

SENATE BILL NO. 381—COMMITTEE ON JUDICIARY

MARCH 19, 2007

Referred to Committee on Judiciary

SUMMARY—Authorizes the Chairman of the State Gaming Control Board to allow abatements of certain license fees paid by certain gaming licensees. (BDR 41-1130)

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 Chairman of the State Gaming Control Board to allow abatements of certain license fees paid by certain gaming licensees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, gaming licensees are required to pay license fees to the
2 Nevada Gaming Commission based upon their gross revenue. (NRS 463.370) This
3 bill authorizes the Chairman of the State Gaming Control Board to allow
4 abatements of those license fees if a licensee seeks and obtains certification as a
5 "reinvestment licensee." To obtain such certification, the licensee must meet certain
6 criteria, such as holding a nonrestricted license, not exceeding the maximum gross
7 revenue for a fiscal year, offering full-time employees health care coverage and
8 either: (1) maintaining a certain number of full-time employees at an establishment
9 for which abatements of license fees are sought and paying those full-time
10 employees certain wages; or (2) having obtained a reduction in taxable value. Any
11 abatements of license fees that are authorized must be expended for purposes
12 related to reinvestment in the establishment, such as enhancements to gaming
13 devices, making capital improvements to the establishment or defraying the costs of
14 compliance with regulatory requirements. A reinvestment licensee may begin
15 accruing credits for abatements of license fees on July 1, 2007, and may begin
16 taking such credits against license fees imposed on gross revenue received after
17 July 1, 2009.

18 This bill becomes effective on July 1, 2007, and expires by limitation on
19 June 30, 2011.



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

Section 1. Chapter 463 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee that is eligible for certification as a reinvestment licensee pursuant to subsection 2 may file a request, on a form provided by the Board, with the Chairman of the Board for certification as a reinvestment licensee for one or more establishments operated by the licensee. If a request for certification as a reinvestment licensee is approved, the Chairman or his designee may authorize abatements of the license fees required to be paid pursuant to NRS 463.370 in an amount that does not exceed \$150,000 for each establishment for which abatements of license fees are sought that is operated by the reinvestment licensee during each fiscal year.

2. To be eligible for certification as a reinvestment licensee, a licensee must provide evidence of the following:

(a) The licensee must hold a nonrestricted license for the operation of 16 or more slot machines or for the operation of any number of slot machines together with any other game, gaming device, race book or sports pool at one establishment.

(b) The licensee must have had gross revenue of less than \$50,000,000 in the fiscal year immediately preceding the year in which abatements of license fees are proposed to be taken pursuant to this section.

(c) The licensee must provide health insurance coverage or a health benefit plan for all full-time employees pursuant to subsection 1 of NRS 363B.115, and such health insurance coverage or such a health benefit plan must include an option for coverage for dependents of the employees.

(d) The licensee must either:

(1) Have 15 or more full-time employees employed on the premises of each establishment for which abatements of license fees are sought, as evidenced by the report filed by the licensee pursuant to NRS 612.535, and the average hourly wage earned by the full-time employees at the establishment must be at least 150 percent of the state minimum wage; or

(2) Have obtained, pursuant to the provisions of NRS 361.227 and 361.2285, a reduction of the taxable value of the real and personal property of the establishment for which abatements of license fees are sought.

3. The Chairman or his designee may approve a request for certification as a reinvestment licensee if the Chairman or his



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1 *designee finds that the licensee satisfies the criteria set forth in*
2 *subsection 2.*

3 *4. If the Chairman or his designee approves a request for*
4 *certification as a reinvestment licensee and authorizes abatements*
5 *of the license fees required to be paid pursuant to NRS 463.370,*
6 *not later than 120 days after completion of the fiscal year in which*
7 *abatements of license fees are taken, the reinvestment licensee*
8 *shall certify to the Board that abatements of license fees taken*
9 *have been applied on a dollar-for-dollar basis against actual*
10 *expenses incurred or reinvestments in its gaming business made*
11 *by the reinvestment licensee in the fiscal year for which the*
12 *abatements of license fees were authorized, for any of the*
13 *following:*

14 *(a) Expenditures made by the reinvestment licensee for the*
15 *purchase or lease of gaming devices or associated equipment,*
16 *including, without limitation, software and enhancements to such*
17 *gaming devices and associated equipment used at the gaming*
18 *establishment;*

19 *(b) Expenditures made by the reinvestment licensee for capital*
20 *improvements to the establishment for the purpose of updating,*
21 *upgrading or expanding its gaming facility or adding or*
22 *enhancing public safety and security systems and related*
23 *improvements to the premises; or*

24 *(c) Any expenses incurred by the reinvestment licensee to*
25 *comply with any requirements imposed on the reinvestment*
26 *licensee pursuant to regulations or technical standards adopted by*
27 *the Commission.*

28 *5. If a reinvestment licensee:*

29 *(a) Ceases its gaming operations before the expiration of any*
30 *period for which abatements of license fees have been taken; or*

31 *(b) Fails to certify that expenses authorized to be taken against*
32 *abatements of license fees have been taken or, after certifying as*
33 *to such expenses or reinvestments, fails to produce reasonable and*
34 *adequate records as to such expenditures upon audit by the Board,*
35 *↪ the reinvestment licensee shall repay to the Commission the*
36 *amount of any abatements of license fees taken plus interest on*
37 *the amount due to the Commission at the rate most recently*
38 *established pursuant to NRS 99.040 each month, or portion*
39 *thereof, from the last day of the month following the period for*
40 *which the payment would have been made had the abatements of*
41 *license fees not been authorized until the date of payment of the*
42 *fee.*

43 *6. A licensee who has requested certification or been certified*
44 *as a reinvestment licensee pursuant to this section and who is*
45 *aggrieved by a final decision of the Chairman or his designee may,*




1 *within 60 days after it becomes final, petition for judicial review in*
2 *the manner provided by NRS 463.315 to 463.318, inclusive.*

3 *7. Credits for abatements of license fees based upon*
4 *expenditures authorized pursuant to subsection 4 may be accrued*
5 *beginning on July 1, 2007, and a reinvestment licensee may take*
6 *such credits against license fees imposed on the gross revenue of*
7 *the reinvestment licensee received after July 1, 2009.*

8 *8. The Commission may adopt such regulations as the*
9 *Commission determines to be necessary to carry out the provisions*
10 *of this section.*

11 **Sec. 2.** NRS 463.370 is hereby amended to read as follows:

12 463.370 1. Except as otherwise provided in NRS 463.373 
13 *and section 1 of this act*, the Commission shall charge and collect
14 from each licensee a license fee based upon all the gross revenue of
15 the licensee as follows:

16 (a) Three and one-half percent of all the gross revenue of the
17 licensee which does not exceed \$50,000 per calendar month;

18 (b) Four and one-half percent of all the gross revenue of the
19 licensee which exceeds \$50,000 per calendar month and does not
20 exceed \$134,000 per calendar month; and

21 (c) Six and three-quarters percent of all the gross revenue of the
22 licensee which exceeds \$134,000 per calendar month.

23 2. Unless the licensee has been operating for less than a full
24 calendar month, the Commission shall charge and collect the fee
25 prescribed in subsection 1, based upon the gross revenue for the
26 preceding calendar month, on or before the 24th day of the
27 following month. Except for the fee based on the first full month of
28 operation, the fee is an estimated payment of the license fee for the
29 third month following the month whose gross revenue is used as its
30 basis.

31 3. When a licensee has been operating for less than a full
32 calendar month, the Commission shall charge and collect the fee
33 prescribed in subsection 1, based on the gross revenue received
34 during that month, on or before the 24th day of the following
35 calendar month of operation. After the first full calendar month of
36 operation, the Commission shall charge and collect the fee based on
37 the gross revenue received during that month, on or before the 24th
38 day of the following calendar month. The payment of the fee due for
39 the first full calendar month of operation must be accompanied by
40 the payment of a fee equal to three times the fee for the first full
41 calendar month. This additional amount is an estimated payment of
42 the license fees for the next 3 calendar months. Thereafter, each
43 license fee must be paid in the manner described in subsection 2.
44 Any deposit held by the Commission on July 1, 1969, must be
45 treated as an advance estimated payment.



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

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

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

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

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



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

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

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

➔ Interest pursuant to paragraph (a) must be computed at the rate prescribed in NRS 17.130 from the first day of the first month following the due date of the additional license fees until paid. Interest pursuant to paragraph (b) must be computed at one-half the rate prescribed in NRS 17.130 from the first day of the first month following the date of overpayment until paid.

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

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

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

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

(b) Refund any overpayment to the licensee with interest computed pursuant to paragraph (b) of subsection 7,

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

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

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

Sec. 3. This act becomes effective on July 1, 2007, and expires by limitation on June 30, 2011.

