

**MINUTES OF THE
SENATE COMMITTEE ON JUDICIARY**

**Seventy-ninth Session
March 21, 2017**

The Senate Committee on Judiciary was called to order by Chair Tick Segerblom at 1:37 p.m. on Tuesday, March 21, 2017, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Tick Segerblom, Chair
Senator Nicole J. Cannizzaro, Vice Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Don Gustavson
Senator Michael Roberson
Senator Becky Harris

STAFF MEMBERS PRESENT:

Patrick Guinan, Policy Analyst
Eileen Church, Committee Secretary

OTHERS PRESENT:

Chandler Pohl, Student, William S. Boyd School of Law, University of Nevada,
Las Vegas
Nelson Lambert, Student, William S. Boyd School of Law, University of Nevada,
Las Vegas
Adam Winer, Student, William S. Boyd School of Law, University of Nevada,
Las Vegas
Kathleen Gallagher, Student, William S. Boyd School of Law, University of
Nevada, Las Vegas
A.G. Burnett, Chair, Nevada Gaming Control Board
Lorne Malkiewich, Nevada Resort Association

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CHAIR SEGERBLOM:

I will open the hearing of the Senate Committee on Judiciary with Senate Bill (S.B.) 240.

SENATE BILL 240: Revises provisions relating to gaming. (BDR 41-939)

SENATOR HARRIS:

This bill is for the Gaming Law Policy course at the Boyd School of Law. This bill looks at the regulation of the Nevada Gaming Commission to provide events other than horse races, animal races or athletic sport events.

Section 1 of this bill would define the term "other event" in a manner consistent with the regulation. Sections 3 through 7 of this bill provide that existing laws governing pari-mutuel wagering on race or sporting events apply to pari-mutuel wagering on "other events" as defined in section 1.

The Nevada Resort Association has submitted a friendly amendment ([Exhibit C](#)), and there are people here to testify with regard to why the amendment will better clarify what we are trying to accomplish in this bill.

There are four students down in Las Vegas: Kathleen Gallagher, Chandler Pohl, Adam Winer and Nelson Lambert who will be testifying on behalf of this bill and answer any questions the Committee may have.

CHAIR SEGERBLOM:

We should all acknowledge that this is Bob Faiss's history. He started this program.

CHANDLER POHL (Student, William S. Boyd School of Law, University of Nevada, Las Vegas):

The student team from the Boyd School of Law's Gaming Law Policy class proposes additions to *Nevada Revised Statutes* (NRS) 463 and 464 to clarify pari-mutuel wagering on events other than horse racing, dog racing and sporting events.

This bill was brought before the Nevada Gaming Control Board during public comment on March 8 and will be brought before the Nevada Gaming Commission in public comment on March 23. Today, we are testifying in the

capacity as students only, and the views expressed by this team are our own and not those of the Boyd School of Law.

NELSON LAMBERT (Student, William S. Boyd School of Law, University of Nevada, Las Vegas):

Wagering on events other than sports or races continues to gain global popularity, but Nevada's statutes regarding the type of events allowed under the pari-mutuel system of wagering are unclear. Our proposed modifications adapt Nevada's pari-mutuel statutes to suit the growing popularity of wagering on events other than horse racing, dog racing or sporting events.

CHAIR SEGERBLOM:

Can you provide an example of the type of event you are talking about?

MR. LAMBERT:

There is not one particular event. This can encompass many events other than horse racing, dog racing or sporting events as they are defined right now.

CHAIR SEGERBLOM:

Could there be betting on the Oscars?

MR. LAMBERT:

Yes.

CHAIR SEGERBLOM:

How about elections?

MR. LAMBERT:

Under Nevada Gaming Commission Regulation 22.120, betting on elections is not allowed.

ADAM WINER (Student, William S. Boyd School of Law, University of Nevada, Las Vegas):

Currently, NRS 464 allows off-track pari-mutuel wagering on horse races, dog races and sporting events. Many of the provisions of NRS 464 are not applicable to pari-mutuel wagering on "other events" that are neither sporting events nor horse races or dog races.

KATHLEEN GALLAGHER (Student, William S. Boyd School of Law, University of Nevada, Las Vegas):

The primary purpose of this bill is twofold. First, in section 1 to define "other event" as any event other than horse racing, dog racing or sporting event consistent with Nevada Gaming Commission Regulation 22.120, section 2. However, a friendly amendment by the Nevada Resort Association ([Exhibit C](#)) seeks to retain the flexibility of defining "other events" for the regulations. Second, sections 3 through 7 provide that existing law governing pari-mutuel wagering on a race or sporting event also apply to "other events."

The goal of these amendments is not to change the regulatory framework; rather, it is to expressly authorize pari-mutuel wagering on events other than horse racing, dog racing and sporting events.

CHAIR SEGERBLOM:

Are you saying that this is currently taking place and you are trying to change the law to conform to what is happening, or will this allow things that are not currently happening?

MR. POHL:

It would allow for things that are not currently allowed and it would clarify the statutes to be more consistent with the Gaming Control Board's interpretations.

CHAIR SEGERBLOM:

Could you give me an example of an event?

MR. POHL:

Examples are award shows or eSports, which are gaining local popularity. Many people believe Nevada could be the capital of eSports in the future.

SENATOR HARRIS:

Do you have any idea as to what kind of popularity eSports is finding in Nevada and the likelihood, if we were to pass this bill, that we would have betting on eSports?

MR. POHL:

I know that eSports tournaments have already been held in Las Vegas, and there is a draw of people from areas outside of Nevada to come to Nevada for eSport events.

SENATOR DENIS:

I know the upper levels of the Neonopolis, which were movie theaters, have been turned into an eSports stadium and hosted a major tournament recently. The national eSports promoters have been talking about that issue, and they view Nevada as a very good location to hold eSports events. The Neonopolis and other venues, specifically set up for eSports, will find great success as professional eSports is becoming very popular. I believe Nevada is at the forefront of this growing event.

CHAIR SEGERBLOM:

Before an event is accepted, does the Gaming Control Board have to investigate to make sure the outcomes would be random, or could it somehow be rigged?

MS. GALLAGHER:

The Gaming Control Board would have to approve the "other events." Whatever the current process is to go through, the Board will be investigating and making sure that the standards for the events are adequate.

SENATOR HARRIS:

It looks like from the bill that it would be limited to betting along a pari-mutuel model. Is that correct? Alternatively, do you anticipate things like eSports could have other betting opportunities?

MR. LAMBERT:

The bill that we are proposing intends to allow for "other events" for pari-mutuel wagering purposes. We do not know what the Nevada Gaming Control Board and Gaming Commission have in mind as far as how those bets will be taken, whether it will be like sports-pool-type wagering or pari-mutuel wagering. We intend for this bill to adopt NRS 464 to allow for pari-mutuel wagering on "other events" such as eSports.

SENATOR GUSTAVSON:

Can you explain what eSports are?

MR. WINER:

These are competitive video games.

CHAIR SEGERBLOM:

Instead of being random, it is a competitive game, and you are betting on which person would win?

MS. GALLAGHER:

Normally, these are tournaments of single players and they would be playing in a room. There would be TV screens set up so you could see each team or individual playing. You would be betting on who would win the overall competition.

SENATOR DENIS:

The players compete as individuals or as teams.

A.G. BURNETT (Chair, Nevada Gaming Control Board):

Video games called eSports are being played by competitors that can be housed in a large stadium or in a convention center. These have exponentially grown in popularity over the last several years. You can go to YouTube and view an hour-long video produced by VICE Video that gives you a good overview of eSports. In addition, CNN has done documentaries on eSports.

Video game players who consider themselves athletes will play each other in a venue, which can be a stadium, convention center or movie-theater-type center, and play against each other with participants watching. In places like Europe, Austria, Germany and South Korea, some of the stadiums get into the five figures in terms of the numbers of people who come to actually watch these events take place. There have been several eSport events that have taken place in Las Vegas.

The Governor's Gaming Policy Committee convened last year to enable the regulators to begin undertaking the allowance of wagers in a sports-type format for eSports. The T-Mobile Arena, for example, could be filled with people watching an eSports event. The teams would come from all over the world to compete, and there would be people watching in the arena. Spectators would pay to come watch the event, and bets could be taken just as you would in a sports book.

The Gaming Control Board is in a neutral position, and I commend the law students for their work. They did appear in front of us on March 8 to give testimony on this proposed language.

In simplistic terms, you have different types of sports betting going on in Nevada right now. One of the main types is at a sports book, and you bet on whatever team is going to be playing. In my case, if I were able to bet, I would bet on my alma mater, Gonzaga, to win it all right now. That is a bet against the house, and that is a straight sports book bet.

What we are talking about today is not that. In the example I just gave, we already allow eSports betting. Again, that would be someone walking up to a sports book and under Regulation 22.120, the Board Chairman has the authority to allow betting on "other events" which are events other than what is enumerated in the statutes or in the regulations, i.e., something like eSports. We have indeed done that twice. The Gaming Policy Committee ended its deliberations at the end of last year.

This would be different since it is a pari-mutuel situation. This is different than someone betting against the house where the bettor stands to lose, or if the house does not balance its books properly, the house stands to lose.

This would amend NRS 464 to allow pari-mutuel wagering, which is the pooling of all collective wagers in one pool. You would be betting against each other and in that case, the house takes a cut and stands to lose nothing.

We have allowed "other events" to include the Heisman Trophy and Cy Young Award winners. As long as they are judged independently under a basis that we have regulatory comfort with, we can and have approved those "other events" in the straight sports betting arena. This would essentially allow those types of wagers to occur in a pari-mutuel fashion.

If the Legislature passes these amendments, I would envision that the Board and Commission would take up the regulations regarding pari-mutuel wagering and amend those to add the definitions that we have in Regulation 22.120 for "other events." This would include Regulation 26, which is pari-mutuel wagering and/or Regulation 26A or 26B, which is pari-mutuel wagering on sports.

CHAIR SEGERBLOM:

Is pari-mutuel wagering on sports currently allowed?

MR. BURNETT:
Yes.

CHAIR SEGERBLOM:
What about entity wagering? Would that be permissible?

MR. BURNETT:
Entity wagering would simply mean that an entity that is registered with the Board and Commission, and the sports book that it is going to place wagers through would be able to place those bets. So assuming the Legislature moves forward with this proposal, then the answer would be yes, entities would be able to wager on these "other events" in a pari-mutuel fashion.

CHAIR SEGERBLOM:
Suppose I wanted to do an eSport event. Would I come to you and request you to authorize betting on this event, and would you look at this to make sure that it is fair?

MR. BURNETT:
Under Regulation 22.120, there is a procedure for a sports book, which would be the requestor, to request the Gaming Control Board review the "other event" the sports book has in mind. There is a little laundry list contained in that regulation to ensure such things as fairness in judging, a sanctioning body that gives us regulatory comfort and things of those natures. We would use those criteria to make our determination. In the past, we have turned down requests because they did not get us to that regulatory comfort, but in other cases, as I have mentioned, we have allowed certain events.

CHAIR SEGERBLOM:
What happens, for example, during the Oscars where the presenters announce one winner and then turn around and announce a different winner?

MR. BURNETT:
That makes it a little difficult. In that example, we have not allowed wagering because people know the outcome of the event prior to it actually occurring. That is something that has not given us the comfort to move forward.

LORNE MALKIEWICH (Nevada Resort Association):

In our friendly amendment ([Exhibit C](#)), we are proposing to delete the definition of "other event" from section 1, and section 3, subsection 5. The reason for this is that it may be more of a clarification than a change. In section 1, the definition says: "'Other event' means any event other than a horse race, dog race or sporting event."

I believe it is the intent of the sponsor and the proponents of the legislation that the Gaming Control Board and the Gaming Commission would specify, as Mr. Burnett indicated they currently do, in which events that pari-mutuel wagering would be allowed. We just have a little concern with the use of the phrase "any event" which could mean that absolutely anything has to be allowed.

Regulation 22.120, as Mr. Burnett indicated, includes the procedure for requesting approval of a particular event other than a horse race, greyhound race or athletic sports event, and we would anticipate a similar procedure to ensure that pari-mutuel wagering is allowed for appropriate events.

With that amendment, the Resort Association supports S.B. 240.

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CHAIR SEGERBLOM:

If there is no more testimony on this bill nor any public comment, I will close the hearing on S.B. 240 at 2:00 p.m.

RESPECTFULLY SUBMITTED:

Eileen Church,
Committee Secretary

APPROVED BY:

Senator Tick Segerblom, Chair

DATE: _____

| EXHIBIT SUMMARY | | | | |
|-----------------|-------------------------|---|----------------------|--|
| Bill | Exhibit / # of pages | | Witness / Entity | Description |
| | A | 1 | | Agenda |
| | B | 5 | | Attendance Roster |
| S.B. 240 | C | 2 | Senator Becky Harris | Proposed Amendment from Nevada Resort Association |