

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY**

**Eighty-First Session
May 25, 2021**

The Committee on Judiciary was called to order by Chairman Steve Yeager at 10:04 a.m. on Tuesday, May 25, 2021, Online and in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblyman Steve Yeager, Chairman
Assemblywoman Rochelle T. Nguyen, Vice Chairwoman
Assemblywoman Shannon Bilbray-Axelrod
Assemblywoman Lesley E. Cohen
Assemblywoman Cecelia González
Assemblywoman Alexis Hansen
Assemblywoman Melissa Hardy
Assemblywoman Heidi Kasama
Assemblywoman Lisa Krasner
Assemblywoman Elaine Marzola
Assemblyman C.H. Miller
Assemblyman P.K. O'Neill
Assemblyman David Orentlicher
Assemblywoman Shondra Summers-Armstrong
Assemblyman Jim Wheeler

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Ben Kieckhefer, Senate District No. 16



STAFF MEMBERS PRESENT:

Diane C. Thornton, Committee Policy Analyst
Ashlee Kalina, Assistant Committee Policy Analyst
Bradley A. Wilkinson, Committee Counsel
Bonnie Borda Hoffecker, Committee Manager
Jordan Carlson, Committee Secretary
Melissa Loomis, Committee Assistant

OTHERS PRESENT:

Johnathan Wendel, Private Citizen, Las Vegas, Nevada
Michael Morton, Senior Research Specialist, Nevada Gaming Control Board
Andrew Diss, Vice President, Government Affairs, Meruelo Group
Dylan Keith, Policy Analyst, Vegas Chamber
George Ross, representing GEEEX.gg, Inc.
Greg Ferraro, representing Nevada Resort Association
Zach Conine, State Treasurer
Alisa Nave-Worth, representing Entertainment Software Association
James Carr, Private Citizen, Las Vegas, Nevada

Chairman Yeager:

[Roll was taken and Committee protocol was explained.] Committee, we have one bill on the agenda today, so we are going to take that bill right now. I will open the hearing on Senate Bill 165 (2nd Reprint). The bill establishes provisions relating to esports. Welcome to the Assembly Committee on Judiciary, Senator Kieckhefer. We will let you present and introduce your guest, and then I am sure we will have questions for you.

**Senate Bill 165 (2nd Reprint): Establishes provisions relating to Esports.
(BDR 41-562)**

Senator Ben Kieckhefer, Senate District No. 16:

I am very happy to be here today to present Senate Bill 165 (2nd Reprint). Senate Bill 165 (2nd Reprint) is a subject matter that is new to me. I have been learning a lot about esports in the past six months or so and I have become a little hooked. I think it is really cool and something that the state of Nevada is uniquely positioned to take advantage of from an economic development standpoint.

Senate Bill 165 (2nd Reprint) is, in its most basic form, an economic development bill. It is an effort to bring esports events, tourism, and business to our state. That is plain and simple what the bill is. My vision is that by working with the industry, we can create an ecosystem that will attract publishers, event organizers, players, teams, broadcasters, and anyone else who wants to bring a part of this industry to our great state and, particularly, in Las Vegas. Nevada has a long and successful history of working closely with industry to help them grow

and creating space safe enough to help them thrive and operate. A recent example of such a relationship is with mixed martial arts and the UFC [Ultimate Fighting Championship]; we have seen the success that has had.

This bill is an effort to take the next step in that type of partnership and do it with esports. In its most basic form, esports is competitive video gaming. If you look at what this bill does, it creates the Esports Technical Advisory Committee to the Nevada Gaming Control Board to help ensure that esports, when they are wagered upon in Nevada, are held to the highest of standards. Esports is a contest of multiplayer video games where viewers watch events, either in person or online, through such services as YouTube or Twitch; those are the two most popular broadcasters. It is one of the fastest-growing markets in both sports and entertainment, both nationally and internationally. Total esports viewership is expected to grow at a 9 percent compound annual growth rate in the next few years. There are expected to be up to 646 million viewers internationally by 2023.

Esports consists of businesses, both large and small, operating a competitive sport through different business models, both ones that are vertically integrated and through a distributive infrastructure. Video game publishers create their own games and then license their intellectual property to esports tournament organizers or run tournaments themselves. Tournament organizers create events both large and small under agreements with publishers, and these events are both professional and amateur. In some leagues owned by publishers, teams are created through franchise agreements similar to the National Football League (NFL) or National Basketball Association, but like all sports, casual fans drive the industry and they are critically important for the future of esports and its success.

For a little perspective on how popular this is, if you look at Game 6 of the 2020 World Series, it had 12.6 million viewers. Two years earlier than that in 2018, not even the championship but a mid-season invitational for League of Legends had 60 million unique views. That is five times more than a World Series game. This is an incredibly popular sport internationally, particularly in Asia and Europe, but it is also growing here in the United States. Revenue in the industry is more than a billion dollars. There is growing investment in different segments in the industry on a regular basis. The number of jobs that the industry creates has increased from 2015 to 2019 by more than 340 percent. New businesses are being built and growing, jobs are being created, and I believe that Nevada is uniquely positioned to take advantage of that as a destination for tourism and growth.

I would now like to introduce the gentleman sitting on my left. He has been widely known as the deadliest man on the Internet. Johnathan Wendel goes by the name "Fatal1ty" if you look him up online; the "i" is the number 1. He became a professional gamer in 1999. He went on to win international stardom in gaming and has 12 world championships that he can claim in five different games. He has been featured on MTV, *60 Minutes*, *The New York Times*, *Forbes*, and now the Assembly Committee on Judiciary. Mr. Wendel is, most importantly for our purposes here, a proud Las Vegan. He volunteered to come talk about his experience in the industry and what he sees as a future for esports in Las Vegas.

Johnathan Wendel, Private Citizen, Las Vegas, Nevada:

I am originally from Kansas City, Missouri. I moved to Las Vegas in 2008. I always saw Las Vegas as a great place to bring esports, and I have always been very passionate about esports. To tell you some of my life story, I play a lot of video games, of course, but I also played a lot of sports along the way. I love the competition of esports because I look at it very much like traditional sports. Throughout my life I have been able to travel around the world playing video games.

A little backstory about me is that I saved up \$500, traveled down to Texas to play in a tournament, and ended up winning \$4,000 when I was 18 years old. I was saying to myself, Wow, I won \$4,000 playing a video game—this is pretty cool, right? It was really funny, but two weeks later a company invited me to go to Sweden and represent the United States by playing against the top 12 players in the world. I was really fascinated by the idea of it and I decided I was going to go. My parents were not very supportive back then, but I was 18 and I could do what I wanted, so I told my dad that I was going to Sweden. I played against the top 12 players, and I won 18 games straight, losing zero. I became the world champion at the age of 18 in Stockholm, Sweden.

After that, I went on a tear where I got sponsored and started traveling around the world. I made over \$100,000 my first year playing professionally, and I basically pioneered the concept that you can make a living playing video games. Like I said, I look at esports very much the same way I look at traditional sports, and I look at the parallels that Las Vegas can bring to esports in that regard. I am very happy to be here in support of the bill.

Senator Kieckhefer:

Knowing that we have six days until the end of the Legislature, Mr. Chairman, I have pared back some of the dog and pony show that I would have prepared over in the Senate Committee on Judiciary. I did want to make reference to one of my presenters from over there because I spoke with him yesterday and he wanted me to make sure he was represented on the record. That was Paul Hamilton. He is the CEO of The Greenspun Corporation. In his other role, he owns two esports franchises for the Call of Duty League and the Overwatch League, which are owned by Activision Blizzard, Inc., a vertically integrated esports league that is based out of Atlanta. He and his ownership group own the Atlanta FaZe and the Atlanta Reign, which are franchises in a league that is set up similar to the NFL. The publisher, Activision Blizzard, owns the league itself and then they sold franchises all across the country and internationally. He spoke in support in the Senate and wanted to be here today, but had a conflict that he could not get out of, so he wanted to be represented.

With that, Mr. Chairman, I will briefly walk through the bill. It has been through several iterations and a lot of negotiations with the video game publishers who are represented here today by Alisa Nave-Worth of the Entertainment Software Association. I think she will come up and say what she needs to say, but I think we have gotten to a very good place where this bill provides what we are looking for as a state in terms of establishing a group of thought leadership to help position Nevada as a long-term destination for esports. It also addresses many of their concerns.

I will point you to the preamble of the bill, which states the intent that Nevada should be a home to these types of businesses and competitions as an economic development driver. Getting into section 10.5 of the bill, it creates the Esports Technical Advisory Committee of the Nevada Gaming Control Board. You will see *Nevada Revised Statutes* Chapter 463 referenced. The Board shall appoint membership that will include game publishers, hosts, participants, and broadcasters, along with whomever else they deem necessary. There are some definitions for who some of those folks are in section 10.5, subsection 7.

Ultimately, this body is designed to be true industry experts who understand the different components of putting together esports events and tournaments where there may be some risk, and how an entity like the Gaming Control Board would want to address that risk if wagers are to be placed on events in the state of Nevada. I think it serves the public purpose of protecting our residents and visitors when they are making wagers, but also allows us to put our foot forward as a thought leader in this space. That is the bill, and it is effective July 1, 2021. Mr. Chairman, we would be happy to answer any questions you may have.

Chairman Yeager:

Thank you both for presenting. We have a number of questions from the Committee. I wanted to start with a couple while I had them on my mind. Esports is really exciting and I wanted to confirm that this was true. Mr. Wendel, you would probably know this more than anyone, but I was under the belief that we have some kind of esports arena or area to play in in Las Vegas; I wanted to ask about that. I also wanted to ask if you have had an opportunity yet to see the Twitch Lounge at Allegiant Stadium. I do not know if you are aware of that, but I had a chance to see that and I thought it was a really interesting concept. I just wanted to ask you about those two.

Johnathan Wendel:

In Las Vegas there have been many facilities; we have the HyperX Esports Arena there at the Luxor Hotel and Casino that I have been lucky enough to be a part of. I actually got invited by the Vegas Golden Knights to play Mario Kart with a bunch of the kids, so that was really fun. It was with Alex Tuch and some of the other players.

But esports is something that you can set up in almost any hotel or any kind of banquet room. Even in my career, when I played from the 1990s through the 2000s, that was kind of the normal way that we held esports events. Can you repeat the second part of the question?

Chairman Yeager:

It was just if you have had a chance to see the Twitch Lounge. I know the stadium is not really open to the public per se, but I wondered if there were some opportunities there. It seemed like a very cool concept when I toured the arena.

Johnathan Wendel:

I actually got to experience the Twitch Lounge a little bit during the NFL draft party. I got invited to be there in the stadium. I have not gotten a chance to take part in the Twitch Lounge specifically, but I have seen it on sites, and it is really great to see mainstream sports embracing Twitch and esports in general. I want to partake in it more.

Assemblywoman Nguyen:

I do not know if this is the intent, but I see this bill as ensuring integration between gaming and esports. I see the progression; I see more of these esports rooms taking over poker rooms and the evolution of gaming to attract younger people to the state of Nevada. Just to be clear, the legislation empowers that Esports Technical Advisory Committee to opine only when needed. Is that when there are complex issues associated with where wagering and esports meet? Is that correct?

Senator Kieckhefer:

The Technical Advisory Committee would be responsive to the needs of the Gaming Control Board as it is designed. If the Board decides that there are emerging issues within the industry that need to be addressed through regulation or rulemaking or whatever process they decide to use for whether they are going to accept wagers on events, that is when they could call the Technical Advisory Committee into action to provide the technical expertise that goes into this.

Esports competitions have a lot of complexity to them. We are talking about computer systems; they could be online, they could be wired through a LAN in a specific location, and there are things that need to be addressed such as equipment that is used. There are all kinds of technical issues that are probably best left to the experts to discuss from a public policy perspective. Those are the types of things that I think they would want to weigh in on from a standpoint of where those guidelines should be when the Gaming Control Board wants to approve wagering on events.

Assemblyman Wheeler:

I think Senator Kieckhefer mostly answered my questions in his answer to Assemblywoman Nguyen. Because I am a free market kind of guy, the only other question I have is, Why do we need more regulation on this? Why are we not just allowing them to go on, create, and be innovative?

Senator Kieckhefer:

The bill started in a little bit of a different form. It has evolved over time, and I think it has evolved in a good way. It continues to respect these companies' and this industry's ability to innovate, and it does not provide any new regulatory authority to anyone. The Gaming Control Board has full authority to oversee events that have wagering in the state currently. What this does is ensure that we are bringing to the table experts from multiple different components of this growing and emerging industry. It is to bring them to the table and let

them know they are wanted, we care about them, we value their opinion, and to show that we are not going to regulate from the top down, but we are going to bring their expertise into consideration so that we work from the industry up. That is the model we are trying to offer here.

Assemblyman Wheeler:

I am not sure if there is a drop tax that we have for casinos. Is there a state tax on the winnings now? Or is that foreseen?

Senator Kieckhefer:

I could not answer that. Mr. Morton is on Zoom, if he has an answer for that from the Gaming Control Board's perspective. But if there is no wagering on it, then he probably would not know. I cannot answer that right now. If it is income-based, then you pay taxes on it. I am sure Mr. Wendel pays his taxes on winnings.

Assemblyman Orentlicher:

I would like you to play out some more because we are usually asked to subsidize a facility or tax breaks, so it is nice not to have to do any of that. It is just about ensuring the integrity of the wager that is at the heart of this. I am wondering—is this about when people are deciding where they are going to host competitions, and they want to be in a city where the integrity of gaming is a factor, as opposed to the weather, hotels, and other things? Or is this about the wagerer, the tourist who comes to place bets, and it does not matter where the competition is; they just want to know there is no cheating going on? Is it both of those? Could you elaborate how focusing on the Gaming Control Board connects to economic development?

Senator Kieckhefer:

To take one step back, I think about economic development in a couple of tranches. One is to support our existing economy. The biggest piece of our economy is hospitality and tourism, primarily along the Las Vegas Strip. The amount of viewership and participation that is happening within esports and the demographics of those participants and viewers is just a prime target for a new customer to Las Vegas. Today I am wearing my Stardust Resort and Casino cuff links because I am thinking about what Las Vegas used to be like and what it can become in the future. It has gone through tremendous transition, and that transition will continue. The goal, on this front, is to attract more events to Las Vegas because that will attract a new group of visitors to our state.

This Technical Advisory Committee can help achieve that in a couple of different ways. The first way is by ensuring the integrity of the events from a wagering perspective. I think that will grow in importance within this industry long-term. We are starting to see more investment within wagering components of esports businesses. For example, the Call of Duty League allowed for the first time a sponsorship from a wagering platform. Over the

long term, we as Nevadans understand the value of wagering as an eyeball attractor, and it will continue to be an important part of the growth of the industry, in my opinion. As that happens, having the best gaming regulatory structure in the world and providing that imprimatur of approval are incredibly valuable to attract events.

I think there is another piece to it from an economic development standpoint. It is not just supporting existing industry in terms of tourism and hospitality, but also diversification. These are technology companies in their most basic form. Within the technology industry there are niches, and this could be a really powerful niche for Nevada to go after as a destination for video game publishers, esports hosts, event organizers, and B2B [business-to-business] platforms. I think there are ample opportunities. If we are able to assemble the thought leadership that could come along with this Technical Advisory Committee in our state and position us as a destination for these entrepreneurs and innovators, then we could also meet that second area of economic development, which is diversification.

Assemblywoman Bilbray-Axelrod:

While we were answering questions, I looked up the HyperX lounge at the Luxor and was getting many of my questions answered from their website. I am confused about the age. What I am seeing from the Luxor is it looks like most of the competitions are about a \$700 prize. Obviously, we have a gaming age of 21 in Nevada, so it looks like if you are under 13, then you have to be there with your parents, but can you participate at that age? Is that an issue at all? I am confused on that.

Senator Kieckhefer:

What you are referring to is casual competition. There is some prize money associated with that, and I do not know the exact rules associated with those types of competitions and age restrictions or anything like that. There are no wagers being placed on those competitions. That is separate from the casino gaming side of the house; it is really an entertainment and amenity attraction for the Luxor through the HyperX Arena. I know that they do have standard rules in place, and if it offers you any comfort, because it is happening within a casino, the Gaming Control Board still has the ability to enforce anything that happens on those properties.

Assemblywoman Bilbray-Axelrod:

Mr. Wendel, you mentioned you were 18 when you first won money. In order to play, it is about \$10, and usually the prize is split amongst the people who make it to the final round, which is \$700. Could a 13-year-old pay that \$10 and possibly be a winner of the money?

Johnathan Wendel:

When I was a kid, I used to play in tournaments when I was 13 as well. I would pay \$10 or \$20 to enter the tournament, but my winnings back then were mostly things like winning free Internet, winning a cell phone, or getting a piece of paper that says "champion." For kids who are playing games today and are 14 to 18, they are typically playing more simple games, but I have always looked at it as paying a price to have an experience. If you get some kind

of prize winnings for that, it is almost more of a gift than gambling winnings. In most of the tournaments I played in, I would pay around \$75 to enter the tournament, but the prize money was from sponsors. It was not really my money being gambled; it was more like sponsors fulfilling the purse. It is not like poker.

Michael Morton, Senior Research Specialist, Nevada Gaming Control Board:

To add a little more color to Assemblywoman Bilbray-Axelrod's question, we are talking about a bifurcated system here. We have the esports tournament or competition going on where a player pays \$10 to enter the tournament and then they win a small prize. That is not gambling; that is a game of skill. Gambling has to do with games of chance. What the Gaming Control Board regulates is when a sports book wants to allow people to place bets on those tournaments, just like when the sports book puts up the National Collegiate Athletic Association (NCAA) basketball tournament to bet on. There, the 13-year-old playing the video game is not gambling; they are paying for the experience to play the game. If the sports book wanted to put that League of Legends tournament up on the board for patrons to bet on, you would have to be 21 to do that.

Assemblywoman Cohen:

I think Mr. Morton covered my question, but I want to make sure that we have enough flexibility compared to other states as this industry grows, that we begin doing economic development around this industry, and that we are not going to be beat out by other states because they do not have gaming regulation the way we do.

Senator Kieckhefer:

You raise a very important point, and it was one we had much debate on in the Senate when the bill was in an earlier form because it had a more regulatory layer over the industry. I think what you see before you today addresses those concerns by trying to still assemble the thought leadership but placing it in an advisory capacity to the Gaming Control Board without amending their regulatory function as it currently exists.

Assemblywoman Kasama:

If you have a gaming tournament and a pot of money, is it taxed? What does the state collect currently? Is it similar to a slot machine winning where somebody wins, they get a purse of money, and then the state comes and remove the taxes from it before it is paid out to you? Is it handled the same way for the pots of money in gaming tournaments?

Johnathan Wendel:

When I have won money throughout my career, it is income for me, so I have paid income taxes on what I have won. It was not like professional athletes who get taxed in different cities, but I imagine it will eventually evolve to that. But through my time, I was just paying taxes on it as income.

Assemblywoman Kasama:

That would be on the federal level. Currently, are we doing anything on a state level for pots of money that are won if it is held here in Las Vegas?

Senator Kieckhefer:

I do not have a good answer for that question. I am not good enough to win tournaments.

Chairman Yeager:

Are there any other questions from the Committee?

Assemblywoman Hansen:

Are we looking at this market as being more of a venue for adult gaming, or are we looking to capture a youth market?

Senator Kieckhefer:

When you say "youth," I want to make sure I am clear about what you mean. I am not looking to attract new people to Las Vegas who are under 21, if that is what you are suggesting. I want eligible customers. The demographic of esports fans is largely in their twenties and thirties, and that is a demographic I am sure the resort corridor would love to have walking through their doors who are new customers. I think this allows for the development of new international markets. If we were to host a League of Legends championship, it could fill Allegiant Stadium for three days and probably every little bit of convention space up and down the Strip in association with it. These are huge events that would draw new customers to Las Vegas who are not coming now. It is a younger demographic primarily, but I do not think of it as a youth demographic.

Assemblywoman Nguyen:

There are people who are participating in the sports—I liken it to an NCAA tournament where you have underage people participating in the sport of skill. I see that in esports as being a skill-based competition just like a soccer tournament or any of these other skill-based activities that we are looking at. The individuals who are fortunate enough to become professional are being taxed like you would tax any other form of personal income. What this bill attempts to also address is those who are now wagering and gaming on those particular sports, is that correct?

Senator Kieckhefer:

Yes, but to be clear, we already allow wagering on esports events in Nevada. They are approved on a case-by-case basis by the Gaming Control Board and that is already happening on a smaller level. The bill is to provide more insight for the Gaming Control Board over those events themselves.

Assemblywoman Nguyen:

For example, Mr. Wendel, I know you are retired from competition, so you in your capacity as someone over 21 can go in and wager on those competitions. You would be taxed like someone who had gaming winnings, and that would be done through wherever you won those winnings.

Senator Kieckhefer:

That is correct. If you are wagering on an esports event through a sports book in Nevada, you get taxed just like if you were wagering on the NCAA tournament.

Chairman Yeager:

Do we have further questions from Committee members? [There were none.] I will ask the presenters to sit tight while we take some testimony on the bill. Then we will come back to you for a chance for concluding remarks. At this time, I am going to open up for testimony in support for Senate Bill 165 (2nd Reprint). Please come forward if you would like to testify in support.

Andrew Diss, Vice President, Government Affairs, Meruelo Group:

We operate the Sahara Las Vegas and the Grand Sierra Resort in Reno. I wanted to come here today, testify in support of Senator Kieckhefer's bill, and give the perspective of an operator. I think Assemblywoman Nguyen put it right when she made the distinction between being able to participate in a game of skill and making wagers. The easiest way to think about it is March Madness. We have a whole lot of talented players in the tournaments leading up to March Madness who are not 21, but they are participating in a game of skill that you are able to wager on in the state. That is just one example of something that we already do.

Assemblyman Wheeler asked about robust integrity protections and the free market. In this instance, look at the Nevada Athletic Commission. When you look at a big prize fight in Las Vegas, say you have Floyd Mayweather and he wins the fight. He has all his guys behind him holding all the different championship belts from the International Boxing Federation, the World Boxing Association, and the World Boxing Council. The reason that there are so many belts is that there are all these different leagues that need to be regulated. It is very similar to what is already happening in esports. A part of the Technical Advisory Committee's role is to make sure that everybody is meeting a certain set of standards so that we, as operators who are offering wagers on that event, have a sense of security that everything is on the up-and-up. In this instance, we think it would be a benefit to the industry. With that, I am happy to take any questions.

Assemblywoman Summers-Armstrong:

One of the things I am consistently hearing is the change in the demographic towards the people who would be attracted to this type of activity. I have kids your age, Mr. Wendel, who would probably dig this. But when we are talking about the people who would be attracted here, how is an institution like the Sahara adjusting its mindset about this new demographic of guests? Because it is not like someone is coming for their wedding. We are talking about young folks who are going to come in groups and are going to want to participate. How are you changing your mindset about this new demographic of visitor?

Andrew Diss:

It is something we deal with every day. We have several different types of events that are family friendly; we cater to all ages. This is not a new question that we have had to think about. We are currently building a new entertainment venue. It is the Magic Mike Theater, which is going to open later this summer. When we started the design for that theater, we did it in a way where it is plug-and-play for different events to come in, such as esports. Instead of a typical theater where the seats are all facing one direction towards a stage, the stage is going to be in the middle and all the seating will be around it, arena style. We would have the ability to host tournaments for kids of all ages or the people of age, because my understanding with these events is that you generally have different age groups. I do not know if I am getting to your question, but we offer these types of events that cater to everybody already, so we do not feel that we would have to change much in our approach.

Dylan Keith, Policy Analyst, Vegas Chamber:

We would like to thank the sponsor for bringing this bill forward as it will improve the climate of esports and bring in a new group of tourists who otherwise would not normally visit Las Vegas. The Vegas Chamber supports the creation of this type of commission as we have seen the success of our other members in industries like combat sports after similar legislation. This resulted in thousands of new tourists each year along with increased revenue to our state. Through this piece of legislation, we will diversify our economy by supporting an emerging industry in Nevada and bringing a new and diverse group of tourists.

Chairman Yeager:

Is there anyone else who would like to testify in support?

George Ross, representing GEEX.gg, Inc.:

GEEX.gg, Inc. is very much in support of S.B. 165 (R2). We would like to thank Senator Kieckhefer for working with us on this bill and we urge your support.

Greg Ferraro, representing Nevada Resort Association:

We began having conversations with Senator Kieckhefer last year about this concept of an emerging industry that we think should have a home and a place in the state of Nevada. We are always committed to opportunities to broaden the invitation. Broadening the invitation is what helps keep us competitive, attractive, and interesting. With that, we supported Senator Kieckhefer's development of this concept, the introduction of this bill, and its status today before you. We think this is an important step for our state to continue to broaden the invitation.

Chairman Yeager:

Is there anybody else who would like to testify in support of Senate Bill 165 (2nd Reprint)?

Zach Conine, State Treasurer:

I wanted to call in support of this bill and thank Senator Kieckhefer for his work. We think esports could be a large piece of our forthcoming economic recovery and, on a personal note, I remain eternally hopeful for the GoldenEye 007 tournament that I was kept out of as a child.

Chairman Yeager:

Is there anyone else who wishes to testify in support? [There was no one.] I will now close testimony in support and open up for testimony in opposition of S.B. 165 (R2). Is there anyone who would like to testify in opposition? [There was no one.] I will close opposition testimony and I will now open up neutral testimony. Is there anyone who wishes to testify in neutral?

Alisa Nave-Worth, representing Entertainment Software Association:

I want to thank Senator Kieckhefer. He has been tremendous in working through these issues associated with this new and evolving economic development area here in Nevada. I will say that esports has been in Nevada for over a decade and they want to come to Nevada more. They are excited to engage with Nevada and believe Las Vegas and Reno are the destinations they want to come to. That is why it was so important that we work together with Senator Kieckhefer on a new, revised version of S.B. 165 (R2). This version, as we see it, strikes the appropriate balance between not pushing an industry out of Nevada with overregulation while also ensuring the integrity of the industry when it comes to the gaming that goes on in Nevada, as we are the platinum standard when it comes to wagering.

There have been a number of references to a commission in the supportive testimony. I want to clarify that in the first version of the legislation, there was a commission that would have regulated the internal rules and regulations associated with the various games under esports. That has been replaced with the Esports Technical Advisory Committee which is specific to the intersection between wagering and esports. The reason why is because every game is a sport in and of itself.

If you play one game, then there is a league where they all play that one game. Games that have similar components, whether it be a fighting game, sports game, or driving game, have rules and regulations that are specific to themselves and that often do not even cross over to games of the same genre. Those rules and regulations which have to be held to the highest standard are the intellectual property of the publishers themselves, the members of the Entertainment Software Association. It was very important to us that we did not expose what makes the magic of esports to regulators who might not understand that there is not parity between the games themselves. However, at the same time, we want to ensure that when wagering does occur on esports in Nevada, it is appropriately regulated and there is a resource that has a specialized understanding of the esports area, whether that be the publishers or the folks in the Technical Advisory Committee. I just wanted to clarify that because that is the work we put into this. We are grateful for Senator Kieckhefer.

I want to specifically cite for the Committee section 10.5, subsection 4, which says that the Technical Advisory Committee "may not request or require the disclosure of any proprietary information." That is incredibly important to us and we are grateful for that. It also says that they shall provide recommendations as necessary to safeguard the integrity of esports when wagers are placed on competitions. I am open for any questions.

Assemblyman O'Neill:

I do not know enough about esports to make a statement, Chairman Yeager, but I do have a question. When you talk about baseball, football, or basketball, they all have commissioned leagues that oversee all the various competitions. Is there a commission or overarching entity that ensures standards for rules and that those standards are being met to ensure there is no hanky-panky going on?

Alisa Nave-Worth:

I will answer to the best of my ability, but I will also follow up with you. It is my understanding that each game in and of itself is a sport. If you take video game A, video game B, and video game C, that is like saying golf, basketball, and football. Within the games' leagues, which are organized in various ways, many of them have their own league commissions, but it depends on their various business models. As a result, there are those who fight for integrity within the games themselves, comparing apples to oranges, because they want to ensure their games and rules are of the highest integrity; otherwise, gamers would not want to participate in those leagues. If a league is vulnerable to cheating, then it is not an area where people want to game in.

Chairman Yeager:

Are there any other questions from the Committee? [There were none.] Is there anyone else who would like to offer neutral testimony? [There was no one.] I will now close testimony and we will bring the presenters back up to the table for any concluding remarks. Senator Kieckhefer, I hope you had an enjoyable final hearing in front of the Assembly Committee on Judiciary. With that, please give any concluding remarks.

Senator Kieckhefer:

Mr. Wendel, is there anything you would like to say before we wrap up?

Johnathan Wendel:

I think if you want to be good at games, you have to play a lot, so I will practice.

Senator Kieckhefer:

I wrapped up my practice legislating here, Mr. Chairman, but I have six more days to try to reach perfection; we will see. I appreciate the opportunity, the Committee, and your questions, and I think we can do something good for the state, so let us go.

[[Exhibit C](#) was submitted as an exhibit but was not discussed.]

Chairman Yeager:

Thank you so much to the two of you. I will now close the hearing on S.B. 165 (R2). We will now go into a work session on Senate Bill 165 (2nd Reprint). Committee, I do have the permission of the Speaker to move bills out of Committee without waiting our customary 24 hours, given that we are so far into the legislative session and time is of the essence. I will accept a motion to do pass Senate Bill 165 (2nd Reprint).

ASSEMBLYMAN WHEELER MADE A MOTION TO DO PASS
SENATE BILL 165 (2ND REPRINT).

ASSEMBLYMAN MILLER SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.] I just want to note one thing before we take the vote. Senator Kieckhefer, you had mentioned the Stardust and, of all places, the Stardust was the first place I played poker in the state of Nevada. Poker really brought me to Las Vegas. I have very fond memories of the Stardust and, like you, I hope that this burgeoning industry will draw new folks to Las Vegas, not so much for the gaming aspect but because we have so many amazing things in this state. Whether it is to participate or wager in esports, I think the more folks we can get to come here, once we get them here in the state, it can be hard for them to leave. I am excited about this opportunity and appreciate your bringing this bill forward. Is there any further discussion? [There was none.] The motion is to do pass.

THE MOTION PASSED UNANIMOUSLY.

Congratulations, Senator Kieckhefer, and thank you again, Mr. Wendel. I am going to give the floor statement to Assemblyman Wheeler. Committee, that takes us to the last item on our agenda, which is public comment. Is there anyone who would like to give public comment?

James Carr, Private Citizen, Las Vegas, Nevada:

I have a general message today about a bill's intent versus its application. This message is inspired by Saturday's joint meeting [Assembly Committee on Judiciary and Senate Committee on Judiciary, May 22, 2021] for Senate Bill 452.

When the Legislature many years ago outlawed walking in streets where sidewalks were provided or required pedestrians to walk to the right side of crosswalks—or when municipalities outlawed open alcohol containers in public—I am sure the intent was to enhance safety. I doubt they planned for these violations to be used as excuses for police to stop people and conduct field interviews, or to get a foot in the door to investigate other alleged violations. But with almost all statutes that pertain to a person's conduct in public, there is a risk of a law being used as a pretext for getting into people's business.

This type of police contact can lead to the type of use-of-force incidents that have received extra attention in the news lately. I urge this Legislature to be extremely cautious as it contemplates creating new crimes, such as with S.B. 452, that pertain to a person's conduct in public, whether related to firearms, pedestrians, motor vehicles, alcohol, or other personal choices. These types of statutes will someday be used in circumstances that do not align with the safety-minded intent of the legislation. I hope to share this message with your colleagues on the Assembly floor who may favor S.B. 452 or any other bill that restricts a person's conduct in public.

Chairman Yeager:

Is there anyone else for public comment? [There was no one.] I will close public comment. Is there anything else from Committee members? [There was nothing.] I think that was an exciting hearing for the Assembly Committee on Judiciary, and I am happy that we are finally able to be back together to hear a bill.

We do, as you may know, have four bills in the Committee right now, so we have an agenda for both tomorrow and Thursday. Those are 9 a.m. start times, and there will be two bills each day. I would just ask you to check your email because things are moving quickly in this building and there is always a possibility that we will have to adjust the scheduling of those bills. For now, we will plan to see you back here at 9 a.m. tomorrow morning. This meeting is adjourned [at 11:06 a.m.].

RESPECTFULLY SUBMITTED:

Jordan Carlson
Committee Secretary

APPROVED BY:

Assemblyman Steve Yeager, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a letter submitted by Nevada Esports Education League, in support of Senate Bill 165 (2nd Reprint).