducted and shall, as far as practicable, adopt a
25 similar regulatory framework to maximize revenue generated for the state.

26

27 **NEW SECTION. Section 5. Permits -- fees -- application -- statutory appropriation.** (1) A sports
28 wagering operator shall possess a permit issued by the department to accept online sports wagers. A person

1 may not accept online sports wagers without holding a valid permit issued by the department.

2 (2) A qualified gaming entity applying for a sports wagering operator permit shall do so on a
3 uniform application furnished by the department. The fee for both an initial application and a renewal application
4 is \$2,500. The application must require an applicant, at a minimum, to provide:

5 (a) the full name, current address, and contact information of the applicant;

6 (b) disclosure of each person who has control of the applicant as described in this section;

7 (c) the applicant's fingerprints and the fingerprints of individuals identified in this section

8 considered to have control of an applicant or permittee;

9 (d) consent to permit the department to conduct a criminal background check of the applicant and
10 each individual disclosed under this section in accordance with procedures established by the department. This
11 subsection (2) does not require an applicant or individual who has submitted to a criminal background check in
12 this or any other state within the 12 months prior to submitting the application to submit to another criminal
13 background check, provided that the applicant or individual submits the results of the previous criminal
14 background check and affirms that there has been no material change in the criminal history record since the
15 time of the criminal background check. The cost of the criminal background check must be paid using a portion
16 of the applicant's application fee.

17 (e) for the applicant and each person disclosed under this section, a record of previous issuances
18 and denials of a gambling-related license or application under Montana statutes or in any other jurisdiction in
19 the United States;

20 (f) other information and permissions as requested by the department; and

21 (g) any additional information required by department rules.

22 (3) The department shall charge a permit fee of \$100,000 for an initial sports wagering operator
23 permit. An initial permit and a renewal permit must each be valid for 5 years. The department shall charge a fee
24 of \$50,000 for a sports wagering operator permit renewal.

25 (4) A sports wagering vendor shall possess a permit issued by the department to conduct business
26 in the state. A person may not provide vendor services to a sports wagering operator without holding a valid
27 permit issued by the department.

28 (5) The department shall charge a fee of \$10,000 for an initial sports wagering vendor permit. An

1 initial permit and a renewal permit must each be valid for 5 years. The department shall charge a fee of \$5,000
2 for a sports wagering vendor permit renewal.

3 (6) Sports wagering operator and sports wagering vendor permit fees charged pursuant to this
4 section must be deposited in the online sports wagering account, which is created as a state special revenue
5 fund to the credit of the department. The fund is statutorily appropriated, as provided in 17-7-502, to be used by
6 the department for all expenses incurred in administering [sections 1 through 8]. On a quarterly basis, the
7 department shall transfer amounts within the account in excess of \$500,000 to the general fund.

8 (7) The following persons are considered to have control of a sports wagering operator permit
9 applicant or permittee:

10 (a) each holding company, parent company, or subsidiary company of the applicant or permittee;

11 (b) each person, except for a bank or other licensed lending institution, that holds a mortgage or
12 other lien acquired in the ordinary course of business, who owns 15% or more of a corporate applicant or
13 permittee and has the ability to:

14 (i) control the activities of the corporate applicant or permittee; or

15 (ii) elect a majority of the board of directors of that corporate applicant or permittee.

16 (c) each person associated with a noncorporate applicant or permittee who directly or indirectly
17 holds a beneficial or proprietary interest in the noncorporate applicant's or permittee's business operations or
18 who the department otherwise determines has the ability to control the noncorporate applicant or permittee; or
19 (d) key personnel of an applicant or permittee, including an executive, employee, or agent, who
20 has the power to exercise ultimate decisionmaking authority over the applicant's or permittee's sports wagering
21 operations in this state.

22 (8) The department shall, not more than 60 days after the date of receipt of an application for a
23 permit or application for renewal of a permit, either:

24 (a) issue the permit; or

25 (b) deny the application based on the grounds that the applicant failed to qualify as provided in this
26 section.

27 (9) The department shall deny an application under this section upon finding any of the following:

28 (a) The applicant or permittee has been convicted of, forfeited bail on, or pleaded guilty to:

- 1 (i) a crime involving theft, dishonesty, or fraud;
- 2 (ii) bribery or unlawfully influencing a public official;
- 3 (iii) a felony crime involving physical harm to a person; or
- 4 (iv) any other crime identified by rule of the department that negatively impacts the applicant's
- 5 credibility or the security, integrity, or fairness of online sports wagering.
- 6 (b) The applicant tampered with submitted documentation or concealed, failed to disclose, or
- 7 otherwise attempted to mislead the department with respect to a material fact contained in the application or
- 8 contained in any other information required of or submitted by an applicant to the department.
- 9 (c) The applicant or permittee failed or refused to cooperate in the investigation of a crime related
- 10 to gambling, corruption of a public official, or any organized criminal activity.
- 11 (d) The applicant or permittee has intentionally not disclosed the existence or identity of other
- 12 persons who have control of the applicant or permittee as required by this section.
- 13 (e) The applicant or permittee has had a permit revoked by a government authority responsible for
- 14 the regulation of sports wagering.
- 15 (f) The applicant or permittee has not demonstrated financial responsibility sufficient to adequately
- 16 meet the requirements of [sections 1 through 8] as specified by rule of the department.
- 17 (g) The applicant or permittee has not met the requirements of this section, any other provision of
- 18 [sections 1 through 8], department rules, or any applicable federal laws.
- 19 (10) Given a sufficient number of applicants, the department shall at any one time issue not less
- 20 than five sports wagering operator permits to applicants that satisfy the requirements under [sections 1 through
- 21 8]. If an insufficient number of applicants apply for a sports wagering operator permit, this provision may not be
- 22 interpreted to direct the department to issue a permit to an unqualified applicant.
- 23 (11) The department shall issue a permit to a sports wagering vendor that is currently operating in
- 24 good standing in a similar role in at least three jurisdictions in the United States under a state regulatory
- 25 structure and that has paid all required fees under this section.
- 26 (12) Permittees under this section have an ongoing obligation to disclose in writing any material
- 27 change in the information provided in the application to the department, including:
- 28 (a) changes to names and contact information;

1 (b) arrests, convictions, guilty pleas, disciplinary actions, or license denials in Montana or any other
2 jurisdiction;

3 (c) a civil action brought against the permittee; and

4 (d) any other information specified by rule of the department.

5 (13) (a) If the department denies an application or intends to revoke or suspend a permit issued
6 under this section, it shall notify the applicant or permittee in writing, stating the grounds for denial, revocation
7 or suspension, and informing the person of a right to submit, within not more than 30 days, any additional
8 documentation relating to the grounds for denial, revocation, or suspension.

9 (b) Upon receiving any additional documentation, the department shall reconsider its decision and
10 inform the applicant or permittee of its decision within not more than 20 days of the submission of information
11 for reconsideration.

12 (c) A denial of an application or a revocation or suspension of a permit under this section is subject
13 to the contested case procedures of the Montana Administrative Procedure Act.
14

15 NEW SECTION. Section 6. Distribution of revenue -- statutory appropriation. Not later than the
16 15th day of each month, in accordance with department rules, a sports wagering operator shall remit 10% of
17 online sports wagering revenue from the prior month to the department for deposit in the general fund. Each
18 fiscal year, the first \$300,000 of revenue generated under this section is statutorily appropriated, as provided in
19 17-7-502, from the general fund to the department of public health and human services for distribution to
20 counties for the purpose of funding county health programs to prevent and treat problematic gambling behavior.
21

22 NEW SECTION. Section 7. Age to engage in online sports wagering. A person under 18 years of
23 age may not engage in online sports wagering.
24

25 NEW SECTION. Section 8. Penalties. (1) A person who knowingly accepts online sports wagers or
26 otherwise operates a business of sports wagering and does not possess a valid permit issued by the
27 department under [sections 1 through 8] is subject to the following, in addition to any penalty imposed under
28 Title 23, chapter 5:

- 1 (a) for a first offense, a civil penalty of \$25,000; and
- 2 (b) for a second or subsequent offense, a civil penalty of \$50,000.
- 3 (2) When a series of similar events result in a violation under [sections 1 through 8] or department
- 4 rules, those events that occur within the same month must be treated as one offense and not separate and
- 5 distinct offenses.
- 6 (3) The department shall develop a compliance program that includes establishing procedures to
- 7 review online sports wagering and related activities occurring in the state to ensure compliance with and
- 8 enforcement of [sections 1 through 8]. The program must include review and evaluation of the conduct of:
- 9 (a) sports wagering operators, sports wagering vendors, qualified gaming entities, patrons, and
- 10 any other person permitted or authorized to engage in activities under [sections 1 through 8]; and
- 11 (b) persons operating without a valid permit under [sections 1 through 8], engaging in activities not
- 12 authorized or regulated under [sections 1 through 8], or pursuing or engaging in activities otherwise in violation
- 13 of [sections 1 through 8].

14

15 **Section 9.** Section 17-7-502, MCA, is amended to read:

16 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory

17 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without

18 the need for a biennial legislative appropriation or budget amendment.

19 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with

20 both of the following provisions:

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

22 (b) The law or portion of the law making a statutory appropriation must specifically state that a

23 statutory appropriation is made as provided in this section.

24 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-

25 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-

26 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-316; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121;

27 15-1-142; 15-1-143; 15-1-218; 15-1-2302; 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-

28 117; 15-39-110; 15-65-121; 15-70-128; 15-70-131; 15-70-132; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-

1 3-212; 17-3-222; 17-3-241; 17-6-101; 17-6-214; 17-7-133; 17-7-215; 18-11-112; 19-3-319; 19-3-320; 19-6-410;
 2 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-3-
 3 369; 20-7-1709; 20-8-107; 20-9-250; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-26-1503; 22-1-327; 22-3-
 4 116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; [section 5]; [section 6]; 23-7-
 5 402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-4-1506;
 6 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115;
 7 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-
 8 13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006;
 9 81-1-112; 81-1-113; 81-2-203; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-
 10 102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

11 (4) There is a statutory appropriation to pay the principal, interest, premiums, and any costs or fees
 12 associated with issuing, paying, securing, redeeming, or defeasing all bonds, notes, or other obligations, as due
 13 in the ordinary course or when earlier called for redemption or defeased, that have been authorized and issued
 14 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
 15 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined
 16 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have
 17 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the
 18 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement
 19 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410
 20 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental
 21 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on
 22 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
 23 terminates June 30, 2025; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates
 24 September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027;
 25 pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to secs.
 26 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 1, Ch.
 27 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021,
 28 the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-

310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; pursuant to sec. 1, Ch. 20, L. 2023, sec. 2, Ch. 20, L. 2023, and sec. 3, Ch. 20, L. 2023, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2029; pursuant to sec. 9, Ch. 44, L. 2023, the inclusion of 15-1-142 terminates December 31, 2025; pursuant to sec. 10, Ch. 47, L. 2023, the inclusion of 15-1-2302 terminates June 30, 2025; pursuant to sec. 2, Ch. 374, L. 2023, the inclusion of 10-3-802 terminates June 30, 2031; pursuant to sec. 12, Ch. 558, L. 2023, the inclusion of 20-9-250 terminates December 31, 2029; pursuant to sec. 4, Ch. 621, L. 2023, the inclusion of 22-1-327 terminates July 1, 2029; pursuant to sec. 24, Ch. 722, L. 2023, the inclusion of 17-7-133 terminates June 30, 2027; pursuant to sec. 10, Ch. 758, L. 2023, the inclusion of 44-4-1506 terminates June 30, 2027; and pursuant to sec. 10, Ch. 764, L. 2023, the inclusion of 15-1-143 terminates December 31, 2025.)"

Section 10. Section 23-4-101, MCA, is amended to read:

"23-4-101. Definitions. Unless the context requires otherwise, in this chapter the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person deposits money in an account with an advance deposit wagering hub operator licensed by the board to conduct advance deposit wagering. The money is used to pay for parimutuel wagers made in person, by telephone, or through a communication by other electronic means on horse or greyhound races held in or outside this state.

(2) "Advance deposit wagering hub operator" means a simulcast and interactive wagering hub business licensed by the board that, through a subscriber-based service located in this or another state, conducts parimutuel wagering on the races that it simulcasts and on other races that it carries in its wagering menu and that uses a computer that registers bets and divides the total amount bet among those who won.

(3) "Board" means the board of horseracing provided for in 2-15-1809.

(4) "Board of stewards" means a board composed of three stewards who supervise race meets.

(5) "Department" means the department of commerce provided for in Title 2, chapter 15, part 18.

(6) "Fantasy sports league" has the meaning provided in 23-5-801 but does not include [sections 1

1 through 8].

2 (7) "Immediate family" means the spouse, parents, children, grandchildren, brothers, or sisters of
3 an official or licensee regulated by this chapter who have a permanent or continuous residence in the
4 household of the official or licensee and all other persons who have a permanent or continuous residence in the
5 household of the official or licensee.

6 (8) "Match bronc ride" means a saddle bronc riding contest consisting of two sections known as a
7 "long go" and a "short go" in which the win, place, and show winners are determined by judges of the rides for
8 each go.

9 (9) "Minor" means a person under 18 years of age.

10 (10) "Montana wager" means a parimutuel wager that is placed at a race track in Montana or on a
11 race being conducted in Montana or any parimutuel wager placed by a Montana resident on a race conducted
12 outside of Montana.

13 (11) "Parimutuel facility" means a facility licensed by the board at which fantasy sports leagues
14 under Title 23, chapter 5, part 8, are conducted and wagering on the outcome under a parimutuel system is
15 permitted.

16 (12) "Parimutuel network" means an association licensed by the board to compile and distribute
17 fantasy sports league rosters under Title 23, chapter 5, part 8, and weekly point totals for licensed parimutuel
18 facilities and to manage statewide parimutuel wagering pools on fantasy sports leagues.

19 (13) "Persons" means individuals, firms, corporations, fair boards, and associations.

20 (14) (a) "Race meet" means racing of registered horses or mules, match bronc rides, and wild horse
21 rides at which the parimutuel system of wagering is used. The term includes horseraces, mule races, and
22 greyhound races that are simulcast.

23 (b) The term does not include live greyhound racing.

24 (15) "Racing" means live racing of registered horses or mules and simulcast racing of horses,
25 mules, and greyhounds.

26 (16) "Simulcast" means a live broadcast of an actual horserace, mule race, or greyhound race at the
27 time it is run. The term includes races of local or national prominence.

28 (17) "Simulcast facility" means a facility at which horseraces, mule races, or greyhound races are

1 simulcast and wagering on the outcome is permitted under the parimutuel system.

2 (18) "Simulcast parimutuel network" means an association that has contracted with the board to
3 receive or originate intrastate and interstate simulcast race signals, relay the race signals to licensed simulcast
4 facilities, and manage statewide parimutuel wagering pools on simulcast races or has been licensed by the
5 board to operate a statewide parimutuel wagering pool for fantasy sports leagues. The board may act as a
6 simulcast parimutuel network provider with respect to simulcast races.

7 (19) "Source market fee" means the portion of a wager made with a licensed advance deposit
8 wagering hub operator by a Montana resident that is paid to the board.

9 (20) "Steward" means an official hired by the department and by persons sponsoring a race meet to
10 regulate and control the day-to-day conduct and operation of a sanctioned meet.

11 (21) "Wild horse ride" means a wild horse riding contest in which three-person teams attempt to
12 saddle a wild horse and ride it completely around a track with the first to do so declared the winner."

13

14 **Section 11.** Section 23-5-112, MCA, is amended to read:

15 **"23-5-112. Definitions.** Unless the context requires otherwise, the following definitions apply to parts
16 1 through 8 of this chapter:

17 (1) "Antique gambling device" means:

18 (a) an illegal gambling device manufactured prior to 1994; or

19 (b) any gambling device which, at any present time, is 30 years old or older.

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

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

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

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

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

28 (c) is a party in processing gambling transactions.

1 (5) "Authorized equipment" means, with respect to live keno or bingo, equipment that may be
2 inspected by the department and that randomly selects the numbers.

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

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

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

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

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

16 (b) operated by a senior citizen center.

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

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

21 (12) "Department" means the department of justice.

22 (13) "Distributor" means a person who:

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

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

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

1 (b) The term does not mean conducting or participating in:

2 (i) promotional games of chance;

3 (ii) amusement games regulated by Title 23, chapter 6, part 1;

4 (iii) social card games of bridge, cribbage, hearts, pinochle, pitch, rummy, solo, and whist played
5 solely for prizes of minimal value, as defined by department rule; or

6 (iv) patron dice games as defined in this section;

7 (v) online sports wagering regulated under [sections 1 through 8]; and

8 (vi) fantasy sports contests as defined in [section 2].

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

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

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

16 (b) The term does not mean:

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

19 (ii) a promotional game of chance;

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

21 (iv) a savings promotion raffle offered by a bank, trust company, mutual savings bank, savings and
22 loan association, or credit union authorized to do business and accept deposits in this state under state or
23 federal law and conducted in compliance with 23-5-413 that entitles individual members or depositors equal
24 chances to win a designated prize by depositing a sum of money during a specified savings period; or

25 (v) an entry into a raffle as a result of paying membership dues or making a purchase of an item
26 offered during a fundraising event held by a nonprofit organization.

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

28 (19) "Heads or tails" means a gambling activity in which players attempt to predict the outcome of a

1 coin toss. Those who are incorrect are eliminated and those who are correct continue to another round until one
2 winning player remains and is awarded a prize.

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

6 (21) "Illegal gambling device" means a gambling device not specifically authorized by statute or by
7 the rules of the department. The term includes:

8 (a) a ticket or card, by whatever name known, containing concealed numbers or symbols that may
9 match numbers or symbols designated in advance as prize winners, including a pull tab, punchboard, push
10 card, tip board, pickle ticket, break-open, or jar game, except for one used under Title 23, chapter 7, under part
11 5 of this chapter, in a bingo game approved by the department under part 4 of this chapter, or in a promotional
12 game of chance approved by the department; and

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

16 (22) "Illegal gambling enterprise" means a gambling enterprise that violates or is not specifically
17 authorized by a statute or a rule of the department. The term includes:

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

21 (b) dice games known as craps, hazard, or chuck-a-luck, but not including patron dice games or
22 activities authorized by 23-5-160;

23 (c) credit gambling; and

24 (d) internet gambling.

25 (23) (a) "Internet gambling", by whatever name known, includes but is not limited to the conduct of
26 any legal or illegal gambling enterprise through the use of communications technology that allows a person
27 using money, paper checks, electronic checks, electronic transfers of money, credit cards, debit cards, or any
28 other instrumentality to transmit to a computer information to assist in the placing of a bet or wager and

1 corresponding information related to the display of the game, game outcomes, or other similar information.

2 (b) The term does not include the operation of a simulcast facility or advance deposit wagering
3 with a licensed advance deposit wagering hub operator allowed by Title 23, chapter 4, the state lottery provided
4 for in Title 23, chapter 7, or a raffle authorized under Title 23, chapter 5, part 4, that is sponsored by a nonprofit
5 organization and that is registered with the department, online sports wagering regulated under [sections 1
6 through 8], or fantasy sports contests as defined in [section 2]. If all aspects of the gaming are conducted on
7 Indian lands in conformity with federal statutes and with administrative regulations of the national Indian gaming
8 commission, the term does not include class II gaming or class III gaming as defined by 25 U.S.C. 2703.

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

12 (25) "Keno caller" means a person 18 years of age or older who, using authorized equipment,
13 announces the order of the numbers drawn in live keno.

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

17 (27) "Licensee" means a person who has received a license from the department.

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

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

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

25 (30) "Manufacturer" means a person who:

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

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

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

6 (31) "Nonprofit organization" means an organization established as a nonprofit to support charitable,
7 religious, scholastic, educational, veterans', fraternal, beneficial, civic, senior citizens', or service organizations'
8 charitable activities, scholarships or educational grants, or community service projects.

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

12 (33) "Ownership" or "ownership interest" means the ability to:

13 (a) share in the profits, losses, or liabilities of a gambling operation;

14 (b) enjoy the privileges reserved to licensees; or

15 (c) control a gambling operation.

16 (34) (a) "Patron dice games" means dice games involving wagers played by two or more patrons
17 over 18 years of age on the premises of a licensed gambling operator that the licensee does not promote and in
18 which the licensee does not participate or acquire a financial interest either as the bank of the game or as the
19 source of credit for players.

20 (b) The term does not include:

21 (i) an illegal gambling enterprise as defined in this section; or

22 (ii) activities authorized by 23-5-160.

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

25 (36) "Person" or "persons" means both natural and artificial persons and all partnerships,
26 corporations, associations, clubs, fraternal orders, and societies, including religious and charitable
27 organizations.

28 (37) "Premises" means the physical building or property within or upon which a licensed gambling

1 activity occurs, as stated on an operator's license application and approved by the department.

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

8 (39) "Public gambling" means gambling conducted in:

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

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

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

16 (40) "Raffle" means a form of lottery in which each participant pays valuable consideration for a
17 ticket to become eligible to win a prize. Winners must be determined by a random selection process approved
18 by department rule.

19 (41) "Route operator" means a person who:

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

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

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

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

1 (43) (a) "Slot machine" means a mechanical, electrical, electronic, or other gambling device,
2 contrivance, or machine that, upon insertion of a coin, currency, token, credit card, or similar object or upon
3 payment of any valuable consideration, is available to play or operate, the play or operation of which, whether
4 by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the
5 person playing or operating the gambling device to receive cash, premiums, merchandise, tokens, or anything
6 of value, whether the payoff is made automatically from the machine or in any other manner.

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

9 (44) "Video gambling machine" is a gambling device specifically authorized by part 6 of this chapter
10 and the rules of the department."

11
12 **Section 12.** Section 23-5-113, MCA, is amended to read:

13 **"23-5-113. Department as criminal justice agency.** The department is a criminal justice agency
14 whose designated agents are granted peace officer status, with the power of search, seizure, and arrest.
15 Agents are authorized to investigate gambling activities in this state regulated by parts 1 through 8 and
16 [sections 1 through 8] of this chapter and the rules of the department, to report violations to the county attorney
17 of the county in which they occur, to investigate and report on activities related to liquor and tobacco
18 administration under Title 16, and to act as appointed by the attorney general."

19
20 **Section 13.** Section 23-5-115, MCA, is amended to read:

21 **"23-5-115. Powers and duties of department -- licensing.** (1) The department shall administer the
22 provisions of parts 1 through 8 and [sections 1 through 8] of this chapter.

23 (2) The department shall adopt rules to administer and implement parts 1 through 8 and [sections
24 1 through 8] of this chapter.

25 (3) The department shall provide licensing procedures, prescribe necessary application forms, and
26 grant or deny license applications and may provide for the issuance of temporary operating authority.

27 (4) The department shall, as a prerequisite to the issuance of a license pursuant to the authority
28 contained in this chapter, require the applicant to submit fingerprints for the purpose of a criminal background

1 investigation by the department and the federal bureau of investigation.

2 (5) The applicant shall sign a release of information to the department and is responsible to the
3 department for the payment of all fees associated with the criminal background check.

4 (6) The department shall prescribe recordkeeping requirements for licensees, provide a procedure
5 for inspection of records, provide a method for collection of taxes, and establish penalties for the delinquent
6 reporting and payment of required taxes.

7 (7) The department may suspend, revoke, deny, or place a condition on a license issued under
8 parts 1 through 8 and [sections 1 through 8] of this chapter.

9 (8) The department may not make public or otherwise disclose confidential criminal justice
10 information, as defined in 44-5-103, information obtained in the tax reporting processes, personal information
11 protected by an individual privacy interest, or trade secrets, as defined in 30-14-402, specifically identified and
12 for which there are reasonable grounds of privilege asserted by the party claiming the privilege.

13 (9) The department shall assess, collect, and disburse any fees, taxes, or charges authorized
14 under parts 1 through 8 and [sections 1 through 8] of this chapter."
15

16 **Section 14.** Section 23-5-802, MCA, is amended to read:

17 **"23-5-802. Fantasy sports leagues authorized.** It is lawful to conduct or participate in a fantasy
18 sports league, including a fantasy sports league that is operated under a parimutuel system of wagering
19 regulated under Title 23, chapter 4. It is unlawful to wager on a fantasy sports league by telephone or by the
20 internet. This section does not apply to [sections 1 through 8]."
21

22 **Section 15.** Section 23-7-102, MCA, is amended to read:

23 **"23-7-102. Purpose.** (1) The purpose of this chapter is to allow lottery games and sports wagering in
24 which the player purchases from the state, through the administrators of the state lottery and sports wagering
25 agency, a chance to win a prize. The state lottery and sports wagering agency may provide products sold only
26 through an authorized device at a sales agent location licensed by the director.

27 (2) The administration and construction of this chapter must comply with Article III, section 9, of the
28 Montana constitution, which mandates that all forms of gambling are prohibited unless authorized by acts of the

1 legislature or by the people through initiative or referendum. Therefore, this chapter must be strictly construed
2 to allow only those games that are within the scope of this section and within the definition of "lottery game" or
3 "sports wagering".

4 (3) The state lottery may not:

5 (a) operate a slot machine or carry on any form of gambling prohibited by the laws of this state; or

6 (b) carry on any form of gambling permitted by the laws of this state except for a lottery game or
7 sports wagering within the scope of this section and within the definition of "lottery game" or "sports wagering".

8 (4) Nothing in this chapter applies to Montana online sports wagering in [sections 1 through 8]."

9
10 NEW SECTION. Section 16. Codification instruction. [Sections 1 through 8] are intended to be
11 codified as a new part in Title 23, chapter 5, and the provisions of Title 23, chapter 5, apply to [sections 1
12 through 8].

13
14 NEW SECTION. Section 17. Effective date. [This act] is effective July 1, 2025, however, online
15 sports wagering may not commence later than January 15, 2026.

16 - END -