

Montana

Changes to Existing Montana Code Annotated.

Sec. 23-5-110 Public Policy of State Concerning Gambling should be amended to reflect sports wagering is allowed.

Sec. 23-5-112 Definitions should be amended to include the following definitions or amendments to existing definitions:

Definitions:

1. Sportsbook or sports betting means the business of accepting wagers on sporting events or other events by any system or method of wagering as defined and described in the Montana Sports Betting Act in part __ of this chapter.
2. Wagering credit means a representative of value, other than a chip, token or wagering instrument, that is used for wagering at a sportsbook and is obtained by the payment of cash or a cash equivalent, the use of a wagering instrument or the electronic transfer of money.
3. Sec. 23-5-112 (15) "Gambling enterprise" should be amended to include sports betting pursuant to the Montana Sports Betting Act in part ____ of this Chapter.
4. Sec. 23-5-112 (20c) "Illegal gambling enterprise" - "sports betting" should be deleted as the defines sports betting as an illegal gambling enterprise.
5. Sec. 23-5-113(21) "Internet gambling" should be amended to exclude sports betting pursuant to the Montana Sports Betting Act in part ____ of this Chapter.
6. Sec. 23-5-112 (24) "License" should be amended to add Sportsbook Operator as defined in the Montana Sports Betting Act in part __ of this Chapter.
7. Sec. 23-5-112 (25) "Licensee" should be amended to include a Sportsbook Operator as a Licensed Gaming Entity as defined in the Montana Sports Betting Act in part __ of this chapter.
8. Sec. 23-5-112 (30) "Operator" should be amended to include a reference to the Montana Sports Betting Act.
9. Sec. 23-5-112 (31) "Permit" should be amended to include a reference to sports betting pursuant to the Montana Sports Betting Act.
10. Sec. 23-5-112(37) "Route Operator" should be amended as follows:

(37) "Route Operator" means a person who:

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

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

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

(d) a Sportsbook Operator as defined in the Montana Sports Betting Act pursuant to part ___ of this chapter.

11. Sec. 23-5-113. Should be revised to reference the Montana Sports Betting Act in Part ___ of this chapter.
12. Sec. 23-5-115. Should be revised to reference licensing of sports betting pursuant to the Montana Sports Betting Act.
13. Sec. 23-5-117. Premises approval. Should be revised to reference sports betting pursuant to the Montana Sports Betting Act.
14. Sec. 23-5-130. Allowable compensation for route operator. Should be revised to exclude a route operator acting as a Sportsbook Operator and operating a sportsbook pursuant to the Montana Sports Betting Act in part ___ of this chapter.
15. Sec. 23-5-157. Gambling on a cash basis. Should exclude a sportsbook or sports betting operation licensed pursuant to the Montana Sports Betting Act in part ___ of this chapter.
16. Part 5 of the Montana Code Annotated (Sec. 23-5-501 – 513). Part 5 contains definitions, authorization, rules etc. for a “Sports pool,” a “Sports tab” and a “Sports tab game” that are non-banked games (ie. Spaces on a board, pools etc.) should either be revised to differentiate these activities from sports betting or change Part 5 definitions to clearly delineate between non banked games allowed currently in Montana and sports betting as defined and described in the Montana Sports Betting Act.
17. Sec. 23-5-806. Prohibits sports betting. This section should be repealed and Part 9 which is currently reserved should become the Montana Sports Betting Act.

PART 9 THE MONTANA SPORTS BETTING ACT.

1) Short Title

- a) This part 9 shall be known and cited as the Montana Sports Betting Act.

2) Definitions

- a) “Adjusted Gross Receipts” or “Hold” means Sportsbook Operator’s gross receipts on sports betting transactions originated and completed within Montana, minus:
 - i) Winnings paid out by that Sportsbook Operator to bettors who have won sports propositions, or the value of outstanding winning tickets;
 - ii) Payments remitted by that Sportsbook Operator to the federal government as part of the federal excise tax;
 - iii) Actual costs paid by that Sportsbook Operator for any personal property or services distributed to patrons as prizes;

That Sportsbook Operator’s collectable betting receivables.

- b) “Betting” or “Sports Betting,” or “Bet” means a patron using a Sports Wagering Account to gamble or wager on sports events or sports propositions with a Sportsbook Operator.
 - i) Betting does not mean gambling on table games or line games of the type found in a premises of a licensed gaming operation, on lottery games of the Montana lottery, or on any form of video gaming machines;
 - ii) Betting does not mean wagering on any other contest related to a sporting event or series of events, including pari-mutuel animal racing, daily fantasy sports contests, sports pools, sports tabs, sports tab games, illegal sportsbooks or sports betting as defined by Parts 1-___ of this chapter, social sports betting products, virtual sports contests, esports matches or tournaments. Notwithstanding the foregoing, in play wagers shall be authorized as betting or sports betting.
- c) “Bettor” means a patron who bets with a Sportsbook Operator, either in person at the sportsbook located in the premises of a licensed gaming operation or via that Sportsbook Operator’s interactive sports betting platform while the patron is inside the premises of a licensed gaming operation.
- d) “Black-market Operator” means:
 - i) An entity that conducts the business of sports betting and does not hold a certificate or permit in Montana, but nonetheless through the internet, offers to and conducts the business of sports betting with, customers located in Montana.
 - ii) An entity that conducts the business of sports betting and does not hold a certificate or permit in Montana, but nonetheless through an in-person business, offers to and conducts the business of sports betting with customers located in Montana.
 - iii) Black-market operator does not refer to those conducting informal “pool” betting or sports pools, sports tabs or sports tab games as defined in Part 5 of this chapter.
- e) “Certificate” refers to form of sub-licensure, that is awarded solely by Department to Sportsbook Operators, interactive sports betting platforms, and suppliers, allowing (i) a Sportsbook Operator to offer sports betting via a sportsbook, (ii) an interactive sports betting platform to accept sports betting via the platform while the patron is inside the premises of a licensed gaming operation, and (iii) allowing suppliers to sell or lease sports betting equipment, systems, or other items necessary to conduct sports betting, and to offer services related to such equipment or other items to a Sportsbook Operator for agreed upon consideration, including a revenue share with the Sportsbook Operator.
- f) “Certificate holder” means a Sportsbook Operator, or an interactive sports betting platform, or a supplier to any of the aforementioned, that has been issued a certificate of authority by the Department to conduct the business of sports betting.
- g) “Collegiate sports or athletic event” means a sport or athletic event involving the participation of any post-secondary education institution.
- h) “Global Risk Management” means the direction, management, consultation and/or instruction for purposes of managing risks associated with a Sportsbook Operator’s sports betting conducted pursuant to this section, and includes the setting and adjustment of any sports proposition. Global Risk Management shall only be provided by a licensed sportsbook operator;
- i) “Gross Receipts” or “Handle” or “Turnover” means the total amount of money bet by patrons on sports propositions.
- j) “Interactive Sports Betting Platform” or “Platform” means a certificate-holding entity that provides software and other technologies to a Sportsbook Operator in order to

facilitate betting over the internet or other digital applications, via hardware mechanisms such as laptop or desktop computers, mobile devices, or other personal electronic devices. Platforms can either be owned and operated by Sportsbook Operators, or can exist as third-parties who provide technological solutions to Sportsbook Operators.

- k) “Licensed Gaming Entity” means any licensed route operator acting as a Sportsbook Operator or an operator of a premises of a licensed gaming operation that hosts a sportsbook in Montana that is currently licensed by the Department to conduct a gambling enterprise as set forth and defined in Part 1 of this chapter.
 - i) “Messenger Bettor” means a person who places a bet for the benefit of another person for compensation.
- l) “Net Sportsbook Income” means the product of the Adjusted Gross Receipts minus the taxes payable pursuant to Section 10 of the Montana Sports Betting Act.
- m) “Money” means any instrument that takes on or transfers real-world financial value, including but not limited to, fiat currency, cash and cash equivalents, coinage, and debit cards.
- n) “Patron” means a bettor or sportsbook customer who deposits money into an established Sports Betting Account with a Sportsbook Operator and uses the money on deposit in the established Sports Betting Account to bet on the outcome of one or more sports propositions.
 - i) Patron does not and may not mean a Sportsbook Operator, interactive sports betting platform, or supplier or an employee of the Sportsbook Operator, an interactive sports betting platform, or supplier. A patron, however, does include the Operator of the premises of a licensed gaming operation and employees of the Operator of the premises of a licensed gaming operation.
- o) “Sport Betting Fund” means a special fund created in the Montana Treasury as described in Section 12 of this Part ____.
- p) “Sportsbook” means an operation operated by a Sportsbook Operator that conducts the business of sports betting via a physical sportsbook at a premises of a licensed gaming operation, and/or via an interactive sports betting platform for use by a patron who is inside the premises of a licensed gaming operation. An interactive sports betting platform itself, as well as an employee, a supplier, and any data provider, shall not be considered sportsbooks or a Sportsbook Operator.
- q) “Sportsbook Operator” means a certificate-holding or permit-holding entity that is legally allowed to conduct the business of sports betting in Montana, only as a licensed route operator on behalf of a licensed gaming entity, including at a physical sportsbook located within a premises of a licensed gaming operation and via an interactive sports betting platform from within the premises of a licensed gaming operation. The operator of a premises of a licensed gaming operation shall not be a Sportsbook Operator.
- r) “Sports Betting Account” means a financial record established by a Sportsbook Operator for a bettor or bettors, in which a bettor or bettors may deposit and withdraw funds for betting and other authorized purposes, and by which a bettor or bettors must place bets, and through which the certificate holder may credit winnings due to the account. A Sportsbook Operator that conducts sports betting may create a Sports Betting Account for a patron only after it has registered the patron, either remotely or in person as set forth in regulations promulgated by the Department. The Sports Betting Account must be funded

in cash by the patron in person at the sportsbook or through an approved sports betting kiosk.

- s) “Sports Event” means any professional sporting or athletic contest or game, or any collegiate sporting or athletic contest or game, any Olympic sporting or athletic contest or game or any electronic sporting event or competition, regardless of whether competitors in the event are comprised of whole teams or single individuals, and regardless of the geographic location of the contest, game, event or competition. Except as otherwise provided in this definition, a sports event does not include any amateur sport or athletic event;
- t) “Sportsbook” means conducting the business of sports betting and all related processes and procedures therein, particularly the acceptance of bets on sports events or sports propositions by any system or method, including exchange betting.
- u) “Sports Proposition” means any aspect of a sports event that is offered to patrons to bet on, including:
 - i) Any full or partial outcome of any sports event, championship, tournament, or series of events therein, including point spreads, point totals, moneyline bets, parlay bets, teaser bets, pleaser bets, and if/then bets;
 - ii) The outcome of non-statistical or non-athletic events related to a sporting event such as prop bets, the statistical performances of individual or multiple athletes in those events, or some combination of any of the same;Propositions may be bet on via mechanisms including personal computers and mobile devices, or other digital platforms that utilize communications technology to accept bets originating in Montana.
- v) “Supplier” means a licensed manufacturer, distributor, person or business that is a certificate holder that provides another certificate holder with equipment, goods or services to carry out the business of sports betting, including, without limitation, account wagering equipment or systems, player tracking equipment or systems, bookmaking equipment or systems, call center equipment or systems, communications technology and other equipment or associated equipment or systems involved with sports betting.
- w) “Ticket” or “Bet Slip” means any paper record or digital record of any and all bets made in a single transaction by a bettor with a certificate holder.

3) Authorization, Findings and Declarations

- a) Notwithstanding any provision of law to the contrary, the operation of sports betting is only lawful when conducted in accordance with this part ___ and parts 1 - ___ of this chapter and any subsequent regulations promulgated by the Department.
- b) The Legislature finds that:
 - i) The federal ban on sports betting, the Professional and Amateur Sports Protection Act (PASPA), has failed in its attempt to combat illegal sports betting, and has instead proven ineffective and deleterious to the citizens of the United States, and that;
 - ii) An illegal sports betting black market exists in America that takes in an estimated \$150 billion in bets every year and poses a critical threat to the safety and welfare of the citizens of Montana, and that;
 - iii) Creating civil and criminal penalties to prosecute illegal sports betting operators while transferring black-market demand into a secure and highly regulated

- environment will protect the public and positively benefit Montana's revenues and Montana's economy, and that;
- iv) In order to protect the consumers of Montana who bet on sports it is in the best interests of Montana to offer legalized, regulated betting, and that;
 - v) Preserving the integrity of sports events by protecting them from manipulation and fraud is vital, and best conducted in a legal, transparent market that is run by licensed gaming entities and provides visibility into betting data, and that;
 - vi) The operation of licensed gaming entities in Montana play a critical role in Montana's economy, and that;
 - vii) The most effective and efficient manner in which Sportsbook Operators can operate, and the Department can regulate, sports betting is to limit certificate holders to existing licensed route operators, or platforms, and suppliers that offer sports betting on a premises of a licensed gaming operation, and that;
 - viii) The operation of sports betting at the premises of a licensed gaming operation by licensed route operators on behalf of licensed gaming entities serves to protect, preserve, promote and enhance the tourism industry of Montana as well as the general fiscal wellbeing of Montana and its subdivisions.

4) Department Duties and Powers

- a) In addition to the duties set forth elsewhere in this part ____, the Department shall have the sole authority to regulate sportsbooks conducted by Sportsbook Operators under this part ____.
- b) The Department shall adopt regulations as it sees fit in order to implement this part ____ no later than 180 days from the enactment of this part ____. Those regulations shall include further standards beyond those laid out in this part ____. Those further standards will address:
 - i) The conduct of betting, including the acceptance and payout of bets on a sports event or a series of sports events, the manner in which odds are disclosed, maximum wagers which may be accepted by a Sportsbook Operator from any one patron on any one sports event, type of wagering tickets which may be used, method of issuing tickets, method of accounting used by Sportsbook Operators, types of records which shall be kept, and type of system for wagering;
 - ii) The establishment of minimum internal control standards (MICS) and approval of minimum internal control standards proposed by licensed Sportsbook Operators for administration of sports betting operations, wagering equipment and systems, or other items used to conduct sports wagering, as well as maintenance of financial records and other required records;
 - iii) The conduct of offering betting via an interactive sports betting platform over the Internet through a website, or through a mobile device, to patrons located inside the premises of the licensed gaming operation;
 - iv) The responsible advertising of betting-related products and content across all mediums;
 - v) The development and deployment of responsible gaming resources for patrons;
 - vi) The ensuring of game integrity through, among other obligations, the mandatory monitoring and reporting of suspicious betting activity;

- vii) The use, suitability and testing of betting-related equipment and systems, including interactive sports betting platforms;
- viii) The investigation of suspicious betting activity identified by any certificate holder, including how, when, and with what other bodies the reported activity is shared, and including cooperation with any related civil or criminal proceedings or law enforcement investigations;
- ix) The eligibility and suitability of Sportsbook Operators, platforms, and suppliers to hold a certificate;
- x) The use of global risk management;
- xi) The adequacy of a Sportsbook Operators' surveillance systems monitoring sportsbook activity;
- xii) The maintenance and reporting of all compulsory betting-related financial records;
- c) The Department shall maintain and publicly post a list of all certificate holders, to be updated in perpetuity as certificate holders are approved, and disseminate said list to each certificate holder.
- d) The Department shall levy and collect all fees, surcharges, civil penalties, and quarterly tax on adjusted gross receipts imposed by this part _____, and promptly deposit all money into the Montana treasury for credit to the Sports Betting Fund.
- e) The Department may sue to enforce any provision of this part ____ or of any promulgated regulation by civil action or petition for injunctive relief.
- f) The Department shall hear complaints from the public, hold hearings, administer oaths and issue subpoenas.
- g) The Department shall have exclusive jurisdiction over disputes between patrons and Sportsbook Operators.
- h) The Department shall develop and adopt further regulations to govern betting rules by [PREFERRED DATE].

5) Authority to Conduct Betting

- a) No person or party shall have the authority to conduct sports betting or a sportsbook unless all necessary certificates have been obtained in accordance with this part ____ and in accordance with any promulgated regulations. Three types of certificates:

- (1) Sportsbook Operator;
- (2) Platform; and
- (3) Supplier.

--are issued pursuant to this part ____ and in accordance with any promulgated regulations.

- b) The Department shall announce its intention to accept applications for all certificate types, and the requirements for said applications, no fewer than 180 days after enactment of this part ____.
- c) A Sportsbook Operator may enter into revenue sharing agreements with Platforms and Suppliers who hold certificates.

6) Application Requirements and Prohibitions

- a) Any licensed route operator, platform, or supplier that wishes to conduct the business of sports betting shall apply for a certificate.

- b) No person or party shall be issued any certificate or permit until the Department determines that each applicant, and each person who has control of the applicant, meets all qualifications or licensure as set forth in parts 1 - ___ of this chapter.
- c) All applicants for any certificates or permits shall submit an application to the Department in the form the Department requires.
- d) Except as otherwise provided in this subsection (d), the following persons and companies are prohibited from applying for any certificate or permit issued under this part ___:
 - i) Any employee of the Department;
 - ii) Any individual person or applicant that has previously and knowingly and intentionally offered betting in any form to U.S. customers, or knowingly and intentionally accepted bets in any form from U.S. customers, or worked for any company that knowingly and intentionally offered or accepted such bets, without first acquiring licensure to conduct betting in the state or tribal jurisdiction which the bet was placed and accepted. Persons or companies that have offered or accepted such bets will be considered for the purposes of this part ___ “black-market sportsbooks.” Individuals who work or have worked for these persons or companies will be considered for the purposes of this part ___ “black-market employees.” Any individual person or applicant who or that is considered a “black-market sportsbook” or “black market employee” is prohibited from applying for any certificate or permit issued under this part for a period of five (5) years after the effective date of the Montana Sports Betting Act.
 - iii) Any individual person or applicant, regardless of past licensure status, that knowingly and intentionally accepted bets from, knowingly and intentionally placed any form of bets with, or have worked for any company that knowingly and intentionally accepted or placed such bets with, black-market sportsbooks. Any individual person or applicant who has violated the provisions of this subsection is prohibited from applying for any certificate or permit issues under this part for a period of five (5) years after the effective date of the Montana Sports Betting Act.
 - iv) Any current professional or collegiate:
 - (1) athlete;
 - (2) coach, assistant coach or team staffer;
 - (3) official or referee;
 - (4) agent to players or coaches;
 - (5) league or conference or committee employee;
- e) Upon promulgation of the requirements for certificate application and henceforth, the Department will publish and disseminate to any applicant as well as any certificate holder or permit holder a list of black-market sportsbooks.
- f) Upon discovery of black-market employees, the Department shall publish and disseminate to applicants and certificate holders and permit holders a list of individuals, and shall share that list with law enforcement.

7) Certificate Types, Requirements, and Violations

- a) Sportsbook Operator Certificate
 - i) All betting authorized by this part ___ shall be betting conducted in Montana.

- ii) A Sportsbook Operator certificate granted by the Department pursuant to this part ____ grants Sportsbook Operator certificate holders lawful authority to conduct sports betting in accordance with the terms and conditions of the certificate and any regulations promulgated under this part ____;
 - iii) Upon application and payment of an application fee in the amount of Seventy Five Thousand Dollars (\$75,000.00), the Department shall immediately grant a Sportsbook Operator certificate to a route operator, provided that the route operator applicant has partnered with a licensed premises of a licensed gaming operation to offer sports betting, and otherwise meets the requirements for licensure under the provisions of this part ____ and the rules of the Department. The operator of a premises of a licensed gaming operation that offers sports betting at its licensed premises through a route operator with a certificate or permit to operate sports betting shall not be required to obtain a certificate or permit to operate sports betting. The Sportsbook Operator certificate shall expire five years after it was issued and may be renewed for additional periods of five years each upon payment of the then applicable application fee. In addition to the renewal fee, each certified Sportsbook Operator shall submit a renewal application on the form required by the Department.
 - iv) Route operators that also own their own interactive sports betting platforms can apply simultaneously for a dual Sportsbook Operator and platform certificate and will be considered a single certificate holder;
 - v) A Montana Sportsbook Operator certificate authorizes the operation of sports betting by a route operator at a Montana premises of a licensed gaming operation, and through the use of any mobile application or other platforms approved by the Department for use by a patron while inside the licensed premises;
 - vi) Except as otherwise provided in subsection (a)(iii), a Sportsbook Operator certificate applicant shall submit to the Department such documentation or information as the Department may require demonstrating to the satisfaction of the director that the applicant will meet the requirements of the law and regulations.
 - vii) A Montana certified Sportsbook Operator shall execute a surety bond in an amount and in the form approved by the Department, to be given to Montana, to guarantee the certified Sportsbook Operator faithfully makes all payments in accordance with the provisions of this part ____ and rules promulgated by the Department;
 - viii) Upon application for a certificate and annually thereafter, a Montana certified Sportsbook Operator shall submit to the Department an annual audit of the financial transactions and condition of the certified Sportsbook Operators total operations prepared by a certified public accountant in accordance with generally accepted accounting principles and applicable laws;
 - ix) A Montana certified Sportsbook Operator shall demonstrate that its sportsbook will:
 - (1) Be accessible to disabled individuals, in accordance with applicable federal and state laws;
 - (2) be certified in accordance with this part ____, and all other applicable laws; and
 - (3) meet any other qualifications specified in rules adopted by the Department;
- b) Platform Certificate
- i) A platform certificate granted by the Department pursuant to this part ____ grants Sportsbook Operators lawful authority to conduct the business of sports betting in

- Montana via an interactive sports betting platform in accordance with the terms and conditions of the certificate and any regulations promulgated under this part ____;
- ii) Sportsbook Operators may own and operate their own platforms, or contract with third-party platforms;
 - iii) No uncertified platform may provide technology for any Sportsbook Operator to legally conduct the business of sports betting within Montana;
 - iv) A platform certificate applicant shall submit to the Department such documentation or information as the Department may require demonstrating to the satisfaction of the director that the applicant will meet the requirements of the law and regulations.
 - v) The Department will promulgate regulations governing technical standards for any certified interactive sports betting platform;
- c) Supplier Certificate
- i) The Department may issue a supplier certificate to a person to sell or lease sports betting equipment, systems, or other items necessary to conduct sports betting, and offer services related to such equipment or other items to a Montana Sportsbook Operator certificate holder while the certificate is active. The Department may establish the conditions under which the Department may issue provisional certificates, pending completion of final action on an application. A supplier will not supply an interactive sports betting platform;
 - ii) The Department may adopt rules establishing additional requirements for a Montana supplier and any system or other equipment utilized for betting other than a platform or a mobile or internet device operated by a bettor or patron in order to access a platform. The Department may accept certification by another jurisdiction that it specifically determines to have similar certification requirements, as evidence the applicant meets Montana supplier certification requirements;
 - iii) An applicant for a supplier certificate shall demonstrate that the equipment, system, or services that the applicant plans to offer to a Sportsbook Operator conform to standards established by the Department and applicable law. The Department may accept approval by another jurisdiction, that it specifically determines to have similar equipment standards, as evidence the applicant meets the standards established by the Department and applicable law;
 - iv) A certified supplier shall submit to the Department a list of all sports betting equipment and services sold, delivered to, or offered to a Montana Sportsbook Operator in Montana, as required by the Department, all of which must be tested and approved by an independent testing laboratory approved by the Department. A certified Sportsbook Operator may continue to use supplies acquired from a certified supplier, even if a supplier's certification expires or is otherwise cancelled, unless the Department finds a defect in the supplies;
- d) Employees
- i) The Department may establish, by rule, job classifications with different requirements to recognize the extent to which a particular job has the ability to impact the proper operation of sports betting in Montana. Employees of Sportsbook Operators who the Department determines must be certified in order to engage directly in sports betting related activities must submit an application for a certificate within thirty (30) days after a certificate requirement determination has been made by the Department;

- ii) Applicants shall submit any required application forms established by the Department and pay a nonrefundable application fee of \$100. The fee may be paid on behalf of an applicant by the employer;
- iii) Each certified employee shall pay to the Department an annual certificate fee of \$____ by June 30 of each year. The fee may be paid on behalf of the certified employee by the employer. In addition to a renewal fee, each certified employee shall annually submit a renewal application on the form required by the Department;
- e) Data Provider
 - i) The generation or acquisition by sportsbooks of the types of data necessary for a sports betting operation;
 - ii) All certificate holder Sportsbook Operators, upon entering into a private business contract with any data provider, will notify the Department of such private business contract within thirty (30) days after the effective date of the contract;
 - iii) No data provider shall deliver data to or access data from a certificate-holder in the event the Department issues a cease and desist notice to the data provider and certificate holder Sportsbook Operator;
- f) The violation of any of the following conditions shall be considered a violation of suitability to conduct the business of sports betting, and shall result in a suspension of, revocation of, or the voiding of any application for, a certificate:
 - i) No Sportsbook Operator may offer betting in any form to U.S. customers or accept bets in any form from U.S. customers without first acquiring licensure to conduct betting in the state or tribal jurisdiction where the bet was placed and accepted, unless allowed by a sports wagering agreement;
 - ii) No Sportsbook Operator shall place any form of bets, including layoff bets, with, black-market sportsbooks;
- g) A running list of all black-market sportsbooks and all black-market employees will be regularly maintained and monitored by the Department, be made available to the general public, and shared routinely with all certificate holders and law enforcement;
- h) The Department may deny or revoke a certificate or permit or the right to deliver data or access data from any applicant or any certificate or permit holder or data provider if the party in question does not meet any of the requirements of this part ____, including if the party:
 - i) Has not demonstrated to the satisfaction of the Department financial responsibility sufficient to adequately meet the requirements of the proposed enterprise;
 - ii) Is not the true owner of the business or is not the sole owner and has not disclosed the existence or identity of other persons who have an ownership interest in the business;
 - iii) Is a corporation that sells more than five percent of a certificate holder's voting stock, or more than five percent of the voting stock of a corporation which controls the certificate holder, or sells a certificate holder's assets, other than those bought and sold in the ordinary course of business, or any interest in the assets, to any person not already determined by the Department to have met the qualifications of a certificate holder under this part ____;
 - iv) Has violated at any time a black-market provision pursuant to this part ____;
 - v) Has fabricated, exaggerated or otherwise been dishonest about any portion of information required by the Department throughout the application process;

8) Sportsbook Duties and Obligations

- a) Sportsbooks shall adopt comprehensive house rules for game play governing patron betting transactions by:
 - i) Specifying the procedures required to accept a bet, and the amounts to be paid on winning wagers;
 - ii) Submitting the rules to the Department for approval prior to implementation;
 - iii) Publishing said rules as part of minimum internal control standards;
 - iv) Conspicuously displaying the rules, together with any other information the Department deems appropriate, and the terms and conditions of each Sportsbook Operator's and platform's betting system;
 - v) Making copies of the house rules readily available to patrons;
- b) Sportsbooks shall promote responsible gaming by:
 - i) Clearly communicating the legal betting age and prohibiting minors from engaging in any form of betting;
 - ii) Clearly communicating all house rules for gameplay governing patron betting transactions;
 - iii) Clearly communicating information concerning assistance for responsible play in Montana, including a toll-free number directing callers to reputable resources containing further information;
 - iv) Employing geolocation technology to ensure patrons who place sports bets are located inside the premises of a licensed gaming operation within Montana at the time they place a bet;
 - v) Limiting bettors or patrons to one account per bettor or patron;
 - vi) Enabling bettors or patrons to exclude themselves from betting at any time, and taking reasonable steps to prevent self-excluded bettors from betting;
 - vii) Ensuring that advertisements for sports propositions in Montana shall not target those not of legal betting age in Montana
- c) Sportsbooks shall monitor the integrity of all sports propositions by:
 - i) Identifying a series of minimum internal indicators of potential suspicious or irregular betting activity;
 - ii) Developing and sharing with the Department those indicators;
 - iii) Implementing technological requirements for integrity monitoring, and monitoring any specific indicators of potential suspicious activity as mandated by the Department pursuant to industry standards;
 - iv) Employing a monitoring system utilizing software to identify non-normal irregularities in volume or odds swings which could signal suspicious activities that should require further investigation which shall be immediately reported and investigated by the Department. System requirements and specifications shall be developed in accordance with industry standards and implemented by the Department as par to the MICS; and
 - v) Implementing any other requirements as developed and promulgated by the Department;
- d) Sportsbooks shall not, unless ordered by a court of law, or ordered by state or federal law enforcement pursuant to an investigation, divulge or communicate any personally identifiable customer information obtained through conducting the business of sports

betting. This information does not include anonymized, numeric betting information, or any other anonymized information reported to a Department for integrity monitoring purposes.

- e) Sportsbooks shall promptly report to the Department any facts or circumstances obtained by any employee at any time related to any Montana certificate holder that they reasonably know to constitute a violation of state or federal law;
- f) Sportsbooks shall hold the Department and Montana harmless from and defend and pay for the defense of any and all claims which may be asserted against a certificate holder, the Department or employees thereof, or Montana, arising from the certificate holder's conducting of the business of sports betting;
- g) Sportsbooks shall ensure that:
 - i) Betting conducted via any Sportsbook Operator at the sportsbook or a kiosk is within the sight and control of designated employees of the certificate holder and conducted under continuous observation by security equipment in conformity with specifications and requirements promulgated the Department;
 - ii) Betting conducted via any platform is monitored in real-time by designated employees of the certificate holder and conducted under continuous observation in conformity with specifications and requirements promulgated by the Department;
- h) Sportsbooks shall maintain sufficient money and other supplies to conduct sports betting at all times and ensure patron funds are held separately from operational funds.
- i) Sportsbooks shall maintain daily records showing all gross receipts and adjusted gross receipts from all betting conducted, and shall file with the Department any additional reports required by rule or by other provisions of this code.
- j) Sportsbooks shall take every reasonable measure to prohibit the following persons from placing a bet, facilitating a bet, or receiving a payout from a bet, in Montana:
 - i) Any employee of the Department;
 - ii) Any individual not of legal betting age in Montana;
 - iii) Any individual or institutional certificate holder, or any applicant for a certificate;
 - iv) Any bettors that any individual sportsbook or the Department have deemed to be prohibited from betting at any Montana sportsbook; and
 - v) Anyone placing a messenger bet on behalf of any of the parties listed in Section 8k;

9) Requirements for Betting Authorization

- a) A sportsbook shall only accept bets on sports events, or on other events as permitted by the Department pursuant to regulations established under this part ____, from persons
 - i) Physically located in a sportsbook located within a premises of a licensed gaming operation in Montana who bet through a sports betting account via a Sportsbook Operator; or
 - ii) Physically located inside the premises of a licensed gaming operation who bet via a platform through a sports betting account.
 - iii) The intermediate routing of electronic data in connection with sports betting shall not determine the location or locations in which a bet is initiated, received, or otherwise made.
- b) A sportsbook shall employ approved geolocation technology to ensure bettors who bet via a platform are located inside the premises of a licensed gaming operation in Montana;
- c) A sportsbook shall not accept bets from persons under **[21] [18]** years of age.

- d) A sportsbook may ban any person from participating in betting at its sportsbook.
- e) The Department shall develop and promulgate regulations implementing the provisions of Section 9 by interpretive rule and minimum internal control standards.

10) Taxes and Fees

- a) For the privilege of holding a certificate to conduct betting under this part ____, the state shall collect ten percent of a Sportsbook Operator's adjusted gross receipts from the sportsbook operation in Montana. The accrual method of accounting shall be used for purposes of calculating the amount of the tax owed by the Sportsbook Operator. Platforms shall not owe tax on, nor shall they derive direct revenues from, the business of sports betting.
- b) The tax levied and collected pursuant to this section is due and payable to the Department in quarterly installments, beginning with the three-month period starting January 1st and ending March 31st. Payments are due the first Tuesday following a quarterly period in which adjusted gross receipts were received and the tax obligation was thus accrued.
- c) The Sportsbook Operator shall complete and submit payments for the preceding quarterly period by electronic communication to the Department, on or before the first Tuesday following a quarterly period, in any form that the Department dictates, so long as the submission includes:
 - i) Gross receipts and adjusted gross receipts from the preceding quarterly period;
 - ii) The tax amount for which the Sportsbook Operator is liable; and
 - iii) Information illustrating the computation of the tax amount;
- d) When adjusted gross receipts for a quarterly period is a negative number because the winnings paid to patrons betting on the Sportsbook Operator's sports propositions exceeds the Sportsbook Operator's gross receipts from betting by patrons on those sports propositions, the Department shall allow the Sportsbook Operator to carry over the negative amount to returns filed for subsequent quarters. The negative amount of adjusted gross receipts may not be carried back to an earlier quarter and money previously received by the Department will not be refunded, except if the Sportsbook Operator surrenders its certificate and the Sportsbook Operator's last return reported negative adjusted gross receipts. In that case, the Department shall multiply the amount of negative adjusted gross receipts by 10 percent and pay the amount to the Sportsbook Operator in a manner approved by the Department.

11) Fees Paid to Premises Operators

- a) For the privilege of operating sports betting within the premises of a licensed gaming operation, a Sportsbook Operator shall pay five percent of the Net Sportsbook Income to the operator of each premises of a licensed gaming operation that contains the Sportsbook Operator's sportsbook. Nothing herein shall prevent a Sportsbook Operator from paying an operator of premises of licensed gaming operations that contain the sportsbook additional money or paying the operator additional money through a revenue sharing agreement for the provision of additional services related to the sportsbook operation.

12) Sports Betting Fund and Distribution

- a) The special fund in the Montana Treasury known as the Montana Sports Betting Fund is hereby created and all moneys collected under this Part, including taxes and application

fees, shall be deposited with the Montana Department of Revenue for credit to the Sports Betting Fund. The fund shall be an interest-bearing account with all interest or other return earned on the money in the fund credited to and deposited to the fund. All expenses of the Department incurred in the administration and enforcement of this Part ___ shall be paid from the Sports Betting Fund pursuant to subsection (b) of this section.

b)

The Department shall deduct an amount sufficient to reimburse its actual costs and expenses incurred in administering sports betting at each premises of a licensed gaming operation from the gross deposits into the Sports Betting Fund. The amount remaining after the deduction for administrative expenses is the net profit.

i) The Department shall retain up to 15 percent of the gross deposits into the fund for fund operation and administrative expense; provided, that in the event that the percentage allotted for operations and administration generates a surplus, the surplus shall be allowed to accumulate but may not exceed \$250,000. On a monthly basis the Director of the Department shall report any surplus in excess of \$250,000 to the Governor and remit the entire amount of those surplus funds in excess of \$250,000 to the Montana Department of Revenue which shall be allocated as net profit. In each fiscal year, net profit shall be deposited into the [State General Fund].

13) Patron Dispute

- a) Whenever a patron and a Sportsbook Operator, or any other person acting on behalf of or in conjunction with a Sportsbook Operator, have a dispute that cannot be resolved to the satisfaction of the patron and which involves alleged winnings, alleged losses or the award or distribution of cash or any other item or items or the manner in which an sports betting is conducted, and the amount in controversy is \$500.00 or less, the patron and the Sportsbook Operator shall resolve that dispute through an arbitration process in accordance with regulations adopted by the Department.
- b) For disputes where the amount in controversy is greater than \$500.00, the Sportsbook Operator shall immediately notify the Department of a dispute. Upon being notified of a dispute, the Department, through an agent, shall conduct whatever investigation it deems necessary and shall determine whether payment should be made. The agent of the Department shall mail written notice to the Department, the Sportsbook Operator and the patron of the agent's decision resolving the dispute within 45 days after the date the Department first receives notification from the Sportsbook Operator or a request to conduct an investigation from the patron. The failure of the agent to mail notice of the agent's decision within the time required by this subsection does not divest the Department of its exclusive jurisdiction over the dispute.
- c) The decision of the agent of the Department is effective on the date the aggrieved party receives notice of the decision. Notice of the decision shall be deemed sufficient if it is mailed to the last known address of the Sportsbook Operator and patron. The date of mailing may be proven by a certificate signed by an employee of the Department which specifies the time the notice was mailed. The notice shall be deemed to have been received by the Sportsbook Operator or the patron 5 days after it is deposited with the United States Postal Service with the postage thereon prepaid.

- d) Within 20 days after the date of receipt of the written decision of the agent, the aggrieved party may file a petition with the Department requesting a hearing to reconsider the decision. The petition must set forth the basis of the request for reconsideration. If no petition for reconsideration is filed within the time prescribed herein, the decision shall be deemed final action on the matter and is not subject to reconsideration by the Department or any court.
- e) The party requesting the hearing must provide a copy of the petition to the other party.
- f) Within 15 days after service of the petition, the responding party may answer the allegations contained therein by filing a written response with the Department.
- g) The Department shall schedule a hearing and may conduct the hearing in accordance with regulations adopted by the Department.
- h) The party seeking reconsideration bears the burden of showing that the agent's decision should be reversed or modified.
- i) After the hearing, the Department or the hearing examiner may sustain, modify or reverse the agent's decision. The decision by the Department or the hearing examiner must be in writing and must include findings of fact. A copy of the decision must be delivered or mailed forthwith to each party. The decision of the Department is final on the date that is five (5) days after the decision is delivered or mailed.
- j) A Sportsbook Operator shall pay a patron's claim within 20 days after the decision of the Department or the hearing examiner directing the Sportsbook Operator to do so becomes final. Failure to pay within that time is grounds for disciplinary action.

14) Exemption from federal law.

- a) Pursuant to Section 2 of Chapter 1194, 64 Stat. 1134, 15 U.S.C. §1172, approved January 2, 1951, Montana, acting by and through duly elected and qualified members of the Legislature, does declare and proclaim that Montana is exempt from Chapter 1194, 64 Stat. 1134, 15 U.S.C. §1171 to §1178.

15) Shipment of gambling devices.

- a) All shipments of sports betting supplies, including devices or related materials, to certified Sportsbook Operators in Montana are legal shipments of gambling devices into Montana, as long as the registering, recording, and labeling of which have been completed by the supplier thereof in accordance with Chapter 1194, 64 Stat. 1134, 15 U.S.C. §1171 to §1178.