

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 interactive gaming; revising provisions governing the registration of persons who hold an ownership interest in certain entities which hold a gaming license; revising provisions relating to the inspection of games, gaming devices, associated equipment, cashless wagering systems, inter-casino linked systems, mobile gaming systems and interactive gaming systems; revising provisions relating to the regulation of independent testing laboratories; providing for an interim study of certain issues concerning the impact of technology upon the regulation of gaming and upon the distinction between restricted and nonrestricted gaming licensees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill provides that the Nevada Gaming Commission may, upon the recommendation of the State Gaming Control Board, adopt regulations allowing promotional schemes to be conducted by licensed operators of interactive gaming in direct association with a licensed interactive gaming activity, contest or tournament that includes a raffle, drawing or other similar game of chance.

Under existing law, the Commission and the Board are required to administer state gaming licenses and manufacturer's, seller's and distributor's licenses, and to perform various acts relating to the regulation and control of gaming. (NRS 463.140) **Sections 2-5** of this bill revise the definitions of the terms "cashless wagering system," "gaming employee," "gross revenue" and "wagering credit" for the purposes of the statutory provisions governing the licensing and control of gaming. **Section 14.5** of this bill repeals a provision contained in section 3 of



Senate Bill No. 9 of this session that also revised the definition of the term “gross revenue.”

Existing law requires audits of the financial statements of all nonrestricted licensees whose annual gross revenue is \$5,000,000 or more, and requires the amount of annual gross revenue to be increased or decreased annually in an amount determined by the Commission and corresponding to the Consumer Price Index. (NRS 463.159) **Section 6** of this bill requires the Board to make such a determination.

Existing law also requires a limited partner holding a 5 percent or less ownership interest in a limited partnership or a member holding a 5 percent or less ownership interest in a limited-liability company, who holds or applies for a state gaming license, to register with the Board and submit to the Board’s jurisdiction within 30 days after the person acquires a 5 percent or less ownership interest. (NRS 463.569, 463.5735) **Sections 7 and 8** of this bill remove the requirement to register with the Board after acquiring such an ownership interest, and instead require a person to register upon seeking to hold a 5 percent or less ownership interest.

Existing law requires the Commission to adopt regulations providing for the registration of independent testing laboratories, which may be utilized by the Board to inspect and certify gaming devices, equipment and systems, and any components thereof, and providing for the standards and procedures for the revocation of the registration of such independent testing laboratories. (NRS 463.670) **Section 9** of this bill: (1) extends the requirement of registration to additional persons that own, operate or have significant involvement with an independent testing laboratory; (2) provides that a person who is registered pursuant to **section 9** is subject to the same investigatory and disciplinary procedures as all other gaming licensees; and (3) authorizes the Commission to require a registered independent testing laboratory and certain persons associated with a registered independent testing laboratory to file an application for a finding of suitability.

Assembly Bill No. 114 of this session, which was enacted by the Legislature and approved by the Governor and which became effective on February 21, 2013: (1) required the Commission, by regulation, to authorize the Governor, on behalf of the State of Nevada, to enter into agreements with other states, or authorized agencies thereof, to enable patrons in the signatory states to participate in interactive gaming; (2) required the regulations adopted by the Commission to be adopted in accordance with the Nevada Administrative Procedure Act; and (3) required the regulations to set forth provisions for any potential arrangements to share revenue. **Sections 11 and 12** of this bill amend the provisions of Assembly Bill No. 114 to: (1) allow agreements for interactive agreements to be made with governmental units of other nations, states or local bodies exercising governmental functions; (2) provide that the regulations adopted by the Commission are not required to be adopted in accordance with the Nevada Administrative Procedure Act; and (3) authorize the Commission to include specific requirements for the agreements entered into by the State of Nevada and another government.

Senate Bill No. 416 of this session enacted certain requirements for the issuance of restricted licenses for certain businesses, which were to become effective on July 1, 2013. **Sections 13 and 14** of this bill change the effective date of those provisions to January 1, 2014.

Section 15 of this bill requires the Legislative Commission to create a committee to conduct an interim study concerning the impact of technology upon the regulation of gaming and upon the distinction between restricted and nonrestricted 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 a new section to read as follows:

The Commission may, upon the recommendation of the Board, adopt regulations that allow promotional schemes to be conducted by licensed operators of interactive gaming in direct association with a licensed interactive gaming activity, contest or tournament that includes a raffle, drawing or other similar game of chance.

Sec. 2. NRS 463.014 is hereby amended to read as follows:

463.014 "Cashless wagering system" means a method of wagering and accounting:

1. In which the validity and value of a wagering instrument or wagering credits are determined, monitored and retained by a computer operated and maintained by a licensee which maintains a record of each transaction involving the wagering instrument or wagering credits, exclusive of the game or gaming device on which wagers are being made. The term includes computerized systems which facilitate electronic transfers of money directly to or from a game or gaming device; or

2. Used in a race book or sports pool in which the validity and value of a wagering instrument *or wagering credits* are determined, monitored and retained on a computer that maintains a record of each transaction involving the wagering instrument *or wagering credits* and is operated and maintained by a licensee.

Sec. 3. NRS 463.0157 is hereby amended to read as follows:

463.0157 1. "Gaming employee" means any person connected directly with an operator of a slot route, the operator of a pari-mutuel system, the operator of an inter-casino linked system or a manufacturer, distributor or disseminator, or with the operation of a gaming establishment licensed to conduct any game, 16 or more slot machines, a race book, sports pool or pari-mutuel wagering, including:

(a) Accounting or internal auditing personnel who are directly involved in any recordkeeping or the examination of records associated with revenue from gaming;

(b) Boxpersons;

(c) Cashiers;

(d) Change personnel;

(e) Counting room personnel;

(f) Dealers;

(g) Employees of a person required by NRS 464.010 to be licensed to operate an off-track pari-mutuel system;



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(h) Employees of a person required by NRS 463.430 to be licensed to disseminate information concerning racing and employees of an affiliate of such a person involved in assisting the person in carrying out the duties of the person in this State;

(i) Employees whose duties are directly involved with the manufacture, repair, sale or distribution of gaming devices, cashless wagering systems, mobile gaming systems, equipment associated with mobile gaming systems, interactive gaming systems or equipment associated with interactive gaming;

(j) Employees of operators of slot routes who have keys for slot machines or who accept and transport revenue from the slot drop;

(k) Employees of operators of inter-casino linked systems, mobile gaming systems or interactive gaming systems whose duties include the operational or supervisory control of the systems or the games that are part of the systems;

(l) Employees of operators of call centers who perform, or who supervise the performance of, the function of receiving and transmitting wagering instructions;

(m) Employees who have access to the Board's system of records for the purpose of processing the registrations of gaming employees that a licensee is required to perform pursuant to the provisions of this chapter and any regulations adopted pursuant thereto;

(n) Floorpersons;

(o) Hosts or other persons empowered to extend credit or complimentary services;

(p) Keno runners;

(q) Keno writers;

(r) Machine mechanics;

(s) Odds makers and line setters;

(t) Security personnel;

(u) Shift or pit bosses;

(v) Shills;

(w) Supervisors or managers;

(x) Ticket writers;

(y) Employees of a person required by NRS 463.160 to be licensed to operate an information service; ~~and~~

(z) *Employees of a licensee who have local access and provide management, support, security or disaster recovery services for any hardware or software that is regulated pursuant to the provisions of this chapter and any regulations adopted pursuant thereto; and*

(aa) Temporary or contract employees hired by a licensee to perform a function related to gaming.



2. "Gaming employee" does not include barbacks ~~H~~ or bartenders ~~H~~ whose duties do not involve gaming activities, cocktail servers or other persons engaged exclusively in preparing or serving food or beverages.

3. As used in this section, "local access" means access to hardware or software from within a licensed gaming establishment, hosting center or elsewhere within this State.

Sec. 4. NRS 463.0161 is hereby amended to read as follows:

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

(a) Cash received as winnings;

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

(c) Compensation received for conducting any game, or any contest or tournament in conjunction with interactive gaming, in which the licensee is not party to a wager,

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

2. The term does not include:

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

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

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

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

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

(f) Uncollected baccarat commissions; or

(g) Cash provided by the licensee to a patron and subsequently won by the licensee, for which the licensee can demonstrate that it or its affiliate has not been reimbursed.

3. As used in this section, "baccarat commission" means:

(a) A fee assessed by a licensee on cash paid out as a loss to a patron at baccarat to modify the odds of the game; or



(b) A rate or fee charged by a licensee for the right to participate in a baccarat game.

Sec. 5. NRS 463.01963 is hereby amended to read as follows:

463.01963 “Wagering credit” means a representative of value, other than a chip, token or wagering instrument, that is used for wagering at a game, ~~for~~ gaming device, *race book or sports pool* and is obtained by the payment of cash or a cash equivalent, the use of a wagering instrument or the electronic transfer of money.

Sec. 6. NRS 463.159 is hereby amended to read as follows:

463.159 1. The Commission shall by regulation require audits of the financial statements of all nonrestricted licensees whose annual gross revenue is \$5,000,000 or more.

2. The Commission may require audits, compiled statements or reviews of the financial statements of nonrestricted licensees whose annual gross revenue is less than \$5,000,000.

3. The amounts of annual gross revenue provided for in subsections 1 and 2 must be increased or decreased annually in an amount corresponding to the percentage of increase or decrease in the Consumer Price Index (All Items) published by the United States Department of Labor for the preceding year. On or before December 15 of each year, the ~~Commission~~ *Board* shall determine the amount of the increase or decrease required by this subsection and establish the adjusted amounts of annual gross revenue in effect for the succeeding calendar year. The audits, compilations and reviews provided for in subsections 1 and 2 must be made by independent accountants holding permits to practice public accounting in the State of Nevada.

4. Except as otherwise provided in subsection 5, for every audit required pursuant to this section:

(a) The independent accountants shall submit an audit report which must express an unqualified or qualified opinion or, if appropriate, disclaim an opinion on the statements taken as a whole in accordance with standards for the accounting profession established by rules and regulations of the Nevada State Board of Accountancy, but the preparation of statements without audit does not constitute compliance.

(b) The examination and audit must disclose whether the accounts, records and control procedures maintained by the licensee are as required by the regulations published by the Commission pursuant to NRS 463.156 to 463.1592, inclusive.

5. If the license of a nonrestricted licensee is terminated within 3 months after the end of a period covered by an audit, the licensee may submit compiled statements in lieu of an additional audited statement for the licensee’s final period of business.



Sec. 7. NRS 463.569 is hereby amended to read as follows:

463.569 1. Every general partner of, and every limited partner 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~~ *seeking to hold* 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 30 days after the person becomes a limited partner holding a 5 percent or less ownership interest in a limited partnership.}~~

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

Sec. 8. NRS 463.5735 is hereby amended to read as follows:

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

2. All members ~~holding~~ *seeking to hold* a 5 percent or less ownership interest in a limited-liability company, other than a publicly traded limited-liability company, which hold or apply for a state gaming license, must register in that capacity with the Board



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1 and submit to the Board's jurisdiction. Such registration must be
2 made on forms prescribed by the Chair of the Board. The Chair of
3 the Board may require a registrant to apply for licensure at any time
4 in the Chair's discretion. ~~1A person who is required to be registered~~
5 ~~by this section shall apply for registration within 30 days after the~~
6 ~~person becomes a member holding a 5 percent or less ownership~~
7 ~~interest in a limited liability company.]~~

8 3. If, in the judgment of the Commission, the public interest
9 will be served by requiring any members with a 5 percent or less
10 ownership interest in a limited-liability company, or any of the
11 limited-liability company's lenders, holders of evidence of
12 indebtedness, underwriters, key executives, agents or employees to
13 be licensed:

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

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

19 4. A publicly traded corporation which is a member of a
20 limited-liability company is not required to be licensed, but shall
21 comply with NRS 463.635 to 463.645, inclusive.

22 5. No person may become a member or a transferee of a
23 member's interest in a limited-liability company which holds a
24 license until the person secures the required approval of the
25 Commission.

26 6. A director or manager of a limited-liability company shall
27 apply for a license within 30 days after assuming office.

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

31 **Sec. 9.** NRS 463.670 is hereby amended to read as follows:

32 463.670 1. The Legislature finds and declares as facts:

33 (a) That the inspection of *games*, gaming devices, associated
34 equipment, cashless wagering systems, *inter-casino linked systems*,
35 mobile gaming systems and interactive gaming systems is essential
36 to carry out the provisions of this chapter.

37 (b) That the inspection of *games*, gaming devices, associated
38 equipment, cashless wagering systems, *inter-casino linked systems*,
39 mobile gaming systems and interactive gaming systems is greatly
40 facilitated by the opportunity to inspect components before
41 assembly and to examine the methods of manufacture.

42 (c) That the interest of this State in the inspection of *games*,
43 gaming devices, associated equipment, cashless wagering systems,
44 *inter-casino linked systems*, mobile gaming systems and interactive
45 gaming systems must be balanced with the interest of this State in



1 maintaining a competitive gaming industry in which games can be
2 efficiently and expeditiously brought to the market.

3 2. The Commission may, with the advice and assistance of the
4 Board, adopt and implement procedures that preserve and enhance
5 the necessary balance between the regulatory and economic interests
6 of this State which are critical to the vitality of the gaming industry
7 of this State.

8 3. The Board may inspect every *game or* gaming device which
9 is manufactured, sold or distributed:

10 (a) For use in this State, before the *game or* gaming device is
11 put into play.

12 (b) In this State for use outside this State, before the gaming
13 device is shipped out of this State.

14 4. The Board may inspect every *game or* gaming device which
15 is offered for play within this State by a state gaming licensee.

16 5. The Board may inspect all associated equipment, every
17 cashless wagering system, *every inter-casino linked system*, every
18 mobile gaming system and every interactive gaming system which
19 is manufactured, sold or distributed for use in this State before the
20 equipment or system is installed or used by a state gaming licensee
21 and at any time while the state gaming licensee is using the
22 equipment or system.

23 6. In addition to all other fees and charges imposed by this
24 chapter, the Board may determine, charge and collect an inspection
25 fee from each manufacturer, seller, distributor or independent
26 testing laboratory which must not exceed the actual cost of
27 inspection and investigation.

28 7. The Commission shall adopt regulations which:

29 (a) Provide for the registration of independent testing
30 laboratories *and of each person that owns, operates or has*
31 *significant involvement with an independent testing laboratory,*
32 specify the form of the application required for such registration ,
33 *set forth the qualifications required for such registration* and
34 establish the fees required for the application, the investigation of
35 the applicant and the registration of the applicant.

36 (b) Authorize the Board to utilize independent testing
37 laboratories for the inspection and certification of any *game*, gaming
38 device, associated equipment, cashless wagering system, *inter-*
39 *casino linked system*, mobile gaming system or interactive gaming
40 system, or any components thereof.

41 (c) Establish uniform protocols and procedures which the Board
42 and independent testing laboratories must follow during an
43 inspection performed pursuant to subsection 3 or 5, and which
44 independent testing laboratories must follow during the certification
45 of any *game*, gaming device, associated equipment, cashless



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1 wagering system, *inter-casino linked system*, mobile gaming
2 system or interactive gaming system, or any components thereof, for
3 use in this State or for shipment from this State.

4 (d) Allow an application for the registration of an independent
5 testing laboratory to be granted upon the independent testing
6 laboratory's completion of an inspection performed in compliance
7 with the uniform protocols and procedures established pursuant to
8 paragraph (c) and satisfaction of such other requirements that the
9 Board may establish.

10 (e) Provide the standards and procedures for the revocation of
11 the registration of an independent testing laboratory.

12 *(f) Provide the standards and procedures relating to the filing*
13 *of an application for a finding of suitability pursuant to this*
14 *section and the remedies should a person be found unsuitable.*

15 *(g) Provide any additional provisions which the Commission*
16 *deems necessary and appropriate to carry out the provisions of this*
17 *section and which are consistent with the public policy of this*
18 *State pursuant to NRS 463.0129.*

19 8. *The Commission shall retain jurisdiction over any person*
20 *registered pursuant to this section, and any regulations adopted*
21 *pursuant thereto, in all matters relating to a game, gaming device,*
22 *associated equipment, cashless wagering system, inter-casino*
23 *linked system, mobile gaming system or interactive gaming system,*
24 *or any component thereof or modification thereto, even if the*
25 *person ceases to be registered.*

26 9. *A person registered pursuant to this section is subject to*
27 *the investigatory and disciplinary proceedings that are set forth in*
28 *NRS 463.310 to 463.318, inclusive, and shall be punished as*
29 *provided in those sections.*

30 10. *The Commission may, upon recommendation of the*
31 *Board, require the following persons to file an application for a*
32 *finding of suitability:*

33 *(a) A registered independent testing laboratory.*

34 *(b) An employee of a registered independent testing laboratory.*

35 *(c) An officer, director, partner, principal, manager, member,*
36 *trustee or direct or beneficial owner of a registered independent*
37 *testing laboratory or any person that owns or has significant*
38 *involvement with the activities of a registered independent testing*
39 *laboratory.*

40 11. *If a person fails to submit an application for a finding of*
41 *suitability within 30 days after a demand by the Commission*
42 *pursuant to this section, the Commission may make a finding of*
43 *unsuitability. Upon written request, such period may be extended*
44 *by the Chair of the Commission, at the Chair's sole and absolute*
45 *discretion.*



12. As used in this section, unless the context otherwise requires, “independent testing laboratory” means a private laboratory that is registered by the ~~Commission~~ Board to inspect and certify *games*, gaming devices, associated equipment, cashless wagering systems, *inter-casino linked systems*, mobile gaming systems ~~and~~ or interactive gaming systems, and any components thereof ~~and~~ and modifications thereto, and to perform such other services as the Board and Commission may request.

Sec. 10. NRS 465.094 is hereby amended to read as follows:

465.094 The provisions of NRS 465.092 and 465.093 do not apply to a wager placed by a person for the person’s own benefit or, without compensation, for the benefit of another that is accepted or received by, placed with, or sent, transmitted or relayed to:

1. A race book or sports pool that is licensed pursuant to chapter 463 of NRS, if the wager is accepted or received within this State and otherwise complies with all other applicable laws and regulations concerning wagering;

2. A person who is licensed to engage in off-track pari-mutuel wagering pursuant to chapter 464 of NRS, if the wager is accepted or received within this State and otherwise complies with subsection 3 of NRS 464.020 and all other applicable laws and regulations concerning wagering;

3. A person who is licensed to operate a mobile gaming system pursuant to chapter 463 of NRS, if the wager is accepted or received within this State and otherwise complies with all other applicable laws and regulations concerning wagering;

4. Any other person or establishment that is licensed to engage in wagering pursuant to title 41 of NRS, if the wager is accepted or received within this State and otherwise complies with all other applicable laws and regulations concerning wagering; or

5. Any other person or establishment that is licensed to engage in wagering in another ~~state~~ jurisdiction and is permitted to accept or receive a wager from patrons within this State under an agreement entered into by the Governor pursuant to section 6 of Assembly Bill No. 114 of this session.

Sec. 11. NRS 233B.039 is hereby amended to read as follows:

233B.039 1. The following agencies are entirely exempted from the requirements of this chapter:

(a) The Governor.

(b) Except as otherwise provided in NRS 209.221, the Department of Corrections.

(c) The Nevada System of Higher Education.

(d) The Office of the Military.

(e) The State Gaming Control Board.



(f) Except as otherwise provided in NRS 368A.140 and 463.765, ~~and section 6 of this act,~~ the Nevada Gaming Commission.

(g) The Division of Welfare and Supportive Services of the Department of Health and Human Services.

(h) Except as otherwise provided in NRS 422.390, the Division of Health Care Financing and Policy of the Department of Health and Human Services.

(i) The State Board of Examiners acting pursuant to chapter 217 of NRS.

(j) Except as otherwise provided in NRS 533.365, the Office of the State Engineer.

(k) The Division of Industrial Relations of the Department of Business and Industry acting to enforce the provisions of NRS 618.375.

(l) The Administrator of the Division of Industrial Relations of the Department of Business and Industry in establishing and adjusting the schedule of fees and charges for accident benefits pursuant to subsection 2 of NRS 616C.260.

(m) The Board to Review Claims in adopting resolutions to carry out its duties pursuant to NRS 590.830.

(n) The Silver State Health Insurance Exchange.

2. Except as otherwise provided in subsection 5 and NRS 391.323, the Department of Education, the Board of the Public Employees' Benefits Program and the Commission on Professional Standards in Education are subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

3. The special provisions of:

(a) Chapter 612 of NRS for the distribution of regulations by and the judicial review of decisions of the Employment Security Division of the Department of Employment, Training and Rehabilitation;

(b) Chapters 616A to 617, inclusive, of NRS for the determination of contested claims;

(c) Chapter 91 of NRS for the judicial review of decisions of the Administrator of the Securities Division of the Office of the Secretary of State; and

(d) NRS 90.800 for the use of summary orders in contested cases,

➤ prevail over the general provisions of this chapter.

4. The provisions of NRS 233B.122, 233B.124, 233B.125 and 233B.126 do not apply to the Department of Health and Human Services in the adjudication of contested cases involving the issuance of letters of approval for health facilities and agencies.

5. The provisions of this chapter do not apply to:



(a) Any order for immediate action, including, but not limited to, quarantine and the treatment or cleansing of infected or infested animals, objects or premises, made under the authority of the State Board of Agriculture, the State Board of Health, or any other agency of this State in the discharge of a responsibility for the preservation of human or animal health or for insect or pest control;

(b) An extraordinary regulation of the State Board of Pharmacy adopted pursuant to NRS 453.2184;

(c) A regulation adopted by the State Board of Education pursuant to NRS 392.644 or 394.1694; or

(d) The judicial review of decisions of the Public Utilities Commission of Nevada.

6. The State Board of Parole Commissioners is subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

Sec. 12. Section 6 of Assembly Bill No. 114 of this session is hereby amended to read as follows:

Sec. 6. 1. ~~{The}~~ *Upon recommendation of the Commission , ~~{shall, by regulation, authorize}~~ the Governor, on behalf of the State of Nevada, *is authorized* to:*

(a) Enter into agreements , *in accordance with the requirements of this section,* with other ~~{states, or authorized agencies thereof, to enable patrons}~~ *governments whereby persons who are physically located in ~~{the}~~ a signatory ~~{states to}~~ jurisdiction may participate in interactive gaming ~~{offered by licensees in those}~~ conducted by one or more operators licensed by one or more of the signatory ~~{states;}~~ governments;* and

(b) Take all necessary actions to ensure that any agreement entered into pursuant to this section becomes effective.

2. ~~{Any regulations adopted pursuant to subsection 1 must:~~

~~—(a) Set forth provisions for any potential arrangements to share revenue between this State and any other state or agency within another state.~~

~~—(b) Be adopted in accordance with the provisions of chapter 233B of NRS.}~~ *The Commission may:*

(a) Make recommendations to the Governor to enter into agreements pursuant to this section.

(b) Upon the recommendation of the Board, adopt regulations relating to agreements pursuant to this section.

3. The regulations adopted by the Commission pursuant to this section may include, without limitation, provisions prescribing:



(a) *The form, length and terms of an agreement entered into by this State and another government, including, without limitation, provisions relating to how:*

(1) *Taxes are to be treated by this State and another government;*

(2) *Revenues are to be shared and distributed; and*

(3) *Disputes with patrons are to be resolved.*

(b) *The information to be furnished to the Board and the Commission by a government that proposes to enter into an agreement with this State pursuant to this section.*

(c) *The information to be furnished by the Board to the Commission to enable the Commission to carry out the purposes of this section.*

(d) *The manner and procedure for hearings conducted by the Board and Commission pursuant to this section, including, without limitation, the need for any special rules or notices.*

(e) *The information to be furnished by the Commission to the Governor that supports the recommendations of the Commission made pursuant to this section.*

(f) *Any other procedures to be followed by the Board or Commission to carry out the purposes of this section.*

4. *The Governor may not enter into an agreement pursuant to this section unless the agreement includes provisions:*

(a) *For any potential arrangement for the sharing of revenues by this State and a government.*

(b) *That permit the effective regulation of interactive gaming by this State, including, without limitation, provisions relating to licensing of entities and natural persons, technical standards to be followed, resolution of disputes by patrons, requirements for bankrolls, enforcement, accounting and maintenance of records.*

(c) *That each government that is a signatory to the agreement agrees to prohibit operators of interactive gaming, service providers and manufacturers or distributors of interactive gaming systems from engaging in any activity permitted by the agreement unless such operators of interactive gaming, service providers or manufacturers or distributors of interactive gaming systems are licensed or found suitable:*

(1) *In this State; or*

(2) *In the signatory jurisdiction pursuant to requirements that are materially consistent with the corresponding requirements of this State.*



1 (d) That no variation or derogation from the
2 requirements of the agreement is permitted for any
3 signatory government absent the consent of this State and
4 all signatory governments.

5 (e) That prohibit any subordinate or side agreements,
6 except with respect to sharing of revenues, among any
7 subset of governments that are signatories to the agreement.

8 (f) That, if the agreement allows persons physically
9 located in this State to participate in interactive gaming
10 conducted by another government or an operator of
11 interactive gaming licensed by another government, require
12 that government to establish and maintain regulatory
13 requirements governing interactive gaming that are
14 materially consistent with the requirements of this State in
15 all material respects.

16 5. As used in this section:

17 (a) "Government" means any governmental unit of a
18 national, state or local body exercising governmental
19 functions, other than the United States Government. The
20 term includes, without limitation, national and subnational
21 governments, including their respective departments,
22 agencies and instrumentalities and any department, agency
23 or authority of any such governmental unit that has
24 authority over gaming or gambling activities.

25 (b) "Jurisdiction" means the country, state or other
26 geographic area over which a government exercises legal
27 authority.

28 **Sec. 13.** Section 7 of Senate Bill No. 416 of this session is
29 hereby amended to read as follows:

30 Sec. 7. 1. Except as otherwise provided in this section,
31 the amendatory provisions of section 3 of this act apply to the
32 issuance of a restricted license on or after January 1, 2014.

33 2. Except as otherwise provided in subsection 3, an
34 establishment that has been granted a restricted license by the
35 Nevada Gaming Commission before January 1, 2014, but
36 which is not in compliance with the provisions of paragraph
37 (b) of subsection 2 of NRS 463.161, as amended by section 3
38 of this act, must come into compliance with those provisions
39 upon the earlier of:

40 (a) A change of ownership of the business or the transfer
41 of 50 percent or more of the stock or other ownership interest
42 in the entity owning the business; or

43 (b) July 1, 2015.

44 3. An establishment which was granted a gaming license
45 before December 22, 1990, and which has been operating at



1 the same location since that date is not required to comply
2 with the provisions of paragraph (b) of subsection 2 of NRS
3 463.161, as amended by section 3 of this act.

4 4. An establishment that has been granted a restricted
5 license by the Commission before January 1, 2014, but which
6 is not in compliance with the provisions of paragraph (a) or
7 (c) of subsection 2 of NRS 463.161, as amended by section 3
8 of this act, is not required to come into compliance with those
9 provisions unless the establishment ceases gaming operations
10 for 18 or more consecutive months.

11 5. The Commission shall not renew the restricted license
12 of an establishment that does not come into compliance with
13 the amendatory provisions of section 3 of this act within the
14 time required by this section.

15 6. This act applies to all race books, sports pools and
16 associated equipment in existence on July 1, 2013.

17 **Sec. 14.** Section 8 of Senate Bill No. 416 of this session is
18 hereby amended to read as follows:

19 Sec. 8. 1. This section and sections 1, 2, 4 and 7 of
20 this act become effective on July 1, 2013.

21 2. Section 3 of this act becomes effective on January 1,
22 2014.

23 **Sec. 14.5.** Section 3 of Senate Bill No. 9 of this session is
24 hereby repealed.

25 **Sec. 15.** 1. The Legislative Commission shall create a
26 committee to conduct an interim study concerning the impact of
27 technology upon the regulation of gaming and upon the distinction
28 between restricted and nonrestricted gaming licensees.

29 2. The committee created by the Legislative Commission to
30 conduct the study must be composed of six voting members and
31 seven nonvoting members, appointed and designated as follows:

32 (a) The Legislative Commission shall appoint three voting
33 members of the Senate, at least one of whom must be a member of
34 the minority political party.

35 (b) The Legislative Commission shall appoint three voting
36 members of the Assembly, at least one of whom must be a member
37 of the minority political party.

38 (c) The Legislative Commission shall appoint five nonvoting
39 members, with one member representing each of the following:

- 40 (1) Manufacturers or developers of gaming technology;
41 (2) Entities engaged in the business of interactive gaming;
42 (3) Restricted gaming licensees;
43 (4) Nonrestricted gaming licensees; and
44 (5) Operators of race books and sports pools.



(d) The Chair of the Nevada Gaming Commission and the Chair of the State Gaming Control Board serve *ex officio* as nonvoting members of the committee.

3. The Legislative Commission shall appoint a Chair from among the voting members of the committee.

4. The committee shall study, without limitation:

(a) The impact of modern and evolving technology upon gaming and the regulation of gaming;

(b) Interactive gaming in Nevada and other jurisdictions, and any proposed or enacted federal legislation in this area;

(c) The regulatory distinction between restricted and nonrestricted licensure, and the impact of technology upon this distinction;

(d) The determination of whether the operation of slot machines is incidental to the primary business of a restricted gaming licensee, and minimum requirements that are or should be imposed upon such businesses;

(e) The effect of expanding capability of personal and portable electronic devices upon gaming and the regulation of gaming;

(f) The potential effects and consequences of authorizing the acceptance of race book and sports pool wagers made by an entity; and

(g) The effect of legislation approved by the 77th Session of the Nevada Legislature with regard to gaming and the regulation of gaming.

5. The Legislative Commission shall submit a report of the findings of the committee, including, without limitation, any recommendations for legislation, to the 78th Session of the Nevada Legislature.

6. For each day or portion of a day during which a member of the committee who is a Legislator attends a meeting of the committee or is otherwise engaged in the business of the committee, the Legislator is entitled to receive the:

(a) Compensation provided for a majority of the members of the Legislature during the first 60 days of the preceding regular session;

(b) Per diem allowance provided for state officers generally; and

(c) Travel expenses provided pursuant to NRS 218A.655.

➔ The compensation, per diem allowances and travel expenses of the members of the committee who are Legislators must be paid from the Legislative Fund.

Sec. 16. 1. This section and section 14.5 of this act become effective on June 1, 2013.

2. Sections 1 to 14, inclusive, and 15 of this act become effective upon passage and approval.



* A B 3 6 0 R 3 *

TEXT OF REPEALED SECTION

Section 3 of Senate Bill No. 9 of this Session:

Sec. 3. NRS 463.0161 is hereby amended to read as follows:

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

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

(c) Compensation received for conducting any game , *or any contest or tournament in conjunction with interactive gaming*, in which the licensee is not party to a wager,

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

2. The term does not include:

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

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

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

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

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

(f) Uncollected baccarat commissions; or

(g) Cash provided by the licensee to a patron and subsequently won by the licensee, for which the licensee can demonstrate that it or its affiliate has not been reimbursed.



3. As used in this section, “baccarat commission” means:

(a) A fee assessed by a licensee on cash paid out as a loss to a patron at baccarat to modify the odds of the game; or

(b) A rate or fee charged by a licensee for the right to participate in a baccarat game.

③⑩



* A B 3 6 0 R 3 *