

SENATE BILL NO. 38—COMMITTEE ON JUDICIARY

(ON BEHALF OF THE STATE GAMING CONTROL BOARD)

PREFILED DECEMBER 20, 2014

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing the regulation of gaming. (BDR 41-350)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to gaming; revising provisions governing the operation of charitable lotteries; requiring the Nevada Gaming Commission to adopt certain regulations relating to the operation of club venues and the registration of club venue employees; revising various definitions relating to gaming; removing licensing requirements for certain persons associated with gaming; requiring persons who manufacture or distribute associated equipment relating to gaming to be registered; requiring the Commission to adopt certain regulations relating to the registration of such persons; repealing certain provisions relating to gaming; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law authorizes the operation of charitable lotteries by certain
2 charitable and nonprofit organizations. (Chapter 462 of NRS) **Sections 1-1.2** of this
3 bill: (1) authorize an alumni organization or a state or local bar organization to
4 operate charitable lotteries; and (2) make certain technical changes governing the
5 operation of charitable lotteries.
6 Existing law requires the Nevada Gaming Commission and the State Gaming
7 Control Board to administer state gaming licenses and manufacturers’, sellers’ and
8 distributors’ licenses, and to perform various acts relating to the regulation and
9 control of gaming. (NRS 463.140) **Sections 1.4-1.7** of this bill: (1) provide certain
10 definitions related to the operation of club venues within nonrestricted gaming



11 establishments; and (2) require the Commission to adopt regulations relating to
12 such club venues and the registration of club venue employees.

13 **Sections 1.9 and 2** of this bill revise the definitions of the terms “gaming
14 employee” and “manufacture” for the purposes of the statutory provisions
15 governing the licensing and control of gaming by including references to
16 manufacturers of associated equipment.

17 Existing law prohibits certain actions related to gaming without the person first
18 procuring and maintaining the required licensure. (NRS 463.160) Existing law also
19 authorizes the Commission to provide by regulation for the licensing of service
20 providers, who generally: (1) perform certain services on behalf of another licensed
21 person who conducts nonrestricted gaming operations or an establishment licensed
22 to operate interactive gaming; or (2) provide services or devices which patrons of
23 licensed establishments use to obtain cash or wagering instruments. (NRS 463.677)
24 **Section 6** of this bill removes the licensing requirement for persons who provide
25 certain intellectual property or information via a database or customer list.

26 Existing law makes it unlawful to manufacture, sell or distribute certain items
27 related to gaming without procuring and maintaining the required licensure. (NRS
28 463.650) **Section 5.5** of this bill requires the Commission to adopt regulations
29 governing associated equipment, including prescribing the requirements for
30 registration and the fees for the application for and issuance and renewal of a
31 registration to manufacture and distribute associated equipment.

32 Existing law authorizes the Commission to provide by regulation for the
33 operation of interactive gaming and the licensing of: (1) the operation of interactive
34 gaming; (2) a manufacturer of interactive gaming systems; (3) a manufacturer of
35 equipment associated with interactive gaming; and (4) an interactive gaming
36 service provider. (NRS 463.750-463.767) **Sections 7-10** of this bill remove and
37 repeal the provisions authorizing the Commission to license manufacturers of
38 equipment associated with interactive gaming.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 462.125 is hereby amended to read as follows:
2 462.125 “Qualified organization” means a bona fide *alumni*,
3 charitable, civic, educational, fraternal, patriotic, political, religious ,
4 *state or local bar* or veterans’ organization that is not operated for
5 profit.

6 **Sec. 1.1.** NRS 462.140 is hereby amended to read as follows:
7 462.140 A qualified organization may operate a charitable
8 lottery if:

9 1. The organization is approved by the Executive Director and
10 the total value of all the prizes offered in charitable lotteries
11 operated by the organization during the same calendar year *exceeds*
12 *\$25,000, but* does not exceed \$500,000;

13 2. ~~The~~ *Except as otherwise provided in subsection 4, the*
14 organization registers with the Executive Director and the total
15 value of all the prizes offered in charitable lotteries operated by the
16 organization during the same calendar year *exceeds \$2,500, but*
17 does not exceed \$25,000; ~~to~~



1 3. The total value of the prizes offered in the charitable lottery
2 does not exceed \$2,500 and ~~f~~
3 ~~—(a) The~~ *the* organization operates no more than two charitable
4 lotteries per calendar year; or

5 ~~f(b)~~ 4. The tickets or chances for the charitable lottery are
6 sold only to members of the organization, and to guests of those
7 members while attending a special event sponsored by the
8 organization, and the total value of all the prizes offered in
9 charitable lotteries operated by the organization during the same
10 calendar year does not exceed \$15,000.

11 **Sec. 1.2.** NRS 462.180 is hereby amended to read as follows:
12 462.180 A qualified organization shall not:

13 1. ~~f(1)~~ *Except as approved by the Executive Director, sell*
14 any ticket or chance for a charitable lottery outside of:

15 (a) The primary county in which the charitable lottery is being
16 conducted; and

17 (b) Any counties that border on the primary county.

18 2. If the organization has been approved by the Executive
19 Director, conduct more than one charitable lottery in any calendar
20 quarter without the specific authorization of the Executive Director.

21 **Sec. 1.3.** Chapter 463 of NRS is hereby amended by adding
22 thereto the provisions set forth as sections 1.4 to 1.7, inclusive, of
23 this act.

24 **Sec. 1.4.** *“Club venue” means a venue, including, without*
25 *limitation, a pool venue, that:*

26 1. *Is located on the premises of a nonrestricted gaming*
27 *establishment;*

28 2. *Prohibits patrons under 21 years of age from entering the*
29 *premises;*

30 3. *Is licensed to serve alcohol;*

31 4. *Allows dancing; and*

32 5. *Offers live music, a disc jockey or an emcee.*

33 **Sec. 1.5.** *“Club venue employee” means a natural person or*
34 *third-party contractor who is required to register under the*
35 *regulations adopted by the Commission pursuant to section 1.7 of*
36 *this act. The term includes:*

37 1. *Any person who provides hosting and VIP services; and*

38 2. *Any other person who the Commission determines must*
39 *register because such registration is necessary to promote the*
40 *public policy set forth in NRS 463.0129.*

41 **Sec. 1.6.** *“Club venue operator” means a person who:*

42 1. *Operates a club venue as a tenant of, or pursuant to a*
43 *management or similar type of agreement with, a nonrestricted*
44 *licensee; and*



1 2. *Does not, or whose controlled affiliate does not, hold a*
2 *nonrestricted gaming license.*

3 **Sec. 1.7.** *1. The Commission shall, with the advice and*
4 *assistance of the Board, provide by regulation for the registration*
5 *of club venue employees and matters associated therewith. Such*
6 *regulations may include, without limitation, the following:*

7 *(a) Requiring a club venue employee to register with the Board*
8 *in the same manner as a gaming employee.*

9 *(b) Establishing the fees associated with registration pursuant*
10 *to paragraph (a), which may not exceed the fees for registration as*
11 *a gaming employee.*

12 *(c) Requiring club venue operator to have a written agreement*
13 *with:*

14 *(1) Any third-party contractor who provides hosting or VIP*
15 *services to the club venue; and*

16 *(2) Any other third-party contractor who provides services*
17 *to the club venue on the premises of a licensed gaming*
18 *establishment and who the Commission determines must comply*
19 *with the provisions of this paragraph because such compliance is*
20 *necessary to promote the public policy set forth in NRS 463.0129.*

21 *(d) Requiring the registration of certain third-party*
22 *contractors in the manner established for independent agents,*
23 *including the authority to require the application of such persons*
24 *for a determination of suitability pursuant to paragraph (b) of*
25 *subsection 2 of NRS 463.167.*

26 *(e) Establishing the fees associated with registration pursuant*
27 *to paragraph (d), which may not exceed the fees for registration as*
28 *an independent agent.*

29 2. *Except as otherwise provided by specific statute or by the*
30 *regulations adopted pursuant to this section, a club venue*
31 *employee shall be deemed to be a gaming employee for the*
32 *purposes of all provisions of this chapter and the regulations*
33 *adopted pursuant thereto that apply to a gaming employee.*

34 **Sec. 1.8.** NRS 463.013 is hereby amended to read as follows:

35 463.013 As used in this chapter, unless the context otherwise
36 requires, the words and terms defined in NRS 463.0133 to
37 463.01967, inclusive, *and sections 1.4, 1.5 and 1.6 of this act* have
38 the meanings ascribed to them in those sections.

39 **Sec. 1.9.** NRS 463.0157 is hereby amended to read as follows:

40 463.0157 1. "Gaming employee" means any person
41 connected directly with an operator of a slot route, the operator of a
42 pari-mutuel system, the operator of an inter-casino linked system or
43 a manufacturer, distributor or disseminator, or with the operation of
44 a gaming establishment licensed to conduct any game, 16 or more



- 1 slot machines, a race book, sports pool or pari-mutuel wagering,
2 including:
- 3 (a) Accounting or internal auditing personnel who are directly
4 involved in any recordkeeping or the examination of records
5 associated with revenue from gaming;
 - 6 (b) Boxpersons;
 - 7 (c) Cashiers;
 - 8 (d) Change personnel;
 - 9 (e) Counting room personnel;
 - 10 (f) Dealers;
 - 11 (g) Employees of a person required by NRS 464.010 to be
12 licensed to operate an off-track pari-mutuel system;
 - 13 (h) Employees of a person required by NRS 463.430 to be
14 licensed to disseminate information concerning racing and
15 employees of an affiliate of such a person involved in assisting the
16 person in carrying out the duties of the person in this State;
 - 17 (i) Employees whose duties are directly involved with the
18 manufacture, repair, sale or distribution of gaming devices,
19 *associated equipment when the employer is required by*
20 *NRS 463.650 to be licensed*, cashless wagering systems, mobile
21 gaming systems, equipment associated with mobile gaming systems
22 ~~+~~ *or* interactive gaming systems ; ~~for equipment associated with~~
23 ~~interactive gaming;~~
 - 24 (j) Employees of operators of slot routes who have keys for slot
25 machines or who accept and transport revenue from the slot drop;
 - 26 (k) Employees of operators of inter-casino linked systems,
27 mobile gaming systems or interactive gaming systems whose duties
28 include the operational or supervisory control of the systems or the
29 games that are part of the systems;
 - 30 (l) Employees of operators of call centers who perform, or who
31 supervise the performance of, the function of receiving and
32 transmitting wagering instructions;
 - 33 (m) Employees who have access to the Board's system of
34 records for the purpose of processing the registrations of gaming
35 employees that a licensee is required to perform pursuant to the
36 provisions of this chapter and any regulations adopted pursuant
37 thereto;
 - 38 (n) Floorpersons;
 - 39 (o) Hosts or other persons empowered to extend credit or
40 complimentary services;
 - 41 (p) Keno runners;
 - 42 (q) Keno writers;
 - 43 (r) Machine mechanics;
 - 44 (s) Odds makers and line setters;
 - 45 (t) Security personnel;



- 1 (u) Shift or pit bosses;
- 2 (v) Shills;
- 3 (w) Supervisors or managers;
- 4 (x) Ticket writers;
- 5 (y) Employees of a person required by NRS 463.160 to be
- 6 licensed to operate an information service;
- 7 (z) Employees of a licensee who have local access and provide
- 8 management, support, security or disaster recovery services for any
- 9 hardware or software that is regulated pursuant to the provisions of
- 10 this chapter and any regulations adopted pursuant thereto; and
- 11 (aa) Temporary or contract employees hired by a licensee to
- 12 perform a function related to gaming.

13 2. "Gaming employee" does not include barbacks or bartenders
14 whose duties do not involve gaming activities, cocktail servers or
15 other persons engaged exclusively in preparing or serving food or
16 beverages.

17 3. As used in this section, "local access" means access to
18 hardware or software from within a licensed gaming establishment,
19 hosting center or elsewhere within this State.

20 **Sec. 2.** NRS 463.01715 is hereby amended to read as follows:

21 463.01715 1. "Manufacture" means:

22 (a) To manufacture, produce, program, design, control the
23 design of or make modifications to a gaming device, *associated*
24 *equipment*, cashless wagering system, mobile gaming system or
25 interactive gaming system for use or play in Nevada;

26 (b) To direct, control or assume responsibility for the methods
27 and processes used to design, develop, program, assemble, produce,
28 fabricate, compose and combine the components and other tangible
29 objects of any gaming device, *associated equipment*, cashless
30 wagering system, mobile gaming system or interactive gaming
31 system for use or play in Nevada; or

32 (c) To assemble, or control the assembly of, a gaming device,
33 *associated equipment*, cashless wagering system, mobile gaming
34 system or interactive gaming system for use or play in Nevada.

35 2. As used in this section:

36 (a) "Assume responsibility" means to:

37 (1) Acquire complete control over, or ownership of, the
38 applicable gaming device, *associated equipment*, cashless wagering
39 system, mobile gaming system or interactive gaming system; and

40 (2) Accept continuing legal responsibility for the gaming
41 device, *associated equipment*, cashless wagering system, mobile
42 gaming system or interactive gaming system, including, without
43 limitation, any form of manufacture performed by an affiliate or
44 independent contractor.



1 (b) "Independent contractor" means, with respect to a
2 manufacturer, any person who:

3 (1) Is not an employee of the manufacturer; and

4 (2) Pursuant to an agreement with the manufacturer, designs,
5 develops, programs, produces or composes a control program used
6 in the manufacture of a gaming device. As used in this
7 subparagraph, "control program" has the meaning ascribed to it in
8 NRS 463.0155.

9 **Sec. 3.** (Deleted by amendment.)

10 **Sec. 3.3.** NRS 463.331 is hereby amended to read as follows:

11 463.331 1. An Investigative Fund is hereby created as an
12 enterprise fund for the purposes of paying all expenses incurred by
13 the Board and the Commission for investigation of an application
14 for a license, finding of suitability or approval under the provisions
15 of this chapter. The special revenue of the Investigative Fund is the
16 money received by the State from the respective applicants. The
17 amount to be paid by each applicant is the amount determined by
18 the Board in each case, but the Board may not charge any amount to
19 an applicant for a finding of suitability to be associated with a
20 gaming enterprise pursuant to paragraph (a) of subsection 2 of NRS
21 463.167 ~~H~~, *other than a club venue operator.*

22 2. Expenses may be advanced from the Investigative Fund by
23 the Chair, and expenditures from the Fund may be made without
24 regard to NRS 281.160. Any money received from the applicant in
25 excess of the costs and charges incurred in the investigation or the
26 processing of the application must be refunded pursuant to
27 regulations adopted by the Board and the Commission. At the
28 conclusion of the investigation, the Board shall give to the applicant
29 a written accounting of the costs and charges so incurred.

30 3. Within 3 months after the end of a fiscal year, the amount of
31 the balance in the Fund in excess of \$2,000 must be deposited in the
32 State General Fund.

33 **Sec. 3.7.** NRS 463.3407 is hereby amended to read as follows:

34 463.3407 1. Any communication or document of an applicant
35 ~~, for~~ licensee ~~H~~ *or club venue operator*, or an affiliate of ~~either,~~
36 *an applicant, licensee or club venue operator*, which is made or
37 transmitted to the Board or Commission or any of their agents or
38 employees to:

39 (a) Comply with any law or the regulations of the Board or
40 Commission;

41 (b) Comply with a subpoena issued by the Board or
42 Commission; or

43 (c) Assist the Board or Commission in the performance of their
44 respective duties,



1 ↪ is absolutely privileged and does not impose liability for
2 defamation or constitute a ground for recovery in any civil action.

3 2. If such a document or communication contains any
4 information which is privileged pursuant to chapter 49 of NRS, that
5 privilege is not waived or lost because the document or
6 communication is disclosed to the Board or Commission or any of
7 its agents or employees.

8 3. Notwithstanding the provisions of subsection 4 of
9 NRS 463.120:

10 (a) The Board, Commission and their agents and employees
11 shall not release or disclose any information, documents or
12 communications provided by an applicant , ~~for~~ licensee ~~or~~ *club*
13 *venue operator*, or an affiliate of ~~either~~ *an applicant, licensee or*
14 *club venue operator*, which are privileged pursuant to chapter 49 of
15 NRS, without the prior written consent of the applicant, licensee ,
16 *club venue operator* or affiliate, or pursuant to a lawful court order
17 after timely notice of the proceedings has been given to the
18 applicant, licensee , *club venue operator* or affiliate.

19 (b) The Board and Commission shall maintain all privileged
20 information, documents and communications in a secure place
21 accessible only to members of the Board and Commission and their
22 authorized agents and employees.

23 (c) The Board and Commission shall adopt procedures and
24 regulations to protect the privileged nature of information,
25 documents and communications provided by an applicant , ~~for~~
26 licensee ~~or~~ *club venue operator*, or an affiliate of ~~either~~ *an*
27 *applicant, licensee or club venue operator*.

28 **Sec. 4.** (Deleted by amendment.)

29 **Sec. 5.** (Deleted by amendment.)

30 **Sec. 5.5.** NRS 463.665 is hereby amended to read as follows:

31 463.665 1. ~~1A~~ *The Commission shall, with the advice and*
32 *assistance of the Board, adopt regulations prescribing:*

33 *(a) The manner and method for the approval of associated*
34 *equipment by the Board; and*

35 *(b) The method and form of any application required by*
36 *paragraph (a).*

37 2. *Except as otherwise provided in subsection 4, the*
38 *regulations adopted pursuant to subsection 1 must:*

39 *(a) Require persons who manufacture or distribute associated*
40 *equipment for use in this State to be registered by the Commission*
41 *if such associated equipment:*

42 *(1) Is directly used in gaming;*

43 *(2) Has the ability to add or subtract cash, cash equivalents*
44 *or wagering credits to a game, gaming device or cashless wagering*
45 *system;*



* S B 3 8 R 1 *

1 (3) *Interfaces with and affects the operation of a game,*
2 *gaming device, cashless wagering system or other associated*
3 *equipment;*

4 (4) *Is used directly or indirectly in the reporting of gross*
5 *revenue;*

6 (5) *Records sales for use in an area subject to the tax*
7 *imposed by NRS 368A.200; or*

8 (6) *Is otherwise determined by the Commission to create a*
9 *risk to the integrity of gaming and protection of the public if not*
10 *regulated;*

11 (b) *Establish the degree of review an applicant for registration*
12 *pursuant to this section must undergo, which level may be*
13 *different for different forms of associated equipment; and*

14 (c) *Establish fees for the application, issuance and renewal of*
15 *the registration required pursuant to this section, which must not*
16 *exceed \$1,000 per application, issuance or renewal of such*
17 *registration.*

18 3. *This section does not apply to:*

19 (a) *A licensee; or*

20 (b) *An affiliate of a licensee or an independent contractor as*
21 *defined by NRS 463.01715.*

22 4. *In addition to requiring a manufacturer or distributor of*
23 *associated equipment to be registered as set forth in subsections 2*
24 *and 3, a manufacturer or distributor of associated equipment* who
25 sells, transfers or offers the associated equipment for use or play in
26 Nevada may be required by the Commission, upon recommendation
27 of the Board, to file an application for a finding of suitability to be a
28 manufacturer or distributor of associated equipment.

29 ~~2. Any~~

30 5. *In addition to requiring a manufacturer or distributor of*
31 *associated equipment to be registered as set forth in subsections 2*
32 *and 3, any person who directly or indirectly involves himself or*
33 *herself in the sale, transfer or offering for use or play in Nevada of*
34 *such associated equipment who is not otherwise required to be*
35 *licensed as a manufacturer or distributor may be required by the*
36 *Commission, upon recommendation of the Board, to file an*
37 *application for a finding of suitability to be a manufacturer or*
38 *distributor of associated equipment.*

39 ~~3-~~ 6. If an application for a finding of suitability is not
40 submitted to the Board within 30 days after demand by the
41 Commission, it may pursue any remedy or combination of remedies
42 provided in this chapter.

43 7. *Any person who manufactures or distributes associated*
44 *equipment who has complied with all applicable regulations*



1 *adopted by the Commission before October 1, 2015, shall be*
2 *deemed to be registered pursuant to this section.*

3 **Sec. 6.** NRS 463.677 is hereby amended to read as follows:

4 463.677 1. The Legislature finds that:

5 (a) Technological advances have evolved which allow licensed
6 gaming establishments to expose games, including, without
7 limitation, system-based and system-supported games, gaming
8 devices, mobile gaming systems, interactive gaming, cashless
9 wagering systems or race books and sports pools, and to be assisted
10 by a service provider who provides important services to the public
11 with regard to the conduct and exposure of such games.

12 (b) To protect and promote the health, safety, morals, good
13 order and general welfare of the inhabitants of this State, and to
14 carry out the public policy declared in NRS 463.0129, it is necessary
15 that the Board and Commission have the ability to license service
16 providers by maintaining strict regulation and control of the
17 operation of such service providers and all persons and locations
18 associated therewith.

19 2. Except as otherwise provided in subsection 3, the
20 Commission may, with the advice and assistance of the Board,
21 provide by regulation for the licensing and operation of a service
22 provider and all persons, locations and matters associated therewith.
23 Such regulations may include, without limitation:

24 (a) Provisions requiring the service provider to meet the
25 qualifications for licensing pursuant to NRS 463.170, in addition to
26 any other qualifications established by the Commission, and to be
27 licensed regardless of whether the service provider holds any other
28 license.

29 (b) Criteria regarding the location from which the service
30 provider conducts its operations, including, without limitation,
31 minimum internal and operational control standards established by
32 the Commission.

33 (c) Provisions relating to the licensing of persons owning or
34 operating a service provider, and any persons having a significant
35 involvement therewith, as determined by the Commission.

36 (d) A provision that a person owning, operating or having
37 significant involvement with a service provider, as determined by
38 the Commission, may be required by the Commission to be found
39 suitable to be associated with licensed gaming, including race book
40 or sports pool operations.

41 (e) Additional matters which the Commission deems necessary
42 and appropriate to carry out the provisions of this section and which
43 are consistent with the public policy of this State pursuant to NRS
44 463.0129, including that a service provider must be liable to the
45 licensee on whose behalf the services are provided for the service



1 provider's proportionate share of the fees and taxes paid by the
2 licensee.

3 3. The Commission may not adopt regulations pursuant to this
4 section until the Commission first determines that service providers
5 are secure and reliable, do not pose a threat to the integrity of
6 gaming and are consistent with the public policy of this State
7 pursuant to NRS 463.0129.

8 4. Regulations adopted by the Commission pursuant to this
9 section must provide that the premises on which a service provider
10 conducts its operations are subject to the power and authority of the
11 Board and Commission pursuant to NRS 463.140, as though the
12 premises are where gaming is conducted and the service provider is
13 a gaming licensee.

14 5. As used in this section:

15 (a) "Interactive gaming service provider" means a person who
16 acts on behalf of an establishment licensed to operate interactive
17 gaming and:

18 (1) Manages, administers or controls wagers that are
19 initiated, received or made on an interactive gaming system;

20 (2) Manages, administers or controls the games with which
21 wagers that are initiated, received or made on an interactive gaming
22 system are associated;

23 (3) Maintains or operates the software or hardware of an
24 interactive gaming system; *or*

25 ~~(4) Provides the trademarks, trade names, service marks or~~
26 ~~similar intellectual property under which an establishment licensed~~
27 ~~to operate interactive gaming identifies its interactive gaming~~
28 ~~system to patrons;~~

29 ~~(5) Provides information regarding persons to an~~
30 ~~establishment licensed to operate interactive gaming via a database~~
31 ~~or customer list; or~~

32 ~~(6) Provides products, services, information or assets to an~~
33 ~~establishment licensed to operate interactive gaming and receives~~
34 ~~therefor a percentage of gaming revenue from the establishment's~~
35 ~~interactive gaming system.~~

36 (b) "Service provider" means a person who:

37 (1) Acts on behalf of another licensed person who conducts
38 nonrestricted gaming operations, and who assists, manages,
39 administers or controls wagers or games, or maintains or operates
40 the software or hardware of games on behalf of such a licensed
41 person, and is authorized to share in the revenue from games
42 without being licensed to conduct gaming at an establishment;

43 (2) Is an interactive gaming service provider; *or*

44 (3) ~~Is a cash access and wagering instrument service~~
45 ~~provider; or~~



1 ~~— (4) Meets such other or additional criteria as the~~
2 Commission may establish by regulation.

3 **Sec. 7.** NRS 463.750 is hereby amended to read as follows:

4 463.750 1. The Commission shall, with the advice and
5 assistance of the Board, adopt regulations governing the licensing
6 and operation of interactive gaming.

7 2. The regulations adopted by the Commission pursuant to this
8 section must:

9 (a) Establish the investigation fees for:

10 (1) A license to operate interactive gaming;

11 (2) A license for a manufacturer of interactive gaming
12 systems; *and*

13 ~~(3) A license for a manufacturer of equipment associated~~
14 ~~with interactive gaming; and~~

15 ~~— (4) A license for a service provider to perform the actions~~
16 described in paragraph (a) of subsection 5 of NRS 463.677.

17 (b) Provide that:

18 (1) A person must hold a license for a manufacturer of
19 interactive gaming systems to supply or provide any interactive
20 gaming system, including, without limitation, any piece of
21 proprietary software or hardware; *and*

22 ~~(2) A person may be required by the Commission to hold a~~
23 ~~license for a manufacturer of equipment associated with interactive~~
24 ~~gaming; and~~

25 ~~— (3) A person must hold a license for a service provider to~~
26 perform the actions described in paragraph (a) of subsection 5 of
27 NRS 463.677.

28 (c) Except as otherwise provided in subsections 6 to 10,
29 inclusive, set forth standards for the suitability of a person to be
30 licensed as a manufacturer of interactive gaming systems ~~†~~
31 ~~manufacturer of equipment associated with interactive gaming†~~ or a
32 service provider as described in paragraph (b) of subsection 5 of
33 NRS 463.677 that are as stringent as the standards for a
34 nonrestricted license.

35 (d) Set forth provisions governing:

36 (1) The initial fee for a license for a service provider as
37 described in paragraph (b) of subsection 5 of NRS 463.677.

38 (2) The fee for the renewal of such a license for such a
39 service provider and any renewal requirements for such a license.

40 (3) Any portion of the license fee paid by a person licensed
41 to operate interactive gaming, pursuant to subsection 1 of NRS
42 463.770, for which a service provider may be liable to the person
43 licensed to operate interactive gaming.

44 (e) Provide that gross revenue received by an establishment
45 from the operation of interactive gaming is subject to the same



1 license fee provisions of NRS 463.370 as the games and gaming
2 devices of the establishment, unless federal law otherwise provides
3 for a similar fee or tax.

4 (f) Set forth standards for the location and security of the
5 computer system and for approval of hardware and software used in
6 connection with interactive gaming.

7 (g) Define ~~“equipment associated with interactive gaming,”~~
8 “interactive gaming system,” ~~“manufacturer of equipment~~
9 ~~associated with interactive gaming.”~~ “manufacturer of interactive
10 gaming systems,” “operate interactive gaming” and “proprietary
11 hardware and software” as the terms are used in this chapter.

12 3. Except as otherwise provided in subsections 4 and 5, the
13 Commission shall not approve a license for an establishment to
14 operate interactive gaming unless:

15 (a) In a county whose population is 700,000 or more, the
16 establishment is a resort hotel that holds a nonrestricted license to
17 operate games and gaming devices.

18 (b) In a county whose population is 45,000 or more but less than
19 700,000, the establishment is a resort hotel that holds a nonrestricted
20 license to operate games and gaming devices or the establishment:

21 (1) Holds a nonrestricted license for the operation of games
22 and gaming devices;

23 (2) Has more than 120 rooms available for sleeping
24 accommodations in the same county;

25 (3) Has at least one bar with permanent seating capacity for
26 more than 30 patrons that serves alcoholic beverages sold by the
27 drink for consumption on the premises;

28 (4) Has at least one restaurant with permanent seating
29 capacity for more than 60 patrons that is open to the public 24 hours
30 each day and 7 days each week; and

31 (5) Has a gaming area that is at least 18,000 square feet in
32 area with at least 1,600 slot machines, 40 table games, and a sports
33 book and race pool.

34 (c) In all other counties, the establishment is a resort hotel that
35 holds a nonrestricted license to operate games and gaming devices
36 or the establishment:

37 (1) Has held a nonrestricted license for the operation of
38 games and gaming devices for at least 5 years before the date of its
39 application for a license to operate interactive gaming;

40 (2) Meets the definition of group 1 licensee as set forth in the
41 regulations of the Commission on the date of its application for a
42 license to operate interactive gaming; and

43 (3) Operates either:

44 (I) More than 50 rooms for sleeping accommodations in
45 connection therewith; or



1 (II) More than 50 gaming devices in connection
2 therewith.

3 4. The Commission may:

4 (a) Issue a license to operate interactive gaming to an affiliate of
5 an establishment if:

6 (1) The establishment satisfies the applicable requirements
7 set forth in subsection 3;

8 (2) The affiliate is located in the same county as the
9 establishment; and

10 (3) The establishment has held a nonrestricted license for at
11 least 5 years before the date on which the application is filed; and

12 (b) Require an affiliate that receives a license pursuant to this
13 subsection to comply with any applicable provision of this chapter.

14 5. The Commission may issue a license to operate interactive
15 gaming to an applicant that meets any qualifications established by
16 federal law regulating the licensure of interactive gaming.

17 6. Except as otherwise provided in subsections 7, 8 and 9:

18 (a) A covered person may not be found suitable for licensure
19 under this section within 5 years after February 21, 2013;

20 (b) A covered person may not be found suitable for licensure
21 under this section unless such covered person expressly submits to
22 the jurisdiction of the United States and of each state in which
23 patrons of interactive gaming operated by such covered person after
24 December 31, 2006, were located, and agrees to waive any statutes
25 of limitation, equitable remedies or laches that otherwise would
26 preclude prosecution for a violation of any provision of federal law
27 or the law of any state in connection with such operation of
28 interactive gaming after that date;

29 (c) A person may not be found suitable for licensure under this
30 section within 5 years after February 21, 2013, if such person uses a
31 covered asset for the operation of interactive gaming; and

32 (d) Use of a covered asset is grounds for revocation of an
33 interactive gaming license, or a finding of suitability, issued under
34 this section.

35 7. The Commission, upon recommendation of the Board, may
36 waive the requirements of subsection 6 if the Commission
37 determines that:

38 (a) In the case of a covered person described in paragraphs (a)
39 and (b) of subsection 1 of NRS 463.014645:

40 (1) The covered person did not violate, directly or indirectly,
41 any provision of federal law or the law of any state in connection
42 with the ownership and operation of, or provision of services to, an
43 interactive gaming facility that, after December 31, 2006, operated
44 interactive gaming involving patrons located in the United States;
45 and



1 (2) The assets to be used or that are being used by such
2 person were not used after that date in violation of any provision of
3 federal law or the law of any state;

4 (b) In the case of a covered person described in paragraph (c) of
5 subsection 1 of NRS 463.014645, the assets that the person will use
6 in connection with interactive gaming for which the covered person
7 applies for a finding of suitability were not used after December 31,
8 2006, in violation of any provision of federal law or the law of any
9 state; and

10 (c) In the case of a covered asset, the asset was not used after
11 December 31, 2006, in violation of any provision of federal law or
12 the law of any state, and the interactive gaming facility in
13 connection with which the asset was used was not used after that
14 date in violation of any provision of federal law or the law of any
15 state.

16 8. With respect to a person applying for a waiver pursuant to
17 subsection 7, the Commission shall afford the person an opportunity
18 to be heard and present relevant evidence. The Commission shall act
19 as finder of fact and is entitled to evaluate the credibility of
20 witnesses and persuasiveness of the evidence. The affirmative votes
21 of a majority of the whole Commission are required to grant or deny
22 such waiver. The Board shall make appropriate investigations to
23 determine any facts or recommendations that it deems necessary or
24 proper to aid the Commission in making determinations pursuant to
25 this subsection and subsection 7.

26 9. The Commission shall make a determination pursuant to
27 subsections 7 and 8 with respect to a covered person or covered
28 asset without regard to whether the conduct of the covered person or
29 the use of the covered asset was ever the subject of a criminal
30 proceeding for a violation of any provision of federal law or the law
31 of any state, or whether the person has been prosecuted and the
32 prosecution terminated in a manner other than with a conviction.

33 10. It is unlawful for any person, either as owner, lessee or
34 employee, whether for hire or not, either solely or in conjunction
35 with others, to operate interactive gaming:

36 (a) Until the Commission adopts regulations pursuant to this
37 section; and

38 (b) Unless the person first procures, and thereafter maintains in
39 effect, all appropriate licenses as required by the regulations adopted
40 by the Commission pursuant to this section.

41 11. A person who violates subsection 10 is guilty of a category
42 B felony and shall be punished by imprisonment in the state prison
43 for a minimum term of not less than 1 year and a maximum term of
44 not more than 10 years or by a fine of not more than \$50,000, or
45 both.



1 **Sec. 8.** NRS 463.760 is hereby amended to read as follows:

2 463.760 1. Before issuing a license for a manufacturer of
3 interactive gaming systems , ~~for manufacturer of equipment~~
4 ~~associated with interactive gaming,~~ the Commission shall charge
5 and collect a license fee of ~~1-~~

6 ~~—(a) One hundred and twenty five thousand dollars} \$125,000~~ for
7 a license for a manufacturer of interactive gaming systems . ~~1- or~~

8 ~~—(b) Fifty thousand dollars for a license for a manufacturer of~~
9 ~~equipment associated with interactive gaming.}~~

10 2. Each license issued pursuant to this section must be issued
11 for a 1-year period that begins on the date the license is issued.

12 3. Before renewing a license issued pursuant to this section, but
13 in no case later than 1 year after the license was issued or previously
14 renewed, the Commission shall charge and collect a renewal fee for
15 the renewal of the license for the immediately following 1-year
16 period. The renewal fee for a license for a manufacturer of
17 interactive gaming systems ~~for manufacturer of equipment~~
18 ~~associated with interactive gaming}~~ is \$25,000.

19 **Sec. 9.** NRS 463.767 is hereby amended to read as follows:

20 463.767 1. The Commission may, with the advice and
21 assistance of the Board, adopt a seal for its use to identify:

22 (a) A license to operate interactive gaming;

23 (b) A license for a manufacturer of interactive gaming systems;

24 *and*

25 (c) ~~1-A license for a manufacturer of equipment associated with~~
26 ~~interactive gaming; and~~

27 ~~—(d)}~~ A license for a service provider to perform the actions
28 described in paragraph (a) of subsection 5 of NRS 463.677.

29 2. The Chair of the Commission has the care and custody of
30 the seal.

31 3. The seal must have imprinted thereon the words “Nevada
32 Gaming Commission.”

33 4. A person shall not use, copy or reproduce the seal in any
34 way not authorized by this chapter or the regulations of the
35 Commission. Except under circumstances where a greater penalty is
36 provided in NRS 205.175, a person who violates this subsection is
37 guilty of a gross misdemeanor.

38 5. A person convicted of violating subsection 4 is, in addition
39 to any criminal penalty imposed, liable for a civil penalty upon each
40 such conviction. A court before whom a defendant is convicted of a
41 violation of subsection 4 shall, for each violation, order the
42 defendant to pay a civil penalty of \$5,000. The money so collected:

43 (a) Must not be deducted from any penal fine imposed by the
44 court;

45 (b) Must be stated separately on the court’s docket; and



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- 1 (c) Must be remitted forthwith to the Commission.
- 2 **Sec. 10.** NRS 463.566, 463.5732 and 463.755 are hereby
- 3 repealed.
- 4 **Sec. 11.** 1. This section becomes effective upon passage and
- 5 approval.
- 6 2. Sections 1.3 to 1.8, inclusive, 3.3 and 3.7 of this act become
- 7 effective:
- 8 (a) Upon passage and approval for the purpose of adopting the
- 9 regulations described in section 1.7 of this act and performing any
- 10 other preparatory administrative tasks necessary to carry out the
- 11 provisions of those sections; and
- 12 (b) Upon adoption by the Nevada Gaming Commission of the
- 13 regulations described in section 1.7 of this act for all other purposes.
- 14 3. Section 5.5 of this act becomes effective:
- 15 (a) Upon passage and approval for the purpose of adopting
- 16 regulations and performing any other preparatory administrative
- 17 tasks necessary to carry out the provisions of that section; and
- 18 (b) On July 1, 2015, for all other purposes.
- 19 4. Sections 1, 1.1, 1.2, 1.9, 2, 3, 4, 5 and 6 to 10, inclusive, of
- 20 this act become effective on July 1, 2015.

TEXT OF REPEALED SECTIONS

463.566 Eligibility. No limited partnership is eligible to receive a state gaming license unless the conduct of gaming is among the purposes stated in its certificate of limited partnership.

463.5732 Eligibility for gaming license. No limited-liability company is eligible to receive a license unless the conduct of gaming is among the purposes stated in its articles of organization.

463.755 Commission may require license for manufacturer and others selling, transferring or offering equipment associated with interactive gaming.

1. Upon the recommendation of the Board, the Commission may require:

(a) A manufacturer of equipment associated with interactive gaming who sells, transfers or offers equipment associated with interactive gaming for use or play in this state to file an application for a license to be a manufacturer of equipment associated with interactive gaming.

(b) A person who directly or indirectly is involved in the sale, transfer or offering for use or play in this state of equipment associated with interactive gaming who is not otherwise required to



be licensed as a manufacturer or distributor pursuant to this chapter to file an application for a license to be a manufacturer of equipment associated with interactive gaming.

2. If a person fails to submit an application for a license to be a manufacturer of equipment associated with interactive gaming within 30 days after a demand by the Commission pursuant to this section, the Commission may pursue any remedy or combination of remedies provided in this chapter.



