

Amendment No. 183

Senate Amendment to Senate Bill No. 218 (BDR 41-991)

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. 218 (§§ 2, 3).

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.

MNM/BAW



Date: 4/15/2011

S.B. No. 218—Revises provisions governing the regulation of gaming.
(BDR 41-991)



SENATE BILL NO. 218—COMMITTEE ON JUDICIARY
(ON BEHALF OF THE STATE GAMING CONTROL BOARD)

MARCH 3, 2011

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing the regulation of gaming.
(BDR 41-991)

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; authorizing the Nevada Gaming Commission to provide by regulation for the operation of hosting centers and service providers; revising provisions relating to the transfer of certain ownership interests in a gaming operation; revising provisions relating to the licensing of persons who hold an ownership interest in certain business entities which hold a gaming license; authorizing the State Gaming Control Board to take certain actions regarding its operations without the approval of the Commission; making various other changes relating to the regulation of gaming; prohibiting certain actions relating to gaming; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the Nevada Gaming Commission and the State Gaming Control Board are required 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) **Section 2** of this bill authorizes the Commission to provide by regulation for the operation and registration of hosting centers, which will serve as centers for the operation of certain gaming systems. **Section 3** of this bill authorizes the Commission to provide by regulation for the licensing of service providers, who will ~~assist licensed gaming establishments in providing services to the public with regard to the conduct and exposure of certain games.~~ 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.

Existing law also provides that if the Commission approves the issuance of a license for gaming operations at the same location, or locations if the license is for the operation of a slot machine route, for the purposes of certain taxes or fees, the gaming license shall be deemed transferred within 30 days following certain changes in the business entity, and the previously licensed operation shall be deemed a continuing operation. (NRS 463.386) **Section 7** of this bill removes the requirement that certain changes in the business entity must occur before the license may be deemed transferred, and instead provides that if the Commission approves

such an issuance of a license, the Chair of the Board, in consultation with the Chair of the Commission, may administratively determine that the gaming license is transferred and the newly licensed operation is a continuing operation.

Additionally, existing law requires every limited partner of a limited partnership and every member of a limited-liability company that holds a state gaming license to be licensed individually. (NRS 463.569, 463.5735) **Sections 8 and 9** of this bill revise this requirement. **Section 8** provides that: (1) only limited partners with more than a 5 percent ownership interest in a limited partnership must be licensed individually; and (2) a limited partner generally must register with the Board if such a limited partner holds a 5 percent or less ownership interest in a limited partnership and holds or applies for a state gaming license. **Section 9** applies such requirements to members of a limited-liability company.

Existing law further provides that it is unlawful for a person at a licensed gaming establishment to use or possess with the intent to use a device to assist in projecting the outcome of a game, keeping track of cards played, analyzing the probability of the occurrence of an event relating to a game or analyzing the strategy for playing or betting to be used in a game. (NRS 465.075) A person who performs or attempts to perform any such actions is guilty of a category B felony. (NRS 465.088) **Section 12** of this bill describes in more detail the types of devices that are unlawful, and provides that it is also unlawful to assist another person in using or possessing with the intent to use any such device. **Section 12** also specifies that the use of any such device is only unlawful when such use provides an advantage to a person participating in or operating a game.

Existing law also provides that it is unlawful for a person to perform certain actions relating to gaming without having first procured, and thereafter maintaining, all required gaming licenses. (NRS 463.160) A person who willfully violates, attempts to violate, or conspires to violate such provisions of law is, with certain exceptions, guilty of a category B felony. (NRS 463.360) Section 5.5 of this bill additionally provides that it is unlawful for a person to operate as a cash access and wagering service provider without having procured and maintained all required gaming licenses.

Finally, existing law authorizes the Commission to adopt regulations governing the licensing and operation of interactive gaming and requires that any such regulations include certain provisions. (NRS 463.750) Section 11.5 of this bill additionally requires that any such regulations must: (1) establish the investigation fees for a license for a service provider to perform certain actions on behalf of an establishment licensed to operate interactive gaming; (2) provide that a person hold a license for a service provider in order to perform such actions; (3) set forth standards for the suitability of a person to be licensed as a service provider; and (4) set forth provisions governing the licensing requirements for a service provider and certain fees that a service provider may be required to pay.

Section 4 of this bill authorizes the Board to take certain actions without the approval of the Commission with regard to: (1) certain operational activities and functions of the Board; and (2) establishing a plan by regulation concerning certain personnel provisions. **Section 5** of this bill requires the Commission to post a notice on its website regarding any meeting at which the adoption, amendment or repeal of a regulation is considered, and **section 6** of this bill removes the provision from existing law which requires the Chair of the Board to present a claim to the State Board of Examiners after an expenditure of money from the State Gaming Control Board Revolving Account. **Sections 10 and 11** of this bill revise provisions concerning certain documents of a publicly traded corporation that holds a gaming license with which the Commission must be provided a copy under existing law.

[Section 12 of this bill clarifies existing law and specifies that service charges which are collected and obtained by certain third parties are subject to the tax on live entertainment. This provision applies retroactively from January 1, 2004, the date on which the imposition of the tax on live entertainment became effective.] **Section 14** of this bill repeals provisions relating to the Account for Investigating Cash Transactions of Gaming Licensees.

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 1.5, 2 and 3 of this act.

Sec. 1.5. “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.

Sec. 2. 1. *The Legislature finds that:*

(a) To protect and promote the health, safety, morals, good order and general welfare of the inhabitants of this State, and to carry out the public policy declared in NRS 463.0129, it is necessary that the Board and Commission be allowed to react to rapidly evolving technological advances while maintaining strict regulation and control of gaming.

(b) Technological advances have evolved which allow certain parts of games, gaming devices, cashless wagering systems and race book and sports pool operations to be conducted at locations that are not on the premises of a licensed gaming establishment.

2. Except as otherwise provided in subsection 3, the Commission may, with the advice and assistance of the Board, provide by regulation for the operation and registration of hosting centers and persons associated therewith. Such regulations may include:

(a) Provisions relating to the operation and location of hosting centers, including, without limitation, minimum internal and operational control standards established by the Commission.

(b) Provisions relating to the registration of persons owning or operating a hosting center and any persons having a significant involvement with a hosting center, as determined by the Commission.

(c) A provision that a person owning, operating or having a significant involvement with a hosting center may be required by the Commission to be found suitable to be associated with licensed gaming, including race book or sports pool operations.

(d) Additional matters which the Commission deems necessary and appropriate to carry out the provisions of this section and which are consistent with the public policy of this State pursuant to NRS 463.0129.

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

4. Regulations adopted by the Commission pursuant to this section must:

(a) Define “hosting center.”

(b) Provide that the premises on which the hosting center is located is subject to the power and authority of the Board and Commission pursuant to NRS 463.140, as though the premises is where gaming is conducted and the hosting center is a gaming licensee.

Sec. 3. 1. *The Legislature finds that:*

(a) Technological advances have evolved which allow licensed gaming establishments to expose games, including, without limitation, system-based and system-supported games, gaming devices, mobile gaming systems, interactive

1 gaming, cashless wagering systems or race books and sports pools, and to be
2 assisted by a service provider who provides important services to the public with
3 regard to the conduct and exposure of such games.

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

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

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

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

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

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

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

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

38 4. Regulations adopted by the Commission pursuant to this section must
39 provide that the premises on which a service provider conducts its operations is
40 subject to the power and authority of the Board and Commission pursuant to
41 NRS 463.140, as though the premises is where gaming is conducted and the
42 service provider is a gaming licensee.

43 5. As used in this section ~~the "service"~~:

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

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

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

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

(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:

~~[(a)]~~ (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 ~~[(b)]~~

~~[(b)]~~ Is, and is authorized to share in the revenue from games without being licensed to conduct gaming at an establishment; ~~and~~

~~[(c)]~~ (2) Is an interactive gaming service provider;

(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. 3.5. 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 section 1.5 of this act have the meanings ascribed to them in those sections.

Sec. 4. NRS 463.080 is hereby amended to read as follows:

463.080 1. The Board ~~[, with the approval of the Commission,]~~ may:

(a) Establish, and from time to time alter, such a plan of organization as it may deem expedient.

(b) Acquire such furnishings, equipment, supplies, stationery, books, motor vehicles and other things as it may deem necessary or desirable in carrying out its functions.

(c) Incur such other expenses, within the limit of money available to it, as it may deem necessary.

2. Except as otherwise provided in this chapter, all costs of administration incurred by the Board must be paid out on claims from the State General Fund in the same manner as other claims against the State are paid.

3. The Board shall, within the limits of legislative appropriations or authorizations, employ and fix the salaries of or contract for the services of such professional, technical and operational personnel and consultants as the execution of its duties and the operation of the Board and Commission may require.

4. The members of the Board and all the personnel of the Board, except clerical employees and employees described in NRS 284.148, are exempt from the provisions of chapter 284 of NRS. They are entitled to such leaves of absence as the Board prescribes, but such leaves must not be of lesser duration than those provided for other state employees pursuant to chapter 284 of NRS. Employees described in NRS 284.148 are subject to the limitations specified in that section.

5. Clerical employees of the Board are in the classified service but are exempt from the provisions of chapter 284 of NRS for purposes of removal. They are entitled to receive an annual salary which must be fixed in accordance with the pay plan adopted under the provisions of that chapter.

6. The Board ~~[and the Commission]~~ shall ~~[, by suitable regulations,]~~ establish, and modify as necessary, a comprehensive plan governing employment, job classifications and performance standards, and retention or discharge of employees to assure that termination or other adverse action is not taken against such

employees except for cause. The ~~[regulations]~~ *plan* must include provisions for hearings in personnel matters and for review of adverse actions taken in those matters.

Sec. 5. NRS 463.145 is hereby amended to read as follows:

463.145 1. Except as otherwise provided in NRS 368A.140, the Commission shall, pursuant to NRS 463.150, adopt, amend and repeal regulations in accordance with the following procedures:

(a) At least 30 days before ~~[the initial]~~ *a* meeting of the Commission ~~[and 20 days before any subsequent meeting]~~ at which the adoption, amendment or repeal of a regulation is considered, notice of the proposed action must be:

(1) ~~[Published in such newspaper as the Commission prescribes;]~~ *Posted on the Commission's Internet website;*

(2) Mailed to every person who has filed a request therefor with the Commission; and

(3) When the Commission deems advisable, mailed to any person whom the Commission believes would be interested in the proposed action, and published in such additional form and manner as the Commission prescribes.

(b) The notice of proposed adoption, amendment or repeal must include:

(1) A statement of the time, place and nature of the proceedings for adoption, amendment or repeal;

(2) Reference to the authority under which the action is proposed; and

(3) Either the express terms or an informative summary of the proposed action.

(c) On the date and at the time and place designated in the notice, the Commission shall afford any interested person or his or her authorized representative, or both, the opportunity to present statements, arguments or contentions in writing, with or without opportunity to present them orally. The Commission shall consider all relevant matter presented to it before adopting, amending or repealing any regulation.

(d) Any interested person may file a petition with the Commission requesting the adoption, amendment or repeal of a regulation. The petition must state, clearly and concisely:

(1) The substance or nature of the regulation, amendment or repeal requested;

(2) The reasons for the request; and

(3) Reference to the authority of the Commission to take the action requested.

Upon receipt of the petition, the Commission shall within 45 days deny the request in writing or schedule the matter for action pursuant to this subsection.

(e) In emergencies, the Commission may summarily adopt, amend or repeal any regulation if at the same time it files a finding that such action is necessary for the immediate preservation of the public peace, health, safety, morals, good order or general welfare, together with a statement of the facts constituting the emergency.

2. In any hearing held pursuant to this section, the Commission or its authorized representative may administer oaths or affirmations, and may continue or postpone the hearing from time to time and at such places as it prescribes.

3. The Commission may request the advice and assistance of the Board in carrying out the provisions of this section.

Sec. 5.5. 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 as a cash access and wagering instrument service provider,

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. 6. NRS 463.330 is hereby amended to read as follows:

463.330 1. Costs of administration of this chapter incurred by the Commission and the State Gaming Control Board must be paid from the State General Fund on claims presented by the Commission and the Board, respectively, and approved and paid as other claims against the State are paid. The Commission and the Board shall comply with the provisions of the State Budget Act in order that legislative authorization for budgeted expenditures may be provided.

2. In order to facilitate the confidential investigation of violations of this chapter and the regulations adopted by the Commission pursuant to this chapter, there is hereby created the State Gaming Control Board Revolving Account. Upon the written request of the Chair of the Board, the State Controller shall draw a warrant in favor of the Chair in the amount of \$10,000, and upon presentation of the warrant to the State Treasurer, the State Treasurer shall pay it. When the warrant is paid, the Chair shall deposit the \$10,000 in a bank or credit union of reputable standing which shall secure the deposit with a depository bond satisfactory to the State Board of Examiners.

3. The Chair of the Board may use the Revolving Account to pay the reasonable expenses of agents and employees of the Board engaged in confidential investigations concerning the enforcement of this chapter, including the prepayment of expenses where necessary, whether such expenses are incurred for investigation of known or suspected violations. In allowing such expenses, the Chair is not limited or bound by the provisions of NRS 281.160.

4. ~~{After the expenditure of money from the Revolving Account, the Chair of the Board shall present a claim to the State Board of Examiners for the amount of the expenditure to be replaced in the Revolving Account. The claim must be allowed and paid as are other claims against the State, but the claim must not detail the investigation made as to the agent or employee making the investigation or the person or persons investigated. If the State Board of Examiners is not satisfied with the claim, the members thereof may orally examine the Chair concerning the claim. —5.}~~ Expenditures from the Revolving Account may not exceed the amount authorized by the Legislature in any fiscal year.

Sec. 7. NRS 463.386 is hereby amended to read as follows:

463.386 1. If the Commission approves the issuance of a license for gaming operations at the same location ~~{}~~ *that is currently licensed*, or locations *that are currently licensed* if the license is for the operation of a slot machine route, ~~{within 30 days following a change described in subsection 2,}~~ *the Chair of the Board, in consultation with the Chair of the Commission, may administratively determine that*, for the purposes of NRS 463.370 and 463.373 to 463.3855, inclusive, the gaming license shall be deemed transferred, ~~{and}~~ the previously licensed operation shall be deemed a continuing operation ~~{}~~ *and credit must be granted for prepaid license fees, if the Chair of the Board makes a written finding that such determination is consistent with the public policy of this State pursuant to NRS 463.0129.*

2. ~~{Credit must be granted for prepaid license fees as described in subsection 1 if:~~

~~—(a) The securities of a corporate gaming licensee are or become publicly held or publicly traded and the gaming operations of that corporation are transferred to a wholly owned subsidiary corporation;~~

~~—(b) A corporate gaming licensee is merged with another corporation which is the surviving entity and at least 80 percent of the surviving entity is owned by shareholders of the former licensee;~~

~~—(c) A corporate gaming licensee is dissolved, and the parent corporation of the dissolved corporation or a subsidiary corporation of the parent corporation, at least 80 percent of which is owned by the parent corporation, becomes the gaming licensee;~~

~~—(d) A corporate gaming licensee or a gaming licensee which is a partnership or limited partnership is reorganized pursuant to a plan of reorganization approved by the Commission, and a limited partnership or limited liability company is the surviving entity;~~

~~—(e) The assets of a gaming licensee who is a sole proprietorship are transferred to:~~

~~—(1) A corporation and at least 80 percent of the stock of the corporation is held by the former sole proprietor; or~~

~~—(2) A limited liability company and at least 80 percent of the interests in the limited liability company are held by the former sole proprietor;~~

~~—(f) A corporate gaming licensee is dissolved and the assets of the gaming establishment are transferred to:~~

~~—(1) A sole proprietorship in which the sole proprietor owned at least 80 percent of the stock of the former corporation; or~~

~~—(2) A limited liability company in which at least 80 percent of the interests are owned by a person who owned at least 80 percent of the stock of the former corporation;~~

~~—(g) A licensed gaming partnership or limited partnership is dissolved and the assets of the gaming establishment are transferred to a sole proprietorship in which~~

the sole proprietor owned at least 80 percent of the former partnership or limited partnership interests;

~~—(h) The assets of a gaming licensee who is a sole proprietorship are transferred to a partnership or limited partnership in which at least 80 percent of the ownership of the partnership or limited partnership interests are held by the former sole proprietor;~~

~~—(i) A licensed gaming partnership, limited partnership or limited liability company is dissolved and the assets of the gaming establishment are transferred to a corporation, at least 80 percent of the stock of which is held by persons who held interests in the former partnership, limited partnership or limited liability company;~~

~~—(j) A licensed gaming partnership or limited partnership is dissolved or reorganized and the assets of the gaming establishment are transferred to a partnership, limited partnership or limited liability company, at least 80 percent of the ownership of which is held by the former partnership interests; or~~

~~—(k) A trustee, receiver, assignee for the benefit of a creditor or a fiduciary is approved to continue the operation of a licensed establishment and the Commission deems the operation to continue pursuant to the existing license of the establishment.~~

~~—3-} The Chair of the Board may refer a request for administrative determination pursuant to this section to the Board and the Commission for consideration, or may deny the request for any reasonable cause. A denial may be submitted for review by the Board and the Commission in the manner set forth by the regulations adopted by the Commission which pertain to the review of administrative approval decisions.~~

3. Except as otherwise provided in this section, no credit or refund of fees or taxes may be made because a gaming establishment ceases operation.

4. *The Commission may, with the advice and assistance of the Board, adopt regulations consistent with the policy, objects and purposes of this chapter as it may deem necessary to carry out the provisions of this section.*

Sec. 8. NRS 463.569 is hereby amended to read as follows:

463.569 1. Every general partner *of*, and *every* limited partner ~~to~~ *with more than a 5 percent ownership interest in*, a limited partnership which holds a state gaming license must be licensed individually, according to the provisions of this chapter, and if, in the judgment of the Commission, the public interest will be served by requiring *any other limited partners or* any or all of the limited partnership's lenders, holders of evidence of indebtedness, underwriters, key executives, agents or employees to be licensed, the limited partnership shall require those persons to apply for a license in accordance with the laws and requirements in effect at the time the Commission requires the licensing. Publicly traded corporations which are limited partners of limited partnerships are not required to be licensed, but shall comply with NRS 463.635 to 463.645, inclusive. A person who is required to be licensed by this section as a general or limited partner shall not receive that position until the person secures the required approval of the Commission. A person who is required to be licensed pursuant to a decision of the Commission shall apply for a license within 30 days after the Commission requests the person to do so.

2. *All limited partners holding a 5 percent or less ownership interest in a limited partnership, other than a publicly traded limited partnership, which hold or apply for a state gaming license, must register in that capacity with the Board and submit to the Board's jurisdiction. Such registration must be made on forms prescribed by the Chair of the Board. The Chair of the Board may require a registrant to apply for licensure at any time in the Chair's discretion. A person who is required to be registered by this section shall apply for registration within*

1 *30 days after the person becomes a limited partner holding a 5 percent or less*
2 *ownership interest in a limited partnership.*

3 *3. The Commission may, with the advice and assistance of the Board, adopt*
4 *such regulations as it deems necessary to carry out the provisions of subsection 2.*

5 **Sec. 9.** NRS 463.5735 is hereby amended to read as follows:

6 463.5735 1. Every member ~~§~~ and transferee of a member's interest *with*
7 *more than a 5 percent ownership interest* in a limited-liability company, *and every*
8 director and manager of a limited-liability company which holds or applies for a
9 state gaming license, must be licensed individually ~~§~~ according to the provisions
10 of this chapter.

11 2. *All members holding a 5 percent or less ownership interest in a limited-*
12 *liability company, other than a publicly traded limited-liability company, which*
13 *hold or apply for a state gaming license, must register in that capacity with the*
14 *Board and submit to the Board's jurisdiction. Such registration must be made on*
15 *forms prescribed by the Chair of the Board. The Chair of the Board may require*
16 *a registrant to apply for licensure at any time in the Chair's discretion. A person*
17 *who is required to be registered by this section shall apply for registration within*
18 *30 days after the person becomes a member holding a 5 percent or less ownership*
19 *interest in a limited-liability company.*

20 3. If, in the judgment of the Commission, the public interest will be served by
21 requiring *any members with a 5 percent or less ownership interest in a limited-*
22 *liability company, or* any of the limited-liability company's lenders, holders of
23 evidence of indebtedness, underwriters, key executives, agents or employees to be
24 licensed:

25 (a) The limited-liability company shall require those persons to apply for a
26 license in accordance with the laws and requirements in effect at the time the
27 Commission requires the licensing; and

28 (b) Those persons shall apply for a license within 30 days after being requested
29 to do so by the Commission.

30 ~~§-§~~ 4. A publicly traded corporation which is a member of a limited-liability
31 company is not required to be licensed, but shall comply with NRS 463.635 to
32 463.645, inclusive.

33 ~~§-§~~ 5. No person may become a member or a transferee of a member's
34 interest in a limited-liability company which holds a license until the person secures
35 the required approval of the Commission.

36 ~~§-§~~ 6. A director or manager of a limited-liability company shall apply for a
37 license within 30 days after assuming office.

38 7. *The Commission may, with the advice and assistance of the Board, adopt*
39 *such regulations as it deems necessary to carry out the provisions of subsection 2.*

40 **Sec. 10.** NRS 463.639 is hereby amended to read as follows:

41 463.639 1. Except as otherwise provided in subsection 2, after a publicly
42 traded corporation has registered pursuant to this chapter, and while the publicly
43 traded corporation or any of its affiliated or intermediary companies holds a gaming
44 license, the publicly traded corporation shall:

45 (a) Report promptly to the Commission in writing any change in its officers,
46 directors or employees who are actively and directly engaged in the administration
47 or supervision of the gaming activities of the corporation or any of its affiliated or
48 intermediary companies.

49 (b) Each year furnish to the Commission a profit and loss statement and a
50 balance sheet of the publicly traded corporation as of the end of the year, and, upon
51 request of the Commission therefor, a copy of the publicly traded corporation's
52 federal income tax return within 30 days after the return is filed with the Federal
53 Government. All profit and loss statements and balance sheets must be submitted

1 within 120 days after the close of the fiscal year to which they relate, and may be
2 those filed by the publicly traded corporation with or furnished by it to the
3 Securities and Exchange Commission.

4 (c) ~~Mail~~ *Upon request of the Chair of the Board, mail* to the Commission a
5 copy of any statement, or amendment thereto, received from a stockholder or group
6 of stockholders pursuant to section 13(d) of the Securities Exchange Act of 1934, as
7 amended, within 10 days after receiving the statement or amendment thereto, and
8 report promptly to the Commission in writing any changes in ownership of record
9 of its equity securities which indicate that any person has become the owner of
10 record of more than 10 percent of its outstanding equity securities of any class.

11 (d) Upon request of the ~~Commission~~ *Chair of the Board*, furnish to ~~the~~ *the*
12 *Commission* a copy of any document filed by the publicly traded corporation with
13 the Securities and Exchange Commission or with any national or regional securities
14 exchange, including documents considered to be confidential in nature, or any
15 document furnished by it to any of its equity security holders of any class.

16 2. A publicly traded corporation which was created under the laws of a
17 foreign country shall, instead of complying with subsection 1:

18 (a) Each year furnish to the Commission a profit and loss statement and a
19 balance sheet of the publicly traded corporation as of the end of the year, and, upon
20 request of the Commission therefor, a copy of the publicly traded corporation's
21 federal income tax return within 30 days after the return is filed with the Federal
22 Government. All profit and loss statements and balance sheets must be submitted
23 within 120 days after the close of the fiscal year to which they relate, and may be
24 those filed by the publicly traded corporation with or furnished by it to the foreign
25 governmental agency that regulates the sale of its securities.

26 (b) ~~Mail~~ *Upon request of the Chair of the Board, mail* to the Commission a
27 copy of any statement, or amendment thereto, received from a stockholder or group
28 of stockholders pursuant to law, within 10 days after receiving the statement or
29 amendment thereto, and report promptly to the Commission in writing any changes
30 in ownership of record of its equity securities which indicate that any person has
31 become the owner of record of more than 10 percent of its outstanding equity
32 securities of any class.

33 (c) Upon request of the ~~Commission~~ *Chair of the Board*, furnish to ~~the~~ *the*
34 *Commission* a copy of any document filed by the publicly traded corporation with
35 the foreign governmental agency that regulates the sale of its securities or with any
36 national or regional securities exchange, including documents considered to be
37 confidential in nature, or any document furnished by it to any of its equity security
38 holders of any class.

39 **Sec. 11.** NRS 463.643 is hereby amended to read as follows:

40 463.643 1. Each person who acquires, directly or indirectly:

41 (a) Beneficial ownership of any voting security; or

42 (b) Beneficial or record ownership of any nonvoting security,

43 ➤ in a publicly traded corporation which is registered with the Commission may be
44 required to be found suitable if the Commission has reason to believe that the
45 person's acquisition of that ownership would otherwise be inconsistent with the
46 declared policy of this state.

47 2. Each person who acquires, directly or indirectly, beneficial or record
48 ownership of any debt security in a publicly traded corporation which is registered
49 with the Commission may be required to be found suitable if the Commission has
50 reason to believe that the person's acquisition of the debt security would otherwise
51 be inconsistent with the declared policy of this state.

52 3. Each person who, individually or in association with others, acquires,
53 directly or indirectly, beneficial ownership of more than 5 percent of any class of

1 voting securities of a publicly traded corporation registered with the Nevada
2 Gaming Commission, and who is required to report, or voluntarily reports, the
3 acquisition to the Securities and Exchange Commission pursuant to section
4 13(d)(1), 13(g) or 16(a) of the Securities Exchange Act of 1934, as amended, 15
5 U.S.C. §§ 78m(d)(1), 78m(g) and 78p(a), respectively, shall , ~~file a copy of that~~
6 ~~report, and any amendments thereto, with the Nevada Gaming Commission~~ within
7 10 days after filing ~~that~~ the report *and any amendment thereto* with the Securities
8 and Exchange Commission ~~it~~ , *notify the Nevada Gaming Commission in the*
9 *manner prescribed by the Chair of the Board that the report has been filed with*
10 *the Securities and Exchange Commission.*

11 4. Each person who, individually or in association with others, acquires,
12 directly or indirectly, the beneficial ownership of more than 10 percent of any class
13 of voting securities of a publicly traded corporation registered with the
14 Commission, or who is required to report, or voluntarily reports, such acquisition
15 pursuant to section 13(d)(1), 13(g) or 16(a) of the Securities Exchange Act of 1934,
16 as amended, 15 U.S.C. §§ 78m(d)(1), 78m(g) and 78p(a), respectively, shall apply
17 to the Commission for a finding of suitability within 30 days after the Chair of the
18 Board mails the written notice.

19 5. A person who acquires, directly or indirectly:

20 (a) Beneficial ownership of any voting security; or

21 (b) Beneficial or record ownership of any nonvoting security or debt security,
22 ➤ in a publicly traded corporation created under the laws of a foreign country
23 which is registered with the Commission shall file such reports and is subject to
24 such a finding of suitability as the Commission may prescribe.

25 6. Any person required by the Commission or by this section to be found
26 suitable shall:

27 (a) Except as otherwise required in subsection 4, apply for a finding of
28 suitability within 30 days after the Commission requests that the person do so; and

29 (b) Together with the application, deposit with the Board a sum of money
30 which, in the opinion of the Board, will be adequate to pay the anticipated costs and
31 charges incurred in the investigation and processing of the application, and deposit
32 such additional sums as are required by the Board to pay final costs and charges.

33 7. Any person required by the Commission or this section to be found suitable
34 who is found unsuitable by the Commission shall not hold directly or indirectly the:

35 (a) Beneficial ownership of any voting security; or

36 (b) Beneficial or record ownership of any nonvoting security or debt security,
37 ➤ of a publicly traded corporation which is registered with the Commission beyond
38 the time prescribed by the Commission.

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

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

44 **Sec. 11.5. NRS 463.750 is hereby amended to read as follows:**

45 463.750 1. Except as otherwise provided in subsections 2 and 3, the
46 Commission may, with the advice and assistance of the Board, adopt regulations
47 governing the licensing and operation of interactive gaming.

48 2. The Commission may not adopt regulations governing the licensing and
49 operation of interactive gaming until the Commission first determines that:

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

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

(c) 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; ~~and~~ and

(4) A license for a service provider to perform the actions described in paragraph (a) of subsection 5 of section 3 of this act.

(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~~ and

(3) A person must hold a license for a service provider to perform the actions described in paragraph (a) of subsection 5 of section 3 of this act.

(c) Set forth standards for the suitability of a person to be licensed as a manufacturer of interactive gaming systems, ~~or~~ or a service provider as described in paragraph (b) of subsection 5 of section 3 of this act that are as stringent as the standards for a nonrestricted license.

(d) Set forth provisions governing:

(1) The initial fee for a license for a service provider as described in paragraph (b) of subsection 5 of section 3 of this act.

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

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

(e) 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.

~~(f)~~ (f) 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.

~~(g)~~ (g) 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.

4. Except as otherwise provided in subsection 5, 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

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

6. 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. A person who violates subsection 6 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. 12. NRS 465.075 is hereby amended to read as follows:

465.075 *1.* It is unlawful for any person ~~at a licensed gaming establishment~~ to use, ~~or~~ possess with the intent to use ~~it~~ *or assist another person in using or possessing with the intent to use* any *computerized, electronic, electrical or mechanical* device ~~to assist~~

~~1. In projecting~~ *which is designed, constructed, altered or programmed to obtain an advantage at playing any game in a licensed gaming establishment, including, without limitation, a device that:*

(a) Projects the outcome of the game;

~~2. In keeping~~

(b) Keeps track of ~~the~~ cards played ~~it~~;

~~3. In analyzing~~ *or cards prepared for play;*

(c) Analyzes the probability of the occurrence of an event relating to ~~the~~ *a* game; or

~~[4. In analyzing]~~

(d) *Analyzes* the strategy for playing or betting to be used in the game, except as may be made available as part of an approved game or otherwise permitted by the Commission.

2. *As used in this section, "advantage" means a benefit obtained by one or more participants in a game through information or knowledge that is not made available as part of the game as approved by the Board or Commission.*

Sec. 13. ~~[NRS 368A.200 is hereby amended to read as follows:~~

~~368A.200 1. Except as otherwise provided in this section, there is hereby imposed an excise tax on admission to any facility in this State where live entertainment is provided. If the live entertainment is provided at a facility with a maximum occupancy of:~~

~~(a) Less than 7,500 persons, the rate of the tax is 10 percent of the admission charge to the facility plus 10 percent of any amounts paid for food, refreshments and merchandise purchased at the facility;~~

~~(b) At least 7,500 persons, the rate of the tax is 5 percent of the admission charge to the facility;~~

~~2. Amounts paid for:~~

~~(a) Admission charges collected and retained by a nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c), or by a nonprofit corporation organized or existing under the provisions of chapter 82 of NRS, are not taxable pursuant to this section;~~

~~(b) Gratuities directly or indirectly remitted to persons employed at a facility where live entertainment is provided or for service charges, including those imposed in connection with the use of credit cards or debit cards, which are collected and retained by persons other than the taxpayer, the operator of the entertainment facility or an affiliate of the taxpayer or the operator, are not taxable pursuant to this section. As used in this paragraph, "affiliate" has the meaning ascribed to it in NRS 463.0133.~~

~~3. A business entity that collects any amount that is taxable pursuant to subsection 1 is liable for the tax imposed, but is entitled to collect reimbursement from any person paying that amount.~~

~~4. Any ticket for live entertainment must state whether the tax imposed by this section is included in the price of the ticket. If the ticket does not include such a statement, the taxpayer shall pay the tax based on the face amount of the ticket.~~

~~5. The tax imposed by subsection 1 does not apply to:~~

~~(a) Live entertainment that this State is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution;~~

~~(b) Live entertainment that is provided by or entirely for the benefit of a nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c), or a nonprofit corporation organized or existing under the provisions of chapter 82 of NRS;~~

~~(c) Any boxing contest or exhibition governed by the provisions of chapter 467 of NRS;~~

~~(d) Live entertainment that is not provided at a licensed gaming establishment if the facility in which the live entertainment is provided has a maximum occupancy of less than 200 persons;~~

~~(e) Live entertainment that is provided at a licensed gaming establishment that is licensed for less than 51 slot machines, less than 6 games, or any combination of slot machines and games within those respective limits, if the facility in which the live entertainment is provided has a maximum occupancy of less than 200 persons.~~

~~(f) Merchandise sold outside the facility in which the live entertainment is provided, unless the purchase of the merchandise entitles the purchaser to admission to the entertainment;~~

~~(g) Live entertainment that is provided at a trade show;~~

~~(h) Music performed by musicians who move constantly through the audience if no other form of live entertainment is afforded to the patrons;~~

~~(i) Live entertainment that is provided at a licensed gaming establishment at private meetings or dinners attended by members of a particular organization or by a casual assemblage if the purpose of the event is not primarily for entertainment;~~

~~(j) Live entertainment that is provided in the common area of a shopping mall, unless the entertainment is provided in a facility located within the mall;~~

~~(k) Food and product demonstrations provided at a shopping mall, a craft show or an establishment that sells grocery products, housewares, hardware or other supplies for the home;~~

~~(l) Live entertainment that is incidental to an amusement ride, a motion simulator or a similar digital, electronic, mechanical or electromechanical attraction. For the purposes of this paragraph, live entertainment shall be deemed to be incidental to an amusement ride, a motion simulator or a similar digital, electronic, mechanical or electromechanical attraction if the live entertainment is:~~

~~(1) Not the predominant element of the attraction; and~~

~~(2) Not the primary purpose for which the public rides, attends or otherwise participates in the attraction;~~

~~(m) Live entertainment that is provided to the public in an outdoor area, without any requirements for the payment of an admission charge or the purchase of any food, refreshments or merchandise;~~

~~(n) An outdoor concert, unless the concert is provided on the premises of a licensed gaming establishment;~~

~~(o) Beginning July 1, 2007, race events scheduled at a race track in this State as a part of the National Association for Stock Car Auto Racing Nextel Cup Series, or its successor racing series, and all races associated therewith;~~

~~(p) Beginning July 1, 2007, a baseball contest, event or exhibition conducted by professional minor league baseball players at a stadium in this State;~~

~~(q) Live entertainment provided in a restaurant which is incidental to any other activities conducted in the restaurant or which only serves as ambience so long as there is no charge to the patrons for that entertainment;~~

~~6. The Commission may adopt regulations establishing a procedure whereby a taxpayer that is a licensed gaming establishment may request an exemption from the tax pursuant to paragraph (q) of subsection 5. The regulations must require the taxpayer to seek an administrative ruling from the Chair of the Board, provide a procedure for appealing that ruling to the Commission and further describe the forms of incidental or ambient entertainment exempted pursuant to that paragraph.~~

~~7. As used in this section, "maximum occupancy" means, in the following order of priority:~~

~~(a) The maximum occupancy of the facility in which live entertainment is provided, as determined by the State Fire Marshal or the local governmental agency that has the authority to determine the maximum occupancy of the facility;~~

~~(b) If such a maximum occupancy has not been determined, the maximum occupancy of the facility designated in any permit required to be obtained in order to provide the live entertainment; or~~

~~(c) If such a permit does not designate the maximum occupancy of the facility, the actual seating capacity of the facility in which the live entertainment is provided.] (Deleted by amendment.)~~

Sec. 14. NRS 463.332 is hereby repealed.

1 **Sec. 15.** ~~{1.}~~ This ~~{section and sections 1 to 12, inclusive, and 14 of this}~~ act
2 ~~{become}~~ **becomes** effective upon passage and approval.
3 ~~{ 2 . Section 13 of this act becomes effective upon passage and approval and~~
4 ~~applies retroactively from January 1, 2004.}~~

TEXT OF REPEALED SECTION

463.332 Account for Investigating Cash Transactions of Gaming Licensees: Creation; use; claims.

1. The Account for Investigating Cash Transactions of Gaming Licensees is hereby created in the Investigative Fund. The Account is a continuing account and its money does not revert to the State General Fund at any time.

2. The money in the Account must be used by the Board to conduct undercover investigations related to alleged or suspected violations of regulations concerning cash transactions of gaming licensees.

3. Claims against the Account which are approved by the Board must be paid as other claims against the State are paid.