

SENATE BILL NO. 416—COMMITTEE ON JUDICIARY

MARCH 25, 2013

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing gaming.
(BDR 41-1104)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Legislative Counsel's Digest:

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 1 of this bill clarifies that a restricted license means a state gaming license for the operation of not more than 15 slot machines and which does not include a race book or sports pool. **Section 3** 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.

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 wagers 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 2** 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 4** of this bill clarifies that the



* S B 4 1 6 *

exception to the single license at one establishment only applies to those nonrestricted licenses at an establishment with 16 or more slot machines or at an establishment with any number of slot machines together with any other game, gaming device, race book or sports pool.

Section 5 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 July 1, 2013. **Section 5** further provides that certain establishments, which were granted a restricted license before July 1, 2013, must comply with the requirement to contain a permanent bar with a certain number of slot machines embedded in the bar upon the earlier of: (1) a change in ownership of the business or the transfer of 50 percent or more of the stock or other ownership interest; or (2) July 1, 2015. Establishments which were granted a gaming license before December 22, 1990, and which have been operating at the same location since that date, are not required to comply with the requirement associated with a permanent bar. Finally, **section 5** provides that an establishment that was granted a restricted gaming license before July 1, 2013, does not need to occupy at least 2,500 square feet or have a restaurant unless the establishment ceases operation for 18 or more consecutive months.

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

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

Sec. 2. 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;

(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;

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



(f) To operate, carry on, conduct, maintain or expose for play in or from the State of Nevada any interactive gaming system, without having first procured, and thereafter maintaining in effect, all federal, state, county and municipal gaming licenses as required by statute, regulation or ordinance or by the governing board of any unincorporated town.

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

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

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

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

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

5. *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. 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. 3. 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



1 incidental to the primary business conducted at the establishment
2 may only be granted to the operator of the primary business or to a
3 licensed operator of a slot machine route.

4 **2. In a county whose population is 100,000 or more, a license**
5 **to operate 15 or fewer slot machines at an establishment which is**
6 **licensed to sell alcoholic beverages at retail by the drink to the**
7 **general public may only be granted if the establishment meets the**
8 **requirements of this subsection. The establishment must:**

9 (a) **Occupy an area comprised of at least 2,500 square feet**
10 **which is open and available for use by patrons.**

11 (b) **Contain a permanent, physical bar, into which are**
12 **embedded:**

13 (1) **At least eight slot machines, if there are more than eight**
14 **slot machines in the establishment.**

15 (2) **All the slot machines, if there are eight or fewer slot**
16 **machines in the establishment.**

17 (c) **Contain a restaurant which:**

18 (1) **Serves food ordered by patrons from tables or booths.**

19 (2) **Includes a dining area with seating for at least 25**
20 **persons in a room separate from the on-premise kitchen. For the**
21 **purposes of determining the number of seats pursuant to this**
22 **subparagraph, the stools at the bar or the seats outside the dining**
23 **area must not be counted.**

24 (3) **Includes a kitchen which is operated not less than 12**
25 **hours each day the establishment is open for business to the**
26 **public, or the entire time the establishment is open for business to**
27 **the public if it is open for business 12 hours or less each day.**

28 **3. As used in this section:**

29 (a) **"Bar" means a physical structure with a flat horizontal**
30 **counter, on one side of which alcoholic beverages are kept and**
31 **maintained, where seats may be placed on the side opposite from**
32 **where the alcohol is kept, and where the sale and service of**
33 **alcoholic beverages are by the drink across such structure.**

34 (b) **"Restaurant" means a public place where hot meals are**
35 **prepared and served on the premises.**

36 **Sec. 4. NRS 463.245 is hereby amended to read as follows:**

37 **463.245 1. Except as otherwise provided in this section:**

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

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



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

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

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

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

4. ~~Nothing~~ *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.

~~§~~ 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:*



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

3 (b) *Accepting wagers from patrons;*

4 (c) *Allowing patrons to place wagers;*

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

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

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

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

16 **Sec. 5.** 1. Except as otherwise provided in this section, the
17 amendatory provisions of section 3 of this act apply to the issuance
18 of a restricted license on or after July 1, 2013.

19 2. Except as otherwise provided in subsection 3, an
20 establishment that has been granted a restricted license by the
21 Nevada Gaming Commission before July 1, 2013, but which is not
22 in compliance with the provisions of paragraph (b) of subsection 2
23 of NRS 463.161, as amended by section 3 of this act, must come
24 into compliance with those provisions upon the earlier of:

25 (a) A change of ownership of the business or the transfer of 50
26 percent or more of the stock or other ownership interest in the entity
27 owning the business; or

28 (b) July 1, 2015.

29 3. An establishment which was granted a gaming license
30 before December 22, 1990, and which has been operating at the
31 same location since that date is not required to comply with the
32 provisions of paragraph (b) of subsection 2 of NRS 463.161, as
33 amended by section 3 of this act.

34 4. An establishment that has been granted a restricted license
35 by the Commission before July 1, 2013, but which is not in
36 compliance with the provisions of paragraph (a) or (c) of subsection
37 2 of NRS 463.161, as amended by section 3 of this act, is not
38 required to come into compliance with those provisions unless the
39 establishment ceases gaming operations for 18 or more consecutive
40 months.

41 5. The Commission shall not renew the restricted license of an
42 establishment that does not come into compliance with the
43 amendatory provisions of section 3 of this act within the time
44 required by this section.



- 1 6. This act applies to all race books, sports pools and
2 associated equipment in existence on July 1, 2013.
3 **Sec. 6.** This act becomes effective on July 1, 2013.

