

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: January 22, 2015

Agency Submitting: Gaming Control Board

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
(Revenue)				
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

The fiscal impact from this bill cannot be determined because the primary portion of the bill requiring licensing of manufacturers of associated equipment and registration of certain employees provides for the requirements of who is to be licensed and the fees associated with such licensing by regulations that have not yet been adopted. Additionally, it cannot be determined how many licenses would be approved. The other sections of the bill removing the licensing requirement for certain license categories will have a fiscal impact of less than \$20,000 of reduced revenue. However, it is anticipated that this amount would be offset by the increase in revenue from licensing manufacturers of associated equipment. Please see attached Exhibit 1.

Name Buffy Brown

Title Sr. Research Specialist

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Tuesday, January 20, 2015

The agency's response appears reasonable.

Name Julia Teska

Title Director

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number:

BDR 41-350

Name of Agency: State Gaming Control Board

Division/Department: n/a

Date: January 19, 2015

Fiscal Note for BDR 41-350

Sec. 1, 4, 5: Registration of employees directly involved with the manufacture, repair, sale or distribution of associated equipment when the employer is required to be licensed; Licensing requirement for manufacturer of associated equipment.

Certain gaming employees are required to be registered with the Board. Registration requires the employee to submit an application and the Board to investigate the applicant to ensure the applicant is qualified to work as a gaming employee. Section 1 of the bill makes certain employees involved in the manufacture, repair, sale or distribution of associated equipment gaming employees subject to registration, but only if the employer is required to be licensed pursuant to regulations that are to be adopted pursuant to this bill.

Sections 4 and 5 of this bill require the licensing of certain manufacturers of associated equipment to be determined by regulations adopted by the Nevada Gaming Commission.

At this time, it is unknown how many manufacturers of associated equipment will be required to be licensed, and thus how many employees of those entities would be required to be registered. However, a review of agency records indicates that there have been approximately 31 active manufacturers of associated equipment over the past 3 years. It is not anticipated that every one of those would be required to be licensed. Thus, with approximately less than 10 associated equipment manufacturers being licensed each year, such licensing and employee registration processes would be easily absorbed into the agency's current workload.

Moreover, while there will be some fee associated with yearly renewals, it appears that the impact to revenue will not be significant in fiscal years 2015 and 2016. Assuming the renewal fee would be similar to that set for manufacturers of equipment associated with interactive gaming, see NRS 463.760, the renewal fee would be approximately \$25,000 per license while the initial application fee would be \$50,000. However, it is unknown whether the fee would be established at that rate or something more similar to service providers (\$1,000 for initial

application and renewals) or somewhere in between. It is unlikely that there would be any licenses issued in fiscal year 2015 because the regulations for implementing such licensing would need to be adopted, then applications received, and an investigation conducted. For fiscal year 2016, it could be anticipated that there would be a handful of applications processed and licenses issued, but there would be no renewals. For employee registrations, such applications and renewals would not likely occur until fiscal year 2016. A gaming employee registration and renewal costs \$75.00. Assuming there were 20 gaming employee registrations, the revenue would total \$1,500.

Sec. 3, 6: Remove licensing requirement for cash access and wagering instrument service provider; Remove requirement for licensing of interactive gaming service provider who provides certain intellectual property or who provides certain information via a database or customer list.

Since the creation of licensing requirements for these categories of service providers, there have been fewer than 20 such licenses issued. The license and renewal fees for service providers of any kind is \$1,000. Accordingly, the fiscal impact for revenue is less than \$20,000. Any expenses associated with investigation of such license applicants is negligible.

Sec. 7, 8: Remove licensing requirement for a manufacturer of equipment associated with interactive gaming.

While there is a license and renewal fee for this category of licensing, there have been no licenses issued and it is not anticipated that such a license will be issued in the foreseeable future. Accordingly, the removal of this category of licensing has no fiscal impact.

The fiscal impact to future biennia cannot be determined because the number of potential licensees is unknown.