

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



MIKE COONEY
LT. GOVERNOR

May 3, 2019

The Honorable Corey Stapleton
Secretary of State
State Capitol
Helena, MT 59601

Dear Secretary Stapleton:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 330 (SB 330), "AN ACT GENERALLY REVISING GAMBLING LAWS; CREATING THE MONTANA SPORTS BETTING ACT; PROVIDING AUTHORITY FOR CERTAIN ENTITIES TO CONDUCT SPORTS BETTING; PROVIDING FOR LICENSING OF SPORTS BETTING; PROVIDING DEFINITIONS; PROVIDING FOR A SPORTSBOOK OPERATOR LICENSE AND REQUIREMENTS; PROVIDING FOR A PLATFORM OPERATOR LICENSE AND REQUIREMENTS; PROVIDING REQUIREMENTS FOR SPORTS BETTING ASSOCIATED GAMBLING BUSINESSES; PROVIDING FOR SPORTSBOOK DUTIES AND OBLIGATIONS; PROVIDING ENFORCEMENT OVERSIGHT AND DUTIES FOR THE DEPARTMENT OF JUSTICE; PROVIDING RULEMAKING AUTHORITY; PROVIDING FOR DISPUTE RESOLUTION; PROVIDING TAXES AND FEES; PROVIDING FOR THE SPORTS BETTING FUND AND DISTRIBUTION; PROVIDING PENALTIES; AMENDING SECTIONS 23-5-110, 23-5-111, 23-5-112, 23-5-113, 23-5-114, 23-5-115, 23-5-116, 23-5-118, 23-5-119, 23-5-123, 23-5-128, 23-5-129, 23-5-130, 23-5-136, 23-5-138, 23-5-161, 23-5-162, 23-5-172, 23-5-177, AND 23-5-178, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE." I have approved House Bill 725 (HB 725), "AN ACT GENERALLY REVISING LOTTERY LAWS TO AUTHORIZE SPORTS WAGERING; PROVIDING DEFINITIONS; PROVIDING FOR SPORTS WAGERING; PROVIDING PENALTIES; INCLUDING SPORTS WAGERING WITHIN THE STATE LOTTERY COMMISSION; REVISING POWERS AND DUTIES OF THE COMMISSION RELATING TO SPORTS WAGERING; PROVIDING FOR LICENSING OF SPORTS WAGERING; PROVIDING FOR DISCLOSURE FOR SPORTS WAGERING; PROVIDING FOR SALES OF SPORTS WAGERING; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 23-5-112, 23-7-101, 23-7-102, 23-7-103, 23-7-110, 23-7-201, 23-7-202, 23-7-210, 23-7-211, 23-7-212, 23-7-301, 23-7-302, 23-7-305, 23-7-306, 23-7-307, 23-7-310, 23-7-311, 23-7-312, 23-7-401, 23-7-402, 23-7-411, AND 39-51-3206, MCA; REPEALING SECTION 23-5-806, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

In 2018, the United States Supreme Court ruled that the federal government can no longer prevent states from allowing sports betting. Since then, states across the country have explored different models for authorizing sports betting that match their local circumstances.

In Montana during this session, legislators worked across the aisle to develop and pass two different proposals for how Montana might authorize and supervise sports betting within our state. One bill, HB 725, allows sports wagering to be conducted under the supervision of the State Lottery (Lottery). The other, SB 330, would channel sports betting through a range of private providers.

I sincerely appreciate the work and consideration the legislature put into these two policy options. Sports betting is new to our state. As many legislators and stakeholders have observed, unfortunately, a new market like this cannot support sports wagering under both systems at once. For the market to succeed, Montana needs to enter the sports wagering market conservatively—adopting only one of the two models now. If, in two years, the market can tolerate more entrants, then I fully expect the legislature will revisit whether a second model is prudent for our state.

I have spent a great deal of time considering the pros and cons of both systems. Ultimately, however, the Lottery model makes more sense for Montana. Under the Lottery model in HB 725, the state will have the ability to control, monitor, and protect sports wagering products and players through security and integrity protocols, policies around responsible gaming, and policies to ensure that sports wagering is competitive, transparent, and reliable. Like the private model, the Lottery model protects the taxpayer from risk. But the Lottery model builds on existing infrastructure and is projected to return significantly more revenue to taxpayers.

By contrast, the private model could risk favoring market entrants with the most resources to advertise and promote their products. In that environment, competition between well-heeled, international purveyors of gambling could lead to a fragmented market with competing sportsbooks spending most of their profits on acquiring players—leaving little margin for return to the taxpayer.

The Lottery has operated successfully for 30 years with strong oversight and in a heavily regulated environment while protecting economic benefits to the state. It ensures an environment that is transparent, susceptible to real-time auditing, and one in which consumers have their wagers processed with the highest amount of security and integrity. As Montana enters this new market, the Lottery's proven track record of responsibility and integrity makes it the best choice to govern our first foray into sports wagering. I fully expect that in two years, the legislature will assess the status of sports betting in our state and, if appropriate, entertain different and additional models like that envisioned by SB 330. But until then, the market can only support one model if it is to succeed.

For these reasons, I approve House Bill 725 and I veto SB 330.

Sincerely,



STEVE BULLOCK
Governor

cc: Legislative Services Division
Scott Sales, President of the Senate
Greg Hertz, Speaker of the House