



ADMINISTRATIVE RULES OF MONTANA



23.16.1827 RECORD KEEPING REQUIREMENTS

- (1) Machine operation records must be maintained and made available for inspection by the department upon request. The records must be maintained by the machine owner. The records must provide all necessary information the department may require to ensure operation of machines in compliance with the law. Mechanical meters must be recorded exactly as displayed on the machine and not from an audit ticket.
- (2) Except as provided in (4), records to be maintained by machine owners continuing to file reports and maintain records manually and those using tier II automated accounting and reporting systems must include:
 - (a) a correct lifetime audit ticket as provided for by department rules, which must include progressive accounting data if applicable. For those reporting manually and on a tier II automated accounting and reporting system on a 7-day reporting interval, the lifetime audit ticket must be printed for each machine at least once every seven days. For those reporting on a tier II automated accounting and reporting system on a 14-day reporting interval, the lifetime audit ticket must be printed for each machine at least once every 14 days;
 - (b) the exact copy of all printed ticket vouchers and audit tickets, i.e. the duplicate audit tape(s) created at the time each audit or payout ticket is printed;
 - (c) readings of each machine's mechanical meters at least once every two weeks;
 - (d) documentation of total actual cash counted for the licensed location for the same period as the mechanical meter readings were taken as required in (2)(c); and
 - (e) a three-way reconciliation of the total actual cash count required in (2)(d), and the total cash activity reflected by both the electronic and mechanical meter readings required in (2)(b) and (c). The three totals, actual cash, electronic readings, and mechanical readings must be calculated and reconciled for the same time period and must be completed at least once every two weeks. Any material difference must be documented and the reason for the difference substantiated. A material difference means a difference in the amount of cash counted and cash reflected by the meters that is the lesser than 5% of the total monies placed in the machines during the reconciliation time period or \$100. If the difference is due to gambling device malfunction(s), the device(s) must be taken out of play, repaired and service form(s) submitted to the department, before the machine is returned to play. Following a material difference, the machine owner must maintain documentation of the cash count required by (2)(d), by individual machine, until notification is submitted to the department to substantiate that the malfunction has been corrected.
- (3) Machine owners using tier I accounting and reporting systems must maintain the following record:

- (a) the exact copy of all printed ticket vouchers and audit tickets, i.e., the duplicate audit tape(s) created at the time each audit or payout ticket is printed.
- (4) Machine owner's records required by this rule must be maintained in the State of Montana by the machine owner or his representative for the following periods:
 - (a) machine owners who continue to file reports and maintain records manually must retain those records a minimum of 12 full quarters from the previous quarterly report due date; and
 - (b) machine owners using a tier I or tier II system must maintain records for a period of four quarters.
- (5) Records to be maintained by machine owners on machines with approved audit storage devices (ASD units) must include:
 - (a) all video gambling machine records required pursuant to 23.16.1902 either on the original ASD device or other electronic media which allow for retrieval and review or transmittal to the department for review; and
 - (b) all other machine records as required in (2)(c), (d), and (e).
- (6) If the machine owner does not keep records as required in this rule, the department may estimate the tax by utilizing the best available method, e.g., average net daily income for a region, estimate based on historical performance, or a gross-up based on established payouts. The department is not limited to the aforementioned methods of estimating income. However, any method used must be justifiable given the factual circumstances, and is subject to administrative and judicial review.
- (7) For any violation of the record keeping requirements found in this rule, the department may:
 - (a) act by means of temporary cease and desist orders under 23-5-136, MCA; or
 - (b) impose civil penalties under 23-5-136, MCA.

Authorizing statute(s): 23-5-115, 23-5-621, 23-5-637, MCA

Implementing statute(s): 23-5-115, 23-5-136, 23-5-610, 23-5-621, 23-5-628, 23-5-637, MCA

History: EMERG, NEW, 1985 MAR p. 1623, Eff. 11/1/85; TRANS, from Dept. of Revenue, Ch. 154, L. 1987, Eff. 3/22/87; AMD, 1987 MAR p. 1972, Eff. 10/30/87; TRANS, from Dept. of Commerce, Ch. 642, L. 1989, Eff. 7/1/89; AMD, 1990 MAR p. 828, Eff. 4/27/90; AMD, 1991 MAR p. 1942, Eff. 10/18/91; AMD, 1993 MAR p. 2786, Eff. 11/25/93; AMD, 1994 MAR p. 2834, Eff. 10/28/94; AMD, 1997 MAR p. 404, Eff. 2/25/97; AMD, 1998 MAR p. 1176, Eff. 5/1/98; AMD, 1999 MAR p. 2048, Eff. 9/24/99; AMD, 2006 MAR p. 2916, Eff. 11/23/06; AMD, 2008 MAR p. 1804, Eff. 8/29/08; AMD, 2009 MAR p. 84, Eff. 1/30/09; AMD, 2024 MAR p. 472, Eff. 3/9/24.