

Amendment No. 401

Senate Amendment to Senate Bill No. 38	(BDR 41-350)
Proposed by: Senate Committee on Judiciary	
Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	
Adoption of this amendment will MAINTAIN the 2/3s majority vote requirement for final passage of S.B. 38 (§§ 1.7, 5.5).	

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date		
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of *green bold underlining* is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) *orange double underlining* is deleted language in the original bill proposed to be retained in this amendment.

NCA/BAW



Date: 4/19/2015

S.B. No. 38—Revises provisions governing the regulation of gaming.
(BDR 41-350)



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 ~~to sell~~ or distribute associated equipment relating to gaming to be ~~licensed;~~ registered; requiring the ~~Nevada Gaming~~ Commission to adopt certain regulations relating to the ~~licensure~~ registration of such persons; repealing certain provisions relating to gaming; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the operation of charitable lotteries by certain charitable and nonprofit organizations. (Chapter 462 of NRS) Sections 1-1.2 of this bill: (1) authorize an alumni organization or a state or local bar organization to operate charitable lotteries; and (2) make certain technical changes governing the operation of charitable lotteries.

Existing law requires the Nevada Gaming Commission and the State Gaming Control Board to administer state gaming licenses and manufacturers', sellers' and distributors' licenses, and to perform various acts relating to the regulation and control of gaming. (NRS 463.140) Sections 1.4-1.7 of this bill: (1) provide certain definitions related to the operation of club venues within nonrestricted gaming establishments; and (2) require the Commission to adopt regulations relating to such club venues and the registration of club venue employees.

Sections 1.9 and 2 of this bill revise the definitions of the terms "gaming employee" and "manufacture" for the purposes of the statutory provisions governing the licensing and control of gaming by including references to manufacturers of associated equipment.

Existing law prohibits certain actions related to gaming without the person first procuring and maintaining the required licensure. (NRS 463.160) Existing law also authorizes the

Commission to provide by regulation for the licensing of service providers, who generally: (1) perform certain services on behalf of another licensed person who conducts nonrestricted gaming operations or an establishment licensed to operate interactive gaming; or (2) provide services or devices which patrons of licensed establishments use to obtain cash or wagering instruments. (NRS 463.677) ~~Sections 3 and 6 of this bill remove the licensing requirement for a person to operate as a cash access and wagering instrument service provider.~~ **Section 6** ~~of this bill~~ removes the licensing requirement for persons who provide certain intellectual property or information via a database or customer list.

Existing law makes it unlawful to manufacture, sell or distribute certain items related to gaming without procuring and maintaining the required licensure. (NRS 463.650) **Section 4** ~~5.5 of this bill~~ ~~makes it unlawful for a person to manufacture, sell or distribute any~~ **requires the Commission to adopt regulations governing** associated equipment ~~related to gaming without first procuring and maintaining the required licensure. Sections 4 and 5 of this bill also require the Commission to adopt regulations,~~ **including** prescribing the requirements for ~~such licensure,~~ **registration** and the fees for the **application for and** issuance ~~for~~ **and** renewal of a ~~license,~~ **registration** to manufacture ~~, sell or~~ **and** distribute associated equipment.

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

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

Section 1. NRS 462.125 is hereby amended to read as follows:

462.125 “Qualified organization” means a bona fide alumni, charitable, civic, educational, fraternal, patriotic, political, religious, state or local bar or veterans’ organization that is not operated for profit.

Sec. 1.1. NRS 462.140 is hereby amended to read as follows:

462.140 A qualified organization may operate a charitable lottery if:

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

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

3. The total value of the prizes offered in the charitable lottery does not exceed \$2,500 and ~~for~~

~~(a) The~~ the organization operates no more than two charitable lotteries per calendar year; or

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

Sec. 1.2. NRS 462.180 is hereby amended to read as follows:

462.180 A qualified organization shall not:

1. ~~Sell~~ Except as approved by the Executive Director, sell any ticket or chance for a charitable lottery outside of:

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

(b) Any counties that border on the primary county.
2. If the organization has been approved by the Executive Director, conduct more than one charitable lottery in any calendar quarter without the specific authorization of the Executive Director.

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

Sec. 1.4. "Club venue" means a venue, including, without limitation, a pool venue, that:

1. Is located on the premises of a nonrestricted gaming establishment;
2. Prohibits patrons under 21 years of age from entering the premises;
3. Is licensed to serve alcohol;
4. Allows dancing; and
5. Offers live music, a disc jockey or an emcee.

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

1. Any person who provides hosting and VIP services; and
2. Any other person who the Commission determines must register because such registration is necessary to promote the public policy set forth in NRS 463.0129.

Sec. 1.6. "Club venue operator" means a person who:

1. Operates a club venue as a tenant of, or pursuant to a management or similar type of agreement with, a nonrestricted licensee; and
2. Does not, or whose controlled affiliate does not, hold a nonrestricted gaming license.

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

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

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

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

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

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

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

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

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

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

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

~~Section 1.1~~ **Sec. 1.9.** NRS 463.0157 is hereby amended to read as follows:

463.0157 1. "Gaming employee" means any person connected directly with an operator of a slot route, the operator of a pari-mutuel system, the operator of an inter-casino linked system or a manufacturer, distributor or disseminator, or with the operation of a gaming establishment licensed to conduct any game, 16 or more slot machines, a race book, sports pool or pari-mutuel wagering, including:

(a) Accounting or internal auditing personnel who are directly involved in any recordkeeping or the examination of records associated with revenue from gaming;

(b) Boxpersons;

(c) Cashiers;

(d) Change personnel;

(e) Counting room personnel;

(f) Dealers;

(g) Employees of a person required by NRS 464.010 to be licensed to operate an off-track pari-mutuel system;

(h) Employees of a person required by NRS 463.430 to be licensed to disseminate information concerning racing and employees of an affiliate of such a person involved in assisting the person in carrying out the duties of the person in this State;

(i) Employees whose duties are directly involved with the manufacture, repair, sale or distribution of gaming devices, associated equipment when the employer is required by NRS 463.650 to be licensed, cashless wagering systems, mobile gaming systems, equipment associated with mobile gaming systems ~~or interactive gaming systems ; for equipment associated with interactive gaming;~~

(j) Employees of operators of slot routes who have keys for slot machines or who accept and transport revenue from the slot drop;

(k) Employees of operators of inter-casino linked systems, mobile gaming systems or interactive gaming systems whose duties include the operational or supervisory control of the systems or the games that are part of the systems;

(l) Employees of operators of call centers who perform, or who supervise the performance of, the function of receiving and transmitting wagering instructions;

(m) Employees who have access to the Board's system of records for the purpose of processing the registrations of gaming employees that a licensee is required to perform pursuant to the provisions of this chapter and any regulations adopted pursuant thereto;

(n) Floorpersons;

(o) Hosts or other persons empowered to extend credit or complimentary services;

(p) Keno runners;

(q) Keno writers;

(r) Machine mechanics;

(s) Odds makers and line setters;

(t) Security personnel;

(u) Shift or pit bosses;

(v) Shills;

(w) Supervisors or managers;

(x) Ticket writers;

(y) Employees of a person required by NRS 463.160 to be licensed to operate an information service;

(z) Employees of a licensee who have local access and provide management, support, security or disaster recovery services for any hardware or software that is regulated pursuant to the provisions of this chapter and any regulations adopted pursuant thereto; and

(aa) Temporary or contract employees hired by a licensee to perform a function related to gaming.

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

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

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

463.01715 1. "Manufacture" means:

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

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

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

2. As used in this section:

(a) "Assume responsibility" means to:

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

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

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

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

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

Sec. 3. ~~NRS 463.160 is hereby amended to read as follows:~~

~~463.160 1. Except as otherwise provided in subsection 4 and NRS 463.172, it is unlawful for any person, either as owner, lessee or employee, whether for hire or not, either solely or in conjunction with others:~~

~~(a) To deal, operate, carry on, conduct, maintain or expose for play in the State of Nevada any gambling game, gaming device, inter casino linked system, mobile gaming system, slot machine, race book or sports pool;~~

~~(b) To provide or maintain any information service;~~

~~(c) To operate a gaming salon;~~

~~(d) To receive, directly or indirectly, any compensation or reward or any percentage or share of the money or property played, for keeping, running or~~

~~carrying on any gambling game, slot machine, gaming device, mobile gaming system, race book or sports pool; or~~

~~(e) [To operate as a cash access and wagering instrument service provider; or]~~

~~(f)] To operate, carry on, conduct, maintain or expose for play in or from the State of Nevada any interactive gaming system,~~

~~without having first procured, and thereafter maintaining in effect, all federal, state, county and municipal gaming licenses as required by statute, regulation or ordinance or by the governing board of any unincorporated town.~~

~~2. The licensure of an operator of an inter casino linked system is not required if:~~

~~(a) A gaming licensee is operating an inter casino linked system on the premises of an affiliated licensee; or~~

~~(b) An operator of a slot machine route is operating an inter casino linked system consisting of slot machines only.~~

~~3. Except as otherwise provided in subsection 4, it is unlawful for any person knowingly to permit any gambling game, slot machine, gaming device, inter casino linked system, mobile gaming system, race book or sports pool to be conducted, operated, dealt or carried on in any house or building or other premises owned by the person, in whole or in part, by a person who is not licensed pursuant to this chapter, or that person's employee.~~

~~4. The Commission may, by regulation, authorize a person to own or lease gaming devices for the limited purpose of display or use in the person's private residence without procuring a state gaming license.~~

~~5. For the purposes of this section, the operation of a race book or sports pool includes making the premises available for any of the following purposes:~~

~~(a) Allowing patrons to establish an account for wagering with the race book or sports pool;~~

~~(b) Accepting wagers from patrons;~~

~~(c) Allowing patrons to place wagers;~~

~~(d) Paying winning wagers to patrons; or~~

~~(e) Allowing patrons to withdraw cash from an account for wagering or to be issued a ticket, receipt, representation of value or other credit representing a withdrawal from an account for wagering that can be redeemed for cash,~~

~~whether by a transaction in person at an establishment or through mechanical means, such as a kiosk or similar device, regardless of whether that device would otherwise be considered associated equipment. A separate license must be obtained for each location at which such an operation is conducted.~~

~~6. As used in this section, "affiliated licensee" has the meaning ascribed to it in NRS 463.430. (Deleted by amendment.)~~

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

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

2. Expenses may be advanced from the Investigative Fund by the Chair, and expenditures from the Fund may be made without regard to NRS 281.160. Any money received from the applicant in excess of the costs and charges incurred in the investigation or the processing of the application must be refunded pursuant to

regulations adopted by the Board and the Commission. At the conclusion of the investigation, the Board shall give to the applicant a written accounting of the costs and charges so incurred.

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

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

463.3407 1. Any communication or document of an applicant, ~~or~~ licensee ~~or club venue operator~~, or an affiliate of ~~either~~ an applicant, licensee or club venue operator, which is made or transmitted to the Board or Commission or any of their agents or employees to:

- (a) Comply with any law or the regulations of the Board or Commission;
- (b) Comply with a subpoena issued by the Board or Commission; or
- (c) Assist the Board or Commission in the performance of their respective duties,

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

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

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

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

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

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

Sec. 4. NRS 463.650 is hereby amended to read as follows:

~~463.650 1. Except as otherwise provided in subsections 2 to 5, 6, inclusive, it is unlawful for any person, either as owner, lessee or employee, whether for hire or not, to operate, carry on, conduct or maintain any form of manufacture, selling or distribution of any gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada without first procuring and maintaining all required federal, state, county and municipal licenses.~~

~~2. A lessor who specifically acquires equipment for a capital lease is not required to be licensed under this section or NRS 462.660.~~

~~3. The holder of a state gaming license or the holding company of a corporation, partnership, limited partnership, limited liability company or other business organization holding a license may, within 2 years after cessation of business or upon specific approval by the Board, dispose of by sale in a manner approved by the Board, any or all of its gaming devices, including slot machines, mobile gaming systems, associated equipment and cashless wagering systems, without a distributor's license. In cases of bankruptcy of a state gaming licensee or~~

foreclosure of a lien by a bank or other person holding a security interest for which gaming devices are security in whole or in part for the lien, the Board may authorize the disposition of the gaming devices without requiring a distributor's license.

~~4. The Commission may, by regulation, authorize a person who owns:~~

~~(a) Gaming devices for home use in accordance with NRS 463.160; or~~

~~(b) Antique gaming devices;~~

~~to sell such devices without procuring a license therefor to residents of jurisdictions wherein ownership of such devices is legal.~~

~~5. Upon approval by the Board, a gaming device owned by:~~

~~(a) A law enforcement agency;~~

~~(b) A court of law; or~~

~~(c) A gaming device repair school licensed by the Commission on Postsecondary Education;~~

~~may be disposed of by sale, in a manner approved by the Board, without a distributor's license. An application for approval must be submitted to the Board in the manner prescribed by the Chair.~~

~~6. The Commission shall adopt regulations that prescribe, without limitation, the requirements for licensing a person who manufactures, sells or distributes associated equipment. The Commission may, in its sole discretion, subject to the requirements set forth in this chapter and consistent with the public policy of this State concerning gaming, exempt a manufacturer, seller or distributor of associated equipment from any licensing requirement.~~

~~7. Any person who the Commission determines is a suitable person to receive a license under the provisions of this section and NRS 463.660 may be issued a manufacturer's or distributor's license. The burden of proving his or her qualification to receive or hold a license under this section and NRS 463.660 is at all times on the applicant or licensee.~~

~~[7.] 8. Every person who must be licensed pursuant to this section is subject to the provisions of NRS 463.482 to 463.645, inclusive, unless exempted from those provisions by the Commission.~~

~~[8.] 9. The Commission may exempt, for any purpose, a manufacturer, seller or distributor from the provisions of NRS 463.482 to 463.645, inclusive, if the Commission determines that the exemption is consistent with the purposes of this chapter.~~

~~[9.] 10. Any person conducting business in Nevada who is not required to be licensed as a manufacturer, seller or distributor pursuant to subsection 1, but who otherwise must register with the Attorney General of the United States pursuant to Title 15 of U.S.C., must submit to the Board a copy of such registration within 10 days after submission to the Attorney General of the United States.~~

~~[10.] 11. It is unlawful for any person, either as owner, lessee or employee, whether for hire or not, to knowingly distribute any gaming device, cashless wagering system, mobile gaming system, interactive gaming system or associated equipment from Nevada to any jurisdiction where the possession, ownership or use of any such device, system or equipment is illegal.~~

~~[11.] 12. As used in this section:~~

~~(a) "Antique gaming device" means a gaming device that was manufactured before 1961.~~

~~(b) "Holding company" has the meaning ascribed to it in NRS 463.485.]~~

~~(Deleted by amendment.)~~

Sec. 5. [NRS 463.660 is hereby amended to read as follows:]

~~463.660 1. [The] Except as otherwise provided in subsection 2, the Commission shall charge and collect from each applicant a fee of:~~

~~(a) For the issuance or renewal of a manufacturer's license, \$1,000.~~
~~(b) For the issuance or renewal of a seller's or distributor's license, \$500.~~

~~2. The Commission shall prescribe by regulation the fees for the issuance or renewal of a license to manufacture, sell or distribute associated equipment.~~

~~3. All licenses must be issued for the calendar year beginning on January 1 and expiring on December 31. If the operation is continuing, the Commission shall charge and collect the fee prescribed by subsection 1 or 2, as applicable, on or before December 31 for the ensuing calendar year. Regardless of the date of application or issuance of the license, the fee to be charged and collected under this section is the full annual fee.~~

~~[2.] 4. All license fees collected pursuant to this section must be paid over immediately to the State Treasurer to be deposited to the credit of the State General Fund.] (Deleted by amendment.)~~

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

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

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

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

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

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

(1) Is directly used in gaming;

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

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

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

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

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

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

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

3. This section does not apply to:

(a) A licensee; or

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

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

~~[2. Any]~~

5. In addition to requiring a manufacturer or distributor of associated equipment to be registered as set forth in subsections 2 and 3, any person who directly or indirectly involves himself or herself in the sale, transfer or offering for

1 use or play in Nevada of such associated equipment who is not otherwise required
2 to be licensed as a manufacturer or distributor may be required by the Commission,
3 upon recommendation of the Board, to file an application for a finding of suitability
4 to be a manufacturer or distributor of associated equipment.

5 ~~4-4~~ 6. If an application for a finding of suitability is not submitted to the
6 Board within 30 days after demand by the Commission, it may pursue any remedy
7 or combination of remedies provided in this chapter.

8 7. Any person who manufactures or distributes associated equipment who
9 has complied with all applicable regulations adopted by the Commission before
10 October 1, 2015, shall be deemed to be registered pursuant to this section.

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

12 463.677 1. The Legislature finds that:

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

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

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

29 (a) Provisions requiring the service provider to meet the qualifications for
30 licensing pursuant to NRS 463.170, in addition to any other qualifications
31 established by the Commission, and to be licensed regardless of whether the service
32 provider holds any other license.

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

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

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

43 (e) Additional matters which the Commission deems necessary and appropriate
44 to carry out the provisions of this section and which are consistent with the public
45 policy of this State pursuant to NRS 463.0129, including that a service provider
46 must be liable to the licensee on whose behalf the services are provided for the
47 service provider's proportionate share of the fees and taxes paid by the licensee.

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

52 4. Regulations adopted by the Commission pursuant to this section must
53 provide that the premises on which a service provider conducts its operations are

subject to the power and authority of the Board and Commission pursuant to NRS 463.140, as though the premises are where gaming is conducted and the service provider is a gaming licensee.

5. As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Establish the investigation fees for:

(1) A license to operate interactive gaming;

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

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

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

(b) Provide that:

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

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

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

(c) Except as otherwise provided in subsections 6 to 10, inclusive, set forth standards for the suitability of a person to be licensed as a manufacturer of interactive gaming systems ~~for a manufacturer of equipment associated with~~

1 ~~interactive gaming~~ or a service provider as described in paragraph (b) of
2 subsection 5 of NRS 463.677 that are as stringent as the standards for a
3 nonrestricted license.

4 (d) Set forth provisions governing:

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

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

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

12 (e) Provide that gross revenue received by an establishment from the operation
13 of interactive gaming is subject to the same license fee provisions of NRS 463.370
14 as the games and gaming devices of the establishment, unless federal law otherwise
15 provides for a similar fee or tax.

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

18 (g) Define ~~“equipment associated with interactive gaming,”~~ “interactive
19 gaming system,” ~~“manufacturer of equipment associated with interactive~~
20 ~~gaming,”~~ “manufacturer of interactive gaming systems,” “operate interactive
21 gaming” and “proprietary hardware and software” as the terms are used in this
22 chapter.

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

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

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

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

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

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

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

40 (5) Has a gaming area that is at least 18,000 square feet in area with at least
41 1,600 slot machines, 40 table games, and a sports book and race pool.

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

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

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

50 (3) Operates either:

51 (I) More than 50 rooms for sleeping accommodations in connection
52 therewith; or

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

1 4. The Commission may:

2 (a) Issue a license to operate interactive gaming to an affiliate of an
3 establishment if:

4 (1) The establishment satisfies the applicable requirements set forth in
5 subsection 3;

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

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

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

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

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

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

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

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

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

29 7. The Commission, upon recommendation of the Board, may waive the
30 requirements of subsection 6 if the Commission determines that:

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

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

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

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

46 (c) In the case of a covered asset, the asset was not used after December 31,
47 2006, in violation of any provision of federal law or the law of any state, and the
48 interactive gaming facility in connection with which the asset was used was not
49 used after that date in violation of any provision of federal law or the law of any
50 state.

51 8. With respect to a person applying for a waiver pursuant to subsection 7, the
52 Commission shall afford the person an opportunity to be heard and present relevant
53 evidence. The Commission shall act as finder of fact and is entitled to evaluate the

credibility of witnesses and persuasiveness of the evidence. The affirmative votes of a majority of the whole Commission are required to grant or deny such waiver. The Board shall make appropriate investigations to determine any facts or recommendations that it deems necessary or proper to aid the Commission in making determinations pursuant to this subsection and subsection 7.

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

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

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

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

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

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

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

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

~~(b) Fifty thousand dollars for a license for a manufacturer of equipment associated with interactive gaming;~~

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

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

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

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

(a) A license to operate interactive gaming;

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

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

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

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

3. The seal must have imprinted thereon the words "Nevada Gaming Commission."

4. A person shall not use, copy or reproduce the seal in any way not authorized by this chapter or the regulations of the Commission. Except under

circumstances where a greater penalty is provided in NRS 205.175, a person who violates this subsection is guilty of a gross misdemeanor.

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

- (a) Must not be deducted from any penal fine imposed by the court;
- (b) Must be stated separately on the court's docket; and
- (c) Must be remitted forthwith to the Commission.

Sec. 10. NRS ~~463.01395 and~~ 463.566, 463.5732 and 463.755 are hereby repealed.

Sec. 11. 1. This ~~act~~ section becomes effective upon passage and approval.

2. Sections 1.3 to 1.8, inclusive, 3.3 and 3.7 of this act become effective;

(a) Upon passage and approval for the purpose of adopting the regulations described in section 1.7 of this act and performing any other preparatory administrative tasks necessary to carry out the provisions of those sections; and

(b) Upon adoption by the Nevada Gaming Commission of the regulations described in section 1.7 of this act for all other purposes.

3. Section 5.5 of this act becomes effective;

(a) Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks necessary to carry out the provisions of that section; and

(b) On July 1, 2015, for all other purposes.

4. Sections 1, 1.1, 1.2, 1.9, 2, 3, 4, 5 and 6 to 10, inclusive, of this act become effective on July 1, 2015.

TEXT OF REPEALED SECTIONS

~~463.01395 "Cash access and wagering instrument service provider" defined. "Cash access and wagering instrument service provider" means a provider of services or devices for use by patrons of licensed gaming establishments to obtain cash or wagering instruments through a variety of automated methods, including, without limitation:~~

- ~~1. Wagering instrument issuance and redemption kiosks; or~~
- ~~2. Money transfers through mobile or Internet services.~~

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.