

ASSEMBLY BILL No. 578—COMMITTEE ON JUDICIARY

(ON BEHALF OF GAMING CONTROL BOARD)

MARCH 26, 2001

Referred to Committee on Judiciary

SUMMARY—Enacts provisions governing licensing and operation of interactive gaming and revises various provisions relating to gaming. (BDR 41-531)

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

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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; authorizing the Nevada gaming commission to adopt regulations governing the licensing and operation of interactive gaming if the commission first makes certain determinations; providing that a license to operate interactive gaming may be issued only to resort hotels or certain other establishments holding nonrestricted licenses; providing for certain application fees and license fees relating to interactive gaming; providing that gross revenue received from interactive gaming is subject to taxation in the same manner as gross revenue received from other games; exempting the operation of interactive gaming from certain other fees and taxes; revising the computation of interest payable by the commission on the overpayment of certain fees and taxes; prohibiting a person from operating interactive gaming until the commission adopts regulations and unless the person procures and maintains all licenses required pursuant to the regulations; providing for the enforceability of gaming debts incurred pursuant to an interactive gaming system; providing for the licensure and regulation of manufacturers of interactive gaming components; revising provisions relating to persons who acquire a certain beneficial ownership in a publicly traded corporation registered with the commission; revising the definitions of “gross revenue” and “manufacturer” for the purposes of the Nevada Gaming Control Act; providing penalties; and providing other matters properly relating thereto.

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

1 **Section 1.** Chapter 463 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 9, inclusive, of this act.

3 **Sec. 2. 1. “Interactive gaming” means the conduct of gambling**
4 **games through the use of communications technology that allows a**
5 **person outside or within an establishment, utilizing money, checks,**



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1 *electronic checks, electronic transfers of money, credit cards, debit cards*
2 *or any other instrumentality, to transmit to a computer within the*
3 *establishment information to assist in the placing of a bet or wager and*
4 *corresponding information related to the display of the game, game*
5 *outcomes or other similar information.*

6 2. As used in this section, "communications technology" means any
7 method used and the components employed by an establishment to
8 facilitate the transmission of information, including, without limitation,
9 transmission and reception by systems based on wire, cable, radio,
10 microwave, light, optics or computer data networks, including, without
11 limitation, the Internet and intranets.

12 **Sec. 3.** 1. Except as otherwise provided in subsections 2 and 3, the
13 commission may, with the advice and assistance of the board, adopt
14 regulations governing the licensing and operation of interactive gaming.

15 2. The commission may not adopt regulations governing the
16 licensing and operation of interactive gaming until the commission first
17 determines that:

18 (a) Interactive gaming can be operated in compliance with all
19 applicable laws;

20 (b) Interactive gaming systems are secure and reliable, and provide
21 reasonable assurance that players will be of lawful age and
22 communicating only from jurisdictions where it is lawful to make such
23 communications; and

24 (c) Adoption of such regulations is consistent with the public policy of
25 the state to foster the stability and success of gaming.

26 3. The regulations adopted by the commission pursuant to this
27 section must:

28 (a) Establish the investigation fees for:

29 (1) A license to operate interactive gaming; and

30 (2) A license for a manufacturer of interactive gaming components.

31 (b) Provide that:

32 (1) A person must hold a license for a manufacturer of interactive
33 gaming components to supply or provide any component part of an
34 interactive gaming system, including, without limitation, any piece of
35 proprietary software or hardware; and

36 (2) A manufacturer of interactive gaming components must be
37 specifically licensed as a manufacturer of a gaming device for interactive
38 gaming, manufacturer of equipment associated with a gaming device for
39 interactive gaming or manufacturer of peripheral equipment related to a
40 gaming device for interactive gaming.

41 (c) Set forth standards for the suitability of a person to be licensed as
42 a manufacturer of interactive gaming components that are as stringent
43 as the standards for a nonrestricted license.

44 (d) Provide that gross revenue received by an establishment from the
45 operation of interactive gaming is subject to the same license fee
46 provisions of NRS 463.370 as the games and gaming devices of the
47 establishment.

48 (e) Define "interactive gaming system," "manufacturer of a gaming
49 device for interactive gaming," "manufacturer of equipment associated



1 with a gaming device for interactive gaming,” “manufacturer of
2 interactive gaming components,” “manufacturer of peripheral
3 equipment related to a gaming device for interactive gaming” and
4 “operate interactive gaming” as the terms are used in this chapter.
5 4. The commission shall not approve a license for an establishment
6 to operate interactive gaming unless:
7 (a) In a county whose population is 400,000 or more, the
8 establishment is a resort hotel.
9 (b) In a county whose population is more than 100,000 but less than
10 400,000, the establishment is a resort hotel or the establishment:
11 (1) Holds a nonrestricted license for the operation of games and
12 gaming devices;
13 (2) Has more than 120 rooms available for sleeping
14 accommodations in the same county;
15 (3) Has at least one bar with permanent seating capacity for more
16 than 30 patrons that serves alcoholic beverages sold by the drink for
17 consumption on the premises;
18 (4) Has at least one restaurant with permanent seating capacity for
19 more than 60 patrons that is open to the public 24 hours each day and 7
20 days each week; and
21 (5) Has a gaming area that is at least 18,000 square feet in area
22 with at least 1,600 slot machines, 40 table games, and a sports book and
23 race pool.
24 (c) In all other counties, the establishment is a resort hotel or the
25 establishment:
26 (1) Has held a nonrestricted license for the operation of games and
27 gaming devices for at least 10 years before the date of its application for
28 a license to operate interactive gaming;
29 (2) Meets the definition of group 1 licensee as set forth in the
30 regulations of the board on the date of its application for a license to
31 operate interactive gaming; and
32 (3) Operates either:
33 (I) More than 100 rooms for sleeping accommodations in
34 connection therewith; or
35 (II) More than 135 gaming devices in connection therewith.
36 5. It is unlawful for any person, either as owner, lessee or employee,
37 whether for hire or not, either solely or in conjunction with others, to
38 operate interactive gaming:
39 (a) Until the commission adopts regulations pursuant to this section;
40 and
41 (b) Unless the person first procures, and thereafter maintains in
42 effect, all appropriate licenses as required by the regulations adopted by
43 the commission pursuant to this section.
44 6. A person who violates subsection 5 is guilty of a category B felony
45 and shall be punished by imprisonment in the state prison for a
46 minimum term of not less than 1 year and a maximum term of not more
47 than 10 years or by a fine of not more than \$50,000, or both.



1 **Sec. 4.** *A debt incurred by a patron for play at an interactive gaming*
2 *system of an establishment licensed to operate interactive gaming is valid*
3 *and may be enforced by legal process.*

4 **Sec. 5.** *1. An application for a license for an establishment to*
5 *operate interactive gaming or for a manufacturer of a gaming device for*
6 *interactive gaming, manufacturer of equipment associated with a gaming*
7 *device for interactive gaming or manufacturer of peripheral equipment*
8 *related to a gaming device for interactive gaming:*

9 *(a) Must be accompanied by a nonrefundable application fee in the*
10 *amount set forth in subsection 2 when the application is filed with the*
11 *board.*

12 *(b) May be filed with the board, on a form approved by the board:*

13 *(1) Not later than 90 days after July 1, 2001; or*

14 *(2) Not earlier than 181 days after the commission issues the first*
15 *license for an establishment to operate interactive gaming pursuant to*
16 *this chapter.*

17 **2.** *The nonrefundable application fees for the licenses described in*
18 *subsection 1 are:*

19 *(a) For a license for an establishment to operate interactive gaming,*
20 *\$100,000.*

21 *(b) For a license for a manufacturer of a gaming device for*
22 *interactive gaming, \$50,000.*

23 *(c) For a license for a manufacturer of equipment associated with a*
24 *gaming device for interactive gaming, \$25,000.*

25 *(d) For a license for a manufacturer of peripheral equipment related*
26 *to a gaming device for interactive gaming, \$10,000.*

27 **3.** *The board shall not accept an application for a license described*
28 *in subsection 1 filed on any date other than a date described in*
29 *paragraph (b) of subsection 1.*

30 **Sec. 6.** *1. Before issuing a license for an establishment to operate*
31 *interactive gaming, the commission shall charge and collect from the*
32 *establishment a license fee of \$500,000.*

33 **2.** *Each license for an establishment to operate interactive gaming*
34 *must be issued for a 2-year period beginning on January 1 of the first*
35 *year and ending on December 31 of the second year.*

36 **3.** *Notwithstanding the provisions of subsections 1 and 2 to the*
37 *contrary, a license for an establishment to operate interactive gaming*
38 *may be issued after January 1 of a calendar year for a period beginning*
39 *on the date of issuance of the license and ending on the second*
40 *December 31 following the date of issuance of the license. Before issuing*
41 *a license pursuant to this subsection, the commission shall charge and*
42 *collect from the establishment a license fee of \$500,000 prorated by 1/24*
43 *for each full month between January 1 of the calendar year and the date*
44 *of issuance of the license.*

45 **4.** *Before renewing a license issued pursuant to this section, but in*
46 *no case later than the second December 31 after the license was issued or*
47 *previously renewed, the commission shall charge and collect a renewal*
48 *fee of \$250,000 for the renewal of the license for the immediately*
49 *following 1-year period.*



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1 **Sec. 7.** *The operation of interactive gaming is exempt from the fees*
2 *and taxes imposed pursuant to NRS 463.375, 463.380, 463.383 and*
3 *463.385.*

4 **Sec. 8.** *1. Before issuing a license for a manufacturer of a gaming*
5 *device for interactive gaming, manufacturer of equipment associated*
6 *with a gaming device for interactive gaming or manufacturer of*
7 *peripheral equipment related to a gaming device for interactive gaming,*
8 *the commission shall charge and collect a license fee of:*

9 *(a) Two hundred and fifty thousand dollars for a license for a*
10 *manufacturer of a gaming device for interactive gaming;*

11 *(b) One hundred thousand dollars for a license for a manufacturer of*
12 *equipment associated with a gaming device for interactive gaming; or*

13 *(c) Fifty thousand dollars for a license for a manufacturer of*
14 *peripheral equipment related to a gaming device for interactive gaming.*

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

17 *3. Before renewing a license issued pursuant to this section, but in*
18 *no case later than 1 year after the license was issued or previously*
19 *renewed, the commission shall charge and collect a renewal fee for the*
20 *renewal of the license for the immediately following 1-year period. The*
21 *renewal fee for a license for a:*

22 *(a) Manufacturer of a gaming device for interactive gaming is an*
23 *amount equal to the greater of:*

24 *(1) Fifty thousand dollars; or*

25 *(2) Fifty thousand dollars multiplied by the number of*
26 *establishments licensed to operate interactive gaming that, on the date of*
27 *renewal, have an agreement with the manufacturer of a gaming device*
28 *for interactive gaming to share the revenue from an interactive gaming*
29 *system.*

30 *(b) Manufacturer of equipment associated with a gaming device for*
31 *interactive gaming is \$50,000.*

32 *(c) Manufacturer of peripheral equipment related to a gaming device*
33 *for interactive gaming is \$25,000.*

34 **Sec. 9.** *1. In addition to the fees set forth in section 8 of this act, a*
35 *licensed manufacturer of a gaming device for interactive gaming shall*
36 *pay a monthly license fee pursuant to this section for each agreement to*
37 *share the revenue from an interactive gaming system into which the*
38 *manufacturer of a gaming device for interactive gaming has entered with*
39 *an establishment licensed to operate interactive gaming.*

40 *2. Each establishment licensed to operate interactive gaming with*
41 *which the manufacturer of a gaming device for interactive gaming has*
42 *an agreement to share the revenue from an interactive gaming system*
43 *shall transmit the license fee required by subsection 1 on behalf of the*
44 *manufacturer of a gaming device for interactive gaming based upon the*
45 *amount of revenue to which the manufacturer of a gaming device for*
46 *interactive gaming is entitled pursuant to the agreement, which must be*
47 *6.25 percent of the revenue from the previous calendar month.*

48 *3. For the purposes of subsection 2, the amount of revenue to which*
49 *the manufacturer of a gaming device for interactive gaming is entitled*



1 *pursuant to an agreement to share the revenue from an interactive*
2 *gaming system;*

3 *(a) Includes all revenue of the manufacturer of a gaming device for*
4 *interactive gaming that is his share of the revenue from the interactive*
5 *gaming system pursuant to the agreement; and*

6 *(b) Does not include revenue that is the fixed purchase price for the*
7 *sale of a component of the interactive gaming system.*

8 *4. Each establishment licensed to operate interactive gaming*
9 *described in subsection 2 shall:*

10 *(a) Withhold the amount necessary to pay the license fee from the*
11 *share due the manufacturer of a gaming device for interactive gaming*
12 *pursuant to the agreement; and*

13 *(b) Transmit the license fee on behalf of the manufacturer of a*
14 *gaming device for interactive gaming on the same date and in the same*
15 *manner as the establishment pays license fees pursuant to NRS 463.370.*

16 *5. Revenue upon which a license fee is paid pursuant to this section*
17 *is not subject to the provisions of NRS 463.370.*

18 **Sec. 10.** NRS 463.013 is hereby amended to read as follows:

19 463.013 As used in this chapter, unless the context otherwise requires,
20 the words and terms defined in NRS 463.0133 to 463.0197, inclusive, *and*
21 *section 2 of this act*, have the meanings ascribed to them in those sections.

22 **Sec. 11.** NRS 463.0161 is hereby amended to read as follows:

23 463.0161 1. "Gross revenue" means the total of all:

24 (a) Cash received as winnings;

25 (b) Cash received in payment for credit extended by a licensee to a
26 patron for purposes of gaming; and

27 (c) Compensation received for conducting any game in which the
28 licensee is not party to a wager,

29 less the total of all cash paid out as losses to patrons, those amounts paid to
30 fund periodic payments and any other items made deductible as losses by
31 NRS 463.3715. For the purposes of this section, cash or the value of
32 noncash prizes awarded to patrons in a contest or tournament are not
33 losses, except that losses in a contest or tournament conducted in
34 conjunction with an inter-casino linked system may be deducted to the
35 extent of the compensation received for the right to participate in that
36 contest or tournament.

37 2. The term does not include:

38 (a) Counterfeit facsimiles of money, chips, tokens, wagering
39 instruments or wagering credits;

40 (b) Coins of other countries which are received in gaming devices;

41 (c) Any portion of the face value of any chip, token or other
42 representative of value won by a licensee from a patron for which the
43 licensee can demonstrate that it or its affiliate has not received cash;

44 (d) Cash taken in fraudulent acts perpetrated against a licensee for
45 which the licensee is not reimbursed;

46 (e) Cash received as entry fees for contests or tournaments in which
47 patrons compete for prizes, except for a contest or tournament conducted in
48 conjunction with an inter-casino linked system;

49 (f) Uncollected baccarat commissions; ~~to~~



1 (g) Cash provided by the licensee to a patron and subsequently won by
2 the licensee, for which the licensee can demonstrate that it or its affiliate
3 has not been reimbursed ~~HH~~ ; or
4 (h) *Revenue from an interactive gaming system to which a*
5 *manufacturer of a gaming device for interactive gaming is entitled*
6 *pursuant to an agreement to share revenue between the manufacturer of*
7 *a gaming device for interactive gaming and the licensee.*
8 3. As used in this section, "baccarat commission" means:
9 (a) A fee assessed by a licensee on cash paid out as a loss to a patron at
10 baccarat to modify the odds of the game; or
11 (b) A rate or fee charged by a licensee for the right to participate in a
12 baccarat game.
13 **Sec. 12.** NRS 463.0172 is hereby amended to read as follows:
14 463.0172 "Manufacturer" means a person who:
15 1. Manufactures, assembles, programs or makes modifications to a
16 gaming device , ~~HH~~ cashless wagering system ~~HH~~ *or interactive gaming*
17 *system;* or
18 2. Designs, *assumes responsibility for the design of,* controls the
19 design or assembly *of,* or maintains a copyright over the design of , a
20 mechanism, electronic circuit or computer program which cannot be
21 reasonably demonstrated to have any application other than in a gaming
22 device , ~~for in a~~ cashless wagering system ~~HH~~ *or interactive gaming*
23 *system* for use or play in this state or for distribution outside of this state.
24 **Sec. 13.** NRS 463.3557 is hereby amended to read as follows:
25 463.3557 ~~HH~~
26 1. *Except as otherwise provided in subsection 2, an* electronic transfer
27 of money from a financial institution directly to a game or gaming device
28 may not be made with a credit card.
29 2. *The provisions of subsection 1 do not apply to an interactive*
30 *gaming system.*
31 **Sec. 14.** NRS 463.361 is hereby amended to read as follows:
32 463.361 1. Except as otherwise provided in *section 4 of this act and*
33 NRS 463.361 to 463.366, inclusive, gaming debts that are not evidenced by
34 a credit instrument are void and unenforceable and do not give rise to any
35 administrative or civil cause of action.
36 2. A claim by a patron of a licensee for payment of a gaming debt that
37 is not evidenced by a credit instrument may be resolved in accordance with
38 NRS 463.362 to 463.366, inclusive:
39 (a) By the board; or
40 (b) If the claim is for less than \$500, by a hearing examiner designated
41 by the board.
42 **Sec. 15.** NRS 463.370 is hereby amended to read as follows:
43 463.370 1. Except as otherwise provided in NRS 463.373, the
44 commission shall charge and collect from each licensee a license fee based
45 upon all the gross revenue of the licensee as follows:
46 (a) Three percent of all the gross revenue of the licensee which does not
47 exceed \$50,000 per calendar month;



1 (b) Four percent of all the gross revenue of the licensee which exceeds
2 \$50,000 per calendar month and does not exceed \$134,000 per calendar
3 month; and

4 (c) Six and one-quarter percent of all the gross revenue of the licensee
5 which exceeds \$134,000 per calendar month.

6 2. Unless the licensee has been operating for less than a full calendar
7 month, the commission shall charge and collect the fee prescribed in
8 subsection 1, based upon the gross revenue for the preceding calendar
9 month, on or before the 24th day of the following month. Except for the fee
10 based on the first full month of operation, the fee is an estimated payment
11 of the license fee for the third month following the month whose gross
12 revenue is used as its basis.

13 3. When a licensee has been operating for less than a full calendar
14 month, the commission shall charge and collect the fee prescribed in
15 subsection 1, based on the gross revenue received during that month, on or
16 before the 24th day of the following calendar month of operation. After the
17 first full calendar month of operation, the commission shall charge and
18 collect the fee based on the gross revenue received during that month, on or
19 before the 24th day of the following calendar month. The payment of the
20 fee due for the first full calendar month of operation must be accompanied
21 by the payment of a fee equal to three times the fee for the first full
22 calendar month. This additional amount is an estimated payment of the
23 license fees for the next 3 calendar months. Thereafter, each license fee
24 must be paid in the manner described in subsection 2. Any deposit held by
25 the commission on July 1, 1969, must be treated as an advance estimated
26 payment.

27 4. All revenue received from any game or gaming device which is
28 operated on the premises of a licensee, regardless of whether any portion of
29 the revenue is shared with any other person, must be attributed to the
30 licensee for the purposes of this section and counted as part of the gross
31 revenue of the licensee. Any other person, including, without limitation, an
32 operator of an inter-casino linked system, who is authorized to receive a
33 share of the revenue from any game, gaming device or inter-casino linked
34 system that is operated on the premises of a licensee is liable to the licensee
35 for that person's proportionate share of the license fees paid by the licensee
36 pursuant to this section and shall remit or credit the full proportionate share
37 to the licensee on or before the 24th day of each calendar month. The
38 proportionate share of an operator of an inter-casino linked system must be
39 based on all compensation and other consideration received by the operator
40 of the inter-casino linked system, including, without limitation, amounts
41 that accrue to the meter of the primary progressive jackpot of the inter-
42 casino linked system and amounts that fund the reserves of such a jackpot,
43 subject to all appropriate adjustments for deductions, credits, offsets and
44 exclusions that the licensee is entitled to take or receive pursuant to the
45 provisions of this chapter. A licensee is not liable to any other person
46 authorized to receive a share of the licensee's revenue from any game,
47 gaming device or inter-casino linked system that is operated on the
48 premises of the licensee for that person's proportionate share of the license



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1 fees to be remitted or credited to the licensee by that person pursuant to this
2 section.

3 5. An operator of an inter-casino linked system shall not enter into any
4 agreement or arrangement with a licensee that provides for the operator of
5 the inter-casino linked system to be liable to the licensee for less than its
6 full proportionate share of the license fees paid by the licensee pursuant to
7 this section, whether accomplished through a rebate, refund, charge-back
8 or otherwise.

9 6. Any person required to pay a fee pursuant to this section shall file
10 with the commission, on or before the 24th day of each calendar month, a
11 report showing the amount of all gross revenue received during the
12 preceding calendar month. Each report must be accompanied by:

13 (a) The fee due based on the revenue of the month covered by the
14 report; and

15 (b) An adjustment for the difference between the estimated fee
16 previously paid for the month covered by the report, if any, and the fee due
17 for the actual gross revenue earned in that month. If the adjustment is less
18 than zero, a credit must be applied to the estimated fee due with that report.

19 7. If the amount of license fees required to be reported and paid
20 pursuant to this section is later determined to be greater or less than the
21 amount actually reported and paid, the commission shall:

22 (a) Charge and collect the additional license fees determined to be due,
23 with interest thereon until paid; or

24 (b) Refund any overpayment to the person entitled thereto pursuant to
25 this chapter, with interest thereon.

26 Interest *pursuant to paragraph (a)* must be computed at the rate prescribed
27 in NRS 17.130 from the first day of the first month following ~~either~~ the
28 due date of the additional license fees ~~for the date of overpayment~~ until
29 paid. *Interest pursuant to paragraph (b) must be computed at one-half*
30 *the rate prescribed in NRS 17.130 from the first day of the first month*
31 *following the date of overpayment until paid.*

32 8. Failure to pay the fees provided for in this section shall be deemed a
33 surrender of the license at the expiration of the period for which the
34 estimated payment of fees has been made, as established in subsection 2.

35 9. Except as otherwise provided in NRS 463.386, the amount of the
36 fee prescribed in subsection 1 must not be prorated.

37 10. Except as otherwise provided in NRS 463.386, if a licensee ceases
38 operation, the commission shall:

39 (a) Charge and collect the additional license fees determined to be due
40 with interest ~~+~~ *computed pursuant to paragraph (a) of subsection 7;* or

41 (b) Refund any overpayment ~~+, with interest thereon, +~~ to the licensee ~~+,~~
42 *with interest computed pursuant to paragraph (b) of*
43 *subsection 7,*

44 based upon the gross revenue of the licensee during the last 3 months
45 immediately preceding the cessation of operation, or portions of those last
46 3 months.

47 11. If in any month, the amount of gross revenue is less than zero, the
48 licensee may offset the loss against gross revenue in succeeding months
49 until the loss has been fully offset.



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1 12. If in any month, the amount of the license fee due is less than zero,
2 the licensee is entitled to receive a credit against any license fees due in
3 succeeding months until the credit has been fully offset.

4 **Sec. 16.** NRS 463.387 is hereby amended to read as follows:

5 463.387 1. State gaming license fees or taxes paid in excess of the
6 amount required to be reported and paid may be refunded, upon the
7 approval of the commission, as other claims against the state are paid.

8 2. Within 90 days after the mailing of the notice of the commission's
9 action upon a claim for refund filed pursuant to this chapter, the claimant
10 may bring an action against the commission on the grounds set forth in the
11 claim in any court of competent jurisdiction for the recovery of the whole
12 or any part of the amount with respect to which the claim has been
13 disallowed.

14 3. Failure to bring an action within the time specified in subsection 2
15 constitutes a waiver of any demand against the state on account of alleged
16 overpayments.

17 4. Within 20 days after the mailing of the notice of the commission's
18 action upon a claim for refund filed pursuant to this chapter, the claimant
19 may file a motion for rehearing with the commission. The commission
20 must take action on the motion for rehearing within 50 days after it has
21 been filed with the commission. If the motion for rehearing is granted, the
22 commission's earlier action upon the claim for refund is rescinded and the
23 90-day period specified in subsection 2 does not begin until the
24 commission mails notice of its action upon the claim following the
25 rehearing.

26 5. If the commission fails to mail its notice of action on a claim within
27 6 months after the claim is filed or reheard, the claimant may consider the
28 claim disallowed and bring an action against the commission on the
29 grounds set forth in the claim for the recovery of the whole or any part of
30 the amount claimed as an overpayment.

31 6. In any case where a refund is granted, interest must be allowed at
32 *one-half* the rate prescribed in NRS 17.130 upon the amount found to have
33 been erroneously paid from the first day of the first month following the
34 date of overpayment until paid. The commission may in its discretion deny
35 or limit the payment of interest if it finds that the claimant has failed to file
36 a claim for a refund within 90 days after receiving written notification of
37 overpayment from the board or has impeded the board's ability to process
38 the claim in a timely manner.

39 7. Notwithstanding the provisions of NRS 353.115, any claim for
40 refund of state gaming license fees or taxes paid in excess of the amount
41 required to be reported and paid ~~to~~ must be filed with the commission
42 within 5 years after the date of overpayment and not thereafter.

43 8. The provisions of this chapter must not be construed to permit the
44 proration of state gaming taxes or license fees for purposes of a refund.

45 **Sec. 17.** NRS 463.400 is hereby amended to read as follows:

46 463.400 Any person who willfully fails to report, pay or truthfully
47 account for and pay over the license fees imposed by NRS 463.370,
48 463.373 to 463.3855, inclusive, *and sections 6 to 9, inclusive, of this act,*
49 463.390 and 463.450, or willfully attempts in any manner to evade or



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1 defeat any such tax or payment thereof, or any licensee who puts additional
2 games into play without authority of the commission to do so or any
3 licensee who fails to remit any license fee provided for by this chapter
4 when due is in addition to the amount due liable for a penalty of the
5 amount of the license fee evaded or not paid, collected or paid over. The
6 penalty must be assessed and collected in the same manner as are other
7 charges, license fees and penalties under this chapter.

8 **Sec. 18.** NRS 463.403 is hereby amended to read as follows:

9 463.403 1. Every person required to pay the tax imposed by NRS
10 463.401 shall file with the commission, on or before the 24th day of each
11 month, a report showing the amount of all taxable receipts for the
12 preceding month.

13 2. Each report must be accompanied by the amount of tax which is due
14 for the month covered by the report.

15 3. If the amount of tax required to be reported and paid pursuant to
16 NRS 463.401 is later determined to be greater or less than the amount
17 actually reported and paid, the commission shall:

18 (a) Charge and collect the additional tax determined to be due, with
19 interest thereon until paid; or

20 (b) Refund any overpayment to the person entitled thereto pursuant to
21 this chapter, with interest thereon.

22 Interest ~~is~~ *pursuant to paragraph (a) must be* computed at the rate
23 prescribed in NRS 17.130 from the first day of the first month following
24 ~~either~~ the due date of the additional tax ~~for the date of overpayment~~ until
25 paid. *Interest pursuant to paragraph (b) must be computed at one-half*
26 *the rate prescribed in NRS 17.130 from the first day of the first month*
27 *following the date of overpayment until paid.*

28 **Sec. 19.** NRS 463.450 is hereby amended to read as follows:

29 463.450 1. Any disseminator of such information obtaining a license
30 under NRS 463.430 to 463.480, inclusive, shall pay to the commission a
31 fee of 4.25 percent of the total fees collected from users each calendar
32 month for the dissemination of live broadcasts.

33 2. The commission shall collect the fee on or before the last day of
34 each calendar month for the preceding calendar month.

35 3. If the amount of the fee required by this section to be reported and
36 paid is determined to be different than the amount reported or paid by the
37 licensee, the commission shall:

38 (a) Charge and collect any additional fee determined to be due, with
39 interest thereon until paid; or

40 (b) Refund any overpaid fees to the person entitled thereto pursuant to
41 this chapter, with interest thereon.

42 Interest ~~is~~ *pursuant to paragraph (a) must be* computed at the rate
43 prescribed in NRS 17.130 from the first day of the first calendar month
44 following ~~either~~ the due date of the additional license fees ~~for the date of~~
45 ~~overpayment~~ until paid. *Interest pursuant to paragraph (b) must be*
46 *computed at one-half the rate prescribed in NRS 17.130 from the first*
47 *day of the first month following the date of overpayment until paid.*



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1 4. The commission shall remit all fees collected, less any fees refunded
2 pursuant to subsection 3, to the state treasurer for deposit to the credit of
3 the state general fund.

4 **Sec. 20.** NRS 463.482 is hereby amended to read as follows:

5 463.482 As used in NRS 463.160 to 463.170, inclusive, *and section 3*
6 *of this act*, 463.368, 463.386 and 463.482 to 463.645, inclusive, unless the
7 context otherwise requires, the words and terms defined in NRS 463.4825
8 to 463.488, inclusive, have the meanings ascribed to them in those
9 sections.

10 **Sec. 21.** NRS 463.643 is hereby amended to read as follows:

11 463.643 1. Each person who acquires, directly or indirectly,
12 beneficial ownership of any voting security in a publicly traded corporation
13 which is registered with the commission may be required to be found
14 suitable if the commission has reason to believe that his acquisition of
15 ~~such~~ *that* ownership would otherwise be inconsistent with the declared
16 policy of this state.

17 2. Each person who acquires, directly or indirectly, beneficial
18 ownership of any debt security in a publicly traded corporation which is
19 registered with the commission may be required to be found suitable if the
20 commission has reason to believe that his acquisition of ~~such~~ *the* debt
21 security would otherwise be inconsistent with the declared policy of this
22 state.

23 3. Each person who, individually or in association with others,
24 acquires, directly or indirectly, beneficial ownership of more than 5 percent
25 of any class of voting securities of a publicly traded corporation registered
26 with the Nevada gaming commission, and who is required to report, or
27 voluntarily reports, ~~such~~ *the* acquisition to the Securities and Exchange
28 Commission pursuant to section 13(d)(1), 13(g) or 16(a) of the Securities
29 Exchange Act of 1934, as amended, ~~15~~ 15 U.S.C. §§ 78m(d)(1), 78m(g)
30 and 78p(a), respectively, ~~15~~ shall file a copy of that report, and any
31 amendments thereto, with the Nevada gaming commission within 10 days
32 after filing that report with the Securities and Exchange Commission.

33 4. Each person who, individually or in association with others,
34 acquires, directly or indirectly, the beneficial ownership of more than 10
35 percent of any class of voting securities of a publicly traded corporation
36 registered with the commission, ~~and~~ *or* who is required to report, or
37 voluntarily reports, the acquisition pursuant to section 13(d)(1), 13(g) or
38 16(a) of the Securities Exchange Act of 1934, as amended, ~~15~~ 15 U.S.C.
39 §§ 78m(d)(1), 78m(g) and 78p(a), respectively, ~~15~~ shall apply to the
40 commission for a finding of suitability within 30 days after the chairman of
41 the board mails the written notice.

42 5. A person who acquires beneficial ownership of any voting security
43 or debt security in a publicly traded corporation created under the laws of a
44 foreign country which is registered with the commission shall file such
45 reports and is subject to such a finding of suitability as the commission
46 may prescribe.

47 6. Any person required by the commission or by this section to be
48 found suitable shall:



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1 (a) Except as otherwise required in subsection 4, apply for a finding of
2 suitability within 30 days after the commission requests that he do so; and

3 (b) Together with the application, deposit with the board a sum of
4 money which, in the opinion of the board, will be adequate to pay the
5 anticipated costs and charges incurred in the investigation and processing
6 of the application, and deposit such additional sums as are required by the
7 board to pay final costs and charges.

8 7. Any person required by the commission or this section to be found
9 suitable who is found unsuitable by the commission shall not hold directly
10 or indirectly the beneficial ownership of any voting security or debt
11 security of a publicly traded corporation which is registered with the
12 commission beyond the time prescribed by the commission.

13 8. The violation of subsection 6 or 7 is a gross misdemeanor.

14 9. As used in this section, "debt security" means any instrument
15 generally recognized as a corporate security representing money owed and
16 reflected as debt on the financial statement of a publicly traded corporation,
17 including, but not limited to, bonds, notes and debentures.

18 **Sec. 22.** NRS 463.650 is hereby amended to read as follows:

19 463.650 1. Except as otherwise provided in subsections 2 to 5,
20 inclusive, it is unlawful for any person, either as owner, lessee or
21 employee, whether for hire or not, to operate, carry on, conduct or maintain
22 any form of manufacture, selling or distribution of any gaming device, ~~for~~
23 cashless wagering system **or interactive gaming system** for use or play in
24 Nevada or for distribution outside of Nevada without first procuring and
25 maintaining all required federal, state, county and municipal licenses.

26 2. A lessor who specifically acquires equipment for a capital lease is
27 not required to be licensed under this section or NRS 463.660.

28 3. The holder of a state gaming license or the holding company of a
29 corporation, partnership, limited partnership, limited-liability company or
30 other business organization holding a license may, within 2 years after
31 cessation of business or upon specific approval by the board, dispose of by
32 sale in a manner approved by the board, any or all of its gaming devices,
33 including slot machines, and cashless wagering systems, without a
34 distributor's license. In cases of bankruptcy of a state gaming licensee or
35 foreclosure of a lien by a bank or other person holding a security interest
36 for which gaming devices are security in whole or in part for the lien, the
37 board may authorize the disposition of the gaming devices without
38 requiring a distributor's license.

39 4. The commission may, by regulation, authorize a person who owns
40 gaming devices for home use in accordance with NRS 463.160 to sell such
41 devices without procuring a license therefor.

42 5. Upon approval by the board, a gaming device owned by:

43 (a) A law enforcement agency;

44 (b) A court of law; or

45 (c) A gaming device repair school licensed by the commission on
46 postsecondary education,

47 may be disposed of by sale, in a manner approved by the board, without a
48 distributor's license. An application for approval must be submitted to the
49 board in the manner prescribed by the chairman.



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1 6. ~~Any~~ *Except as is otherwise required for the licensure of a*
2 *manufacturer of interactive gaming components, any* person whom the
3 commission determines is a suitable person to receive a license under the
4 provisions of this section and NRS 463.660 may be issued a
5 manufacturer's or distributor's license. The burden of proving his
6 qualification to receive or hold a license under this section and NRS
7 463.660 is at all times on the applicant or licensee.
8 7. Every person who must be licensed pursuant to this section is
9 subject to the provisions of NRS 463.482 to 463.645, inclusive, unless
10 exempted from those provisions by the commission.
11 8. The commission may exempt, for any purpose, a manufacturer,
12 seller or distributor from the provisions of NRS 463.482 to 463.645,
13 inclusive, if the commission determines that the exemption is consistent
14 with the purposes of this chapter.
15 9. As used in this section, "holding company" has the meaning
16 ascribed to it in NRS 463.485.
17 **Sec. 23.** NRS 463.670 is hereby amended to read as follows:
18 463.670 1. The legislature finds and declares as facts:
19 (a) That the inspection of gaming devices, associated equipment , ~~and~~
20 cashless wagering systems *and interactive gaming systems* is essential to
21 carry out the provisions of this chapter; and
22 (b) That inspection of gaming devices, associated equipment , ~~and~~
23 cashless wagering systems *and interactive gaming systems* is greatly
24 facilitated by the opportunity to inspect components before assembly and
25 to examine the methods of manufacture.
26 2. The board may inspect every gaming device which is manufactured,
27 sold or distributed:
28 (a) For use in this state, before the gaming device is put into play.
29 (b) In this state for use outside this state, before the gaming device is
30 shipped out of this state.
31 3. The board may inspect every gaming device which is offered for
32 play within this state by a licensee.
33 4. The board may inspect all associated equipment , ~~and~~ every
34 cashless wagering system *and every interactive gaming system* which is
35 manufactured, sold or distributed for use in this state before the equipment
36 or system is installed or used by a licensee and at any time while the
37 licensee is using the equipment or system.
38 5. In addition to all other fees and charges imposed by this chapter, the
39 board may determine, charge and collect an inspection fee from each
40 manufacturer, seller or distributor which must not exceed the actual cost of
41 inspection and investigation.
42 **Sec. 24.** The amendatory provisions of this act do not apply to
43 offenses committed before July 1, 2001.
44 **Sec. 25.** This act becomes effective on July 1, 2001.

