

**Amendment No. 225**

Assembly Amendment to Assembly Bill No. 258 (BDR 41-657)

**Proposed by:** Assembly Committee on Judiciary

**Amends:** Summary: Yes 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 A.B. 258 (§ 12).

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) *green bold italic underlining* is new language proposed 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 that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

NCA/BAW



Date: 4/24/2011

A.B. No. 258—Enacts provisions governing the licensing and operation of Internet poker. (BDR 41-657)



## ASSEMBLY BILL NO. 258—COMMITTEE ON JUDICIARY

MARCH 10, 2011

Referred to Committee on Judiciary

SUMMARY—Enacts provisions governing the licensing and operation of ~~[Internet poker.]~~ interactive gaming. (BDR 41-657)

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; requiring the Nevada Gaming Commission to adopt regulations relating to the licensing and operation of ~~[Internet poker.]~~ interactive gaming; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law authorizes certain gaming establishments to obtain a license to operate interactive gaming. (NRS 463.750) This bill requires the Nevada Gaming Commission to establish by regulation certain provisions authorizing the licensing and operation of ~~[Internet poker.]~~ interactive gaming under certain circumstances. This bill further provides that a license to operate interactive gaming does not become effective until: (1) the passage of federal legislation authorizing interactive gaming; or (2) the United States Department of Justice notifies the Commission or the State Gaming Control Board that interactive gaming is permissible under federal law.

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 the provisions set forth as sections 2 to 7, inclusive, of this act.

**Sec. 2. *The Legislature hereby finds and declares that:***

- ~~1. *[Internet poker is widely played throughout the world.]*~~
- ~~2. *Laws governing Internet poker have been unclear.*~~
- ~~3. *Technology now exists to limit the conduct of Internet poker to the State of Nevada and other jurisdictions where Internet poker is not prohibited.*~~
- ~~4. *The use of such technology allows Internet poker to be offered by licensees in Nevada in compliance with all applicable laws.*~~
- ~~5. *As a leader in gaming regulation, the State of Nevada has the capability to ensure that Internet poker is operated honestly and competitively and in compliance with all applicable laws, regulations and standards; and*~~
- ~~6. *Allowing licensed Internet poker sites to locate in and operate from the State of Nevada will benefit the economy of this State and assist in protecting*~~

~~consumers from criminal and corruptive influences that may be present in unlicensed and unregulated Internet poker sites.]~~ The State of Nevada leads the nation in gaming regulation and enforcement, such that the State of Nevada is uniquely positioned to develop an effective and comprehensive regulatory structure related to interactive gaming.

2. A comprehensive regulatory structure, coupled with strict licensing standards, will ensure the protection of consumers, prevent fraud, guard against underage and problem gambling and aid in law enforcement efforts.

3. To provide for licensed and regulated interactive gaming and to prepare for possible federal legislation, the State of Nevada must develop the necessary structure for licensure, regulation and enforcement.

Sec. 3. ~~(Deleted by amendment.)~~

Sec. 4. ~~(Deleted by amendment.)~~

Sec. 5. ~~(Deleted by amendment.)~~

Sec. 6. ~~(Deleted by amendment.)~~

Sec. 7. ~~(Deleted by amendment.)~~

Sec. 8. ~~(Deleted by amendment.)~~

Sec. 9. ~~(Deleted by amendment.)~~

Sec. 10. ~~(Deleted by amendment.)~~

Sec. 11. 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; ~~for~~

(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 ~~for~~ ; or

(e) 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. As used in this section, “affiliated licensee” has the meaning ascribed to it in NRS 463.430.

**Sec. 12.** NRS 463.750 is hereby amended to read as follows:

463.750 1. Except as otherwise provided in subsections ~~[subsection]~~ 2 and 3, ~~[section 7 of this act]~~ the Commission ~~[may]~~ shall with the advice and assistance of the Board, adopt regulations governing the licensing and operation of interactive gaming.

2. ~~The~~ ~~[Except as otherwise provided in section 7 of this act, the]~~ Commission may not adopt regulations governing the licensing and operation of interactive gaming until the Commission first determines that:

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

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

~~(c)~~ (b) Such regulations are consistent with the public policy of the State to foster the stability and success of gaming.

3. 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.

(b) Provide that:

(1) A ~~[provide that 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.

(c) Set forth standards for the suitability of a person to be licensed as a manufacturer of interactive gaming systems or manufacturer of equipment associated with interactive gaming that are as stringent as the standards for a nonrestricted license.

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

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

(f) Define “equipment associated with interactive gaming,” “interactive gaming system,” “manufacturer of equipment associated with interactive gaming,” “manufacturer of interactive gaming systems,” “operate interactive gaming” and “proprietary hardware and software” as the terms are used in this chapter.

(g) Provide that any license to operate interactive gaming does not become effective until:

(1) A federal law authorizing interactive gaming is enacted; or

(2) The United States Department of Justice notifies the Board or Commission in writing that it is permissible under federal law to operate interactive gaming.

4. Except as otherwise provided in ~~[subsection 5.]~~ subsections 5 and 6, the Commission shall not approve a license for an establishment to operate interactive gaming unless:

(a) In a county whose population is 400,000 or more, the establishment is a resort hotel that holds a nonrestricted license to operate games and gaming devices.

(b) In a county whose population is more than 40,000 but less than 400,000, the establishment is a resort hotel that holds a nonrestricted license to operate games and gaming devices or the establishment:

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

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

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

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

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

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

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

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

(3) Operates either:

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

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

5. The Commission may:

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

(1) The establishment satisfies the applicable requirements set forth in subsection 4; ~~and~~

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

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

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

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

7. 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.

~~7. 8. A person who violates subsection 6.7 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. The Commission may issue a license as an operator of Internet poker to a person or an affiliate of a person who has been licensed to operate Internet poker by a recognized regulatory body of another~~

~~jurisdiction with licensing requirements that are similar to the licensing requirements of this State and who has successfully operated Internet poker pursuant to such a license for at least 2 years before the date on which the application for the license is submitted.~~

~~7. The Commission is authorized to enter into compacts with other jurisdictions where interactive gaming is not prohibited, setting forth the manner in which the State of Nevada and such other jurisdictions will regulate and share tax revenues from interactive gaming operations between such jurisdictions and enforce criminal laws related to cheating, tax evasion or unlicensed interactive gaming, and authorizing the commingling of games and pots between such jurisdictions. Such compacts may be limited to Internet poker.]~~

Sec. 13. (Deleted by amendment.)

Sec. 14. (Deleted by amendment.)

Sec. 15. This act becomes effective upon passage and approval.