

ASSEMBLY BILL NO. 360—ASSEMBLYMEN HORNE,
HEALEY; BOBZIEN AND KIRKPATRICK

MARCH 18, 2013

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to gaming. (BDR 41-24)

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; revising provisions governing the taxation of gaming; providing certain restrictions governing restricted licenses to operate gaming; revising provisions governing the operation of race books and sports pools; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that a nonrestricted gaming licensee is responsible to pay certain fees and taxes, including certain fees based on the gross revenue of the licensee. (NRS 463.370) Existing law further provides that a restricted gaming licensee and an operator of a slot machine route are required to pay certain fees and taxes. (Chapter 463 of NRS) **Section 1** of this bill requires a person who controls more than 500 slot machines to pay the same fees and taxes as a person who operates a nonrestricted operation.

Existing law: (1) prohibits certain actions relating to gaming without procuring and maintaining the required licensure; and (2) provides that a single establishment may not contain more than one licensed operation unless the establishment holds a nonrestricted gaming license. (NRS 463.160, 463.245) Existing law also defines: (1) "race book" as the business of accepting pari-mutuel wager upon the outcome of an event held at a track; and (2) "sports pool" as the business of accepting wagers on sporting events by any system or method of wagering. (NRS 463.01858, 463.0193) **Section 3** of this bill provides that a separate license is required for each location of a race book or sports pool, and further provides that certain activities relating to the acceptance and payment of wagers and transactions in person or through mechanical means, such as a kiosk or similar device, are considered within the operation of a race book or sports pool. **Section 5** of this bill clarifies that the exception to the single license at one establishment only applies to those nonrestricted licenses at an establishment with 16 or more slot machines, at an establishment with any number of slot machines together with any other game, gaming device, race book or sports pool or for a mobile gaming system.



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Existing law: (1) defines a “restricted license” as a state gaming license to operate not more than 15 slot machines at an establishment in which the operation of slot machines is incidental to the primary business of the establishment; and (2) provides that such a license may only be granted to the operator of the primary business or to a licensed operator of a slot machine route. (NRS 463.0189, 463.161) **Section 4** of this bill provides that, in a county whose population is 100,000 or more (currently Clark and Washoe Counties), a restricted license may only be granted at certain establishments if the establishment contains: (1) a minimum of 2,500 square feet of space available for patrons; (2) a permanent, physical bar; and (3) a restaurant which meets certain requirements.

Section 6 of this bill provides that the provisions of this bill prohibiting the granting of restricted licenses, unless the establishment meets certain criteria, apply prospectively to new restricted licenses issued on or after January 1, 2014. **Section 6** also provides that the provisions of this bill pertaining to the licensure of race books and sports pools apply to all race books, sports pools and associated equipment in existence on January 1, 2014.

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. Notwithstanding any other provision of this chapter, for the purposes of the fees and taxes imposed pursuant to this chapter, a person who controls directly or through an affiliate more than 500 slot machines in the aggregate, including, without limitation, an operator of a slot machine route:

(a) Shall be deemed to be operating a nonrestricted operation; and

(b) Is required to pay all fees and taxes imposed upon a nonrestricted operation with respect to each slot machine that the person controls directly or through an affiliate.

2. This section must not be construed to make a person described in subsection 1 who does not hold a nonrestricted license a nonrestricted licensee for any purpose other than the purpose set forth in subsection 1.

3. As used in this section, “control” of a slot machine directly or through an affiliate means:

(a) Owning or operating an establishment for which a restricted license has been issued, with respect to the slot machines at the establishment; or

(b) Placing and operating slot machines upon the premises of others, whether placed and operated in an establishment for which a restricted license or nonrestricted license has been issued.

Sec. 2. NRS 463.0189 is hereby amended to read as follows:

463.0189 “Restricted license” or “restricted operation” means a state gaming license for, or an operation consisting of, not more than



1 15 slot machines and no other game or gaming device , *race book or*
2 *sports pool* at an establishment in which the operation of slot
3 machines is incidental to the primary business of the establishment.

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

5 463.160 1. Except as otherwise provided in subsection 4 and
6 NRS 463.172, it is unlawful for any person, either as owner, lessee
7 or employee, whether for hire or not, either solely or in conjunction
8 with others:

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

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

14 (c) To operate a gaming salon;

15 (d) To receive, directly or indirectly, any compensation or
16 reward or any percentage or share of the money or property played,
17 for keeping, running or carrying on any gambling game, slot
18 machine, gaming device, mobile gaming system, race book or sports
19 pool;

20 (e) To operate as a cash access and wagering instrument service
21 provider; or

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

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

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

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

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

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

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



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

(a) *Accepting wagers from patrons;*

(b) *Allowing patrons to place wagers; or*

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

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

6. As used in this section, "affiliated licensee" has the meaning ascribed to it in NRS 463.430.

Sec. 4. NRS 463.161 is hereby amended to read as follows:

463.161 **1.** A license to operate 15 or fewer slot machines at an establishment in which the operation of slot machines is incidental to the primary business conducted at the establishment may only be granted to the operator of the primary business or to a licensed operator of a slot machine route.

2. *In a county whose population is 100,000 or more, a license to operate 15 or fewer slot machines at an establishment which is a bar, tavern, saloon or other similar location licensed to sell alcoholic beverages by the drink, for consumption on the premises, may only be granted if the establishment meets all the following conditions:*

(a) *The establishment contains a minimum of 2,500 square feet of space available for use by patrons.*

(b) *The establishment contains a permanent, physical bar.*

(c) *The establishment contains a restaurant that meets all the following requirements:*

(1) *The restaurant must provide seating for at least 25 patrons. For the purposes of determining the number of seats pursuant to this subparagraph, seating that is related to or associated with gaming employees, stools at the bar, and seating in a lounge or outside dining area must not be counted.*

(2) *The restaurant must contain a kitchen which must be operated not less than 12 hours each day that the establishment is open for business.*

(3) *If the restaurant allows admittance of minors, the dining room must be divided and separated from the bar area by a structural barrier sufficient to exclude minors from the bar area. If the restaurant does not allow the admittance of minors, a*



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1 *physical separation from the bar is not required, but a sign must*
2 *be posted at the entrance of the establishment which states that the*
3 *entrance of minors is prohibited.*

4 3. *As used in this section:*

5 (a) *"Bar" means a physical structure with a flat horizontal*
6 *counter, on one side of which alcoholic liquors are kept and*
7 *maintained, where seats may be placed for patrons to sit on the*
8 *side opposite from where the alcoholic liquors are kept, and where*
9 *the sale and service of alcoholic beverages are by the drink across*
10 *such structure.*

11 (b) *"Restaurant" means a space operated in conjunction with*
12 *an establishment, which is kept, used, maintained, advertised and*
13 *held out to the public as a place where hot meals are prepared and*
14 *served on premises.*

15 **Sec. 5.** NRS 463.245 is hereby amended to read as follows:

16 463.245 1. Except as otherwise provided in this section:

17 (a) All licenses issued to the same person, including a wholly
18 owned subsidiary of that person, for the operation of any game,
19 including a sports pool or race book, which authorize gaming at the
20 same establishment must be merged into a single gaming license.

21 (b) A gaming license may not be issued to any person if the
22 issuance would result in more than one licensed operation at a single
23 establishment, whether or not the profits or revenue from gaming
24 are shared between the licensed operations.

25 2. A person who has been issued a nonrestricted gaming
26 license *for an operation described in subsection 1, 2 or 5 of NRS*
27 *463.0177* may establish a sports pool or race book on the premises
28 of the establishment ~~at which the person conducts a nonrestricted~~
29 ~~gaming operation~~ only after obtaining permission from the
30 Commission.

31 3. A person who has been issued a license to operate a sports
32 pool or race book at an establishment may be issued a license to
33 operate a sports pool or race book at ~~another~~ *a second*
34 *establishment described in subsection 1 or 2 of NRS 463.0177 only*
35 *if the second establishment is operated by a person who has been*
36 *issued a nonrestricted license* ~~for~~ *for that establishment. A person*
37 *who has been issued a license to operate a race book or sports pool*
38 *at an establishment is prohibited from operating a race book or*
39 *sports pool at:*

40 (a) *An establishment for which a restricted license has been*
41 *granted; or*

42 (b) *An establishment at which only a nonrestricted license has*
43 *been granted for an operation described in subsection 3 or 4 of*
44 *NRS 463.0177.*



4. *A person who has been issued a license to operate a race book or sports pool shall not enter into an agreement for the sharing of revenue from the operation of the race book or sports pool with another person except:*

(a) *An affiliated licensed race book or sports pool; or*

(b) *The licensee of an establishment at which the race book or sports pool holds or obtains a license to operate pursuant to this section.*

↳ This subsection does not prohibit an operator of a race book or sports pool from entering into an agreement with another person for the provision of shared services relating to advertising or marketing.

5. Nothing in this section limits or prohibits an operator of an inter-casino linked system from placing and operating such a system on the premises of two or more gaming licensees and receiving, either directly or indirectly, any compensation or any percentage or share of the money or property played from the linked games in accordance with the provisions of this chapter and the regulations adopted by the Commission. An inter-casino linked system must not be used to link games other than slot machines, unless such games are located at an establishment that is licensed for games other than slot machines.

~~5-1~~ 6. *For the purposes of this section, the operation of a race book or sports pool includes making the premises available for any of the following purposes:*

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

(b) *Accepting wagers from patrons;*

(c) *Allowing patrons to place wagers;*

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

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

↳ whether by a transaction in person at an establishment or through mechanical means, such as a kiosk or similar device, regardless of whether that device would otherwise be considered associated equipment.

7. The provisions of this section do not apply to a license to operate a mobile gaming system or to operate interactive gaming.

Sec. 6. 1. The amendatory provisions of section 4 of this act apply to any license to operate 15 or fewer slot machines granted on or after January 1, 2014.



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- 1 2. The amendatory provisions of sections 2, 3, and 5 of this act
- 2 apply to all race books, sports pools and associated equipment in
- 3 existence on January 1, 2014.
- 4 **Sec. 7.** This act becomes effective on January 1, 2014.

