

Amendment No. 509

Senate Amendment to Senate Bill No. 266	(BDR 41-943)
Proposed by: Senate Committee on Judiciary	
Amendment Box: Replaces Amendment No. 169.	
Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

BJF



Date: 4/23/2023

S.B. No. 266—Excludes certain portions of entry fees for participation in a contest or tournament from the gross revenue of gaming licensees for certain purposes. (BDR 41-943)



SENATE BILL NO. 266—SENATORS PAZINA, NGUYEN, DONDERO LOOP, HAMMOND,
LANGE; CANNIZZARO, DONATE, KRASNER, NEAL AND SEEVERS GANSERT

MARCH 13, 2023

JOINT SPONSORS: ASSEMBLYMEN O'NEILL, WATTS, KASAMA, JAUREGUI, YEAGER;
BACKUS, CARTER, DICKMAN, HAFEN, MONROE-MORENO, MOSCA, NEWBY, NGUYEN
AND TAYLOR

Referred to Committee on Judiciary

SUMMARY—Excludes certain portions of entry fees for participation in ~~the~~ ~~contest~~ **certain contests** or ~~the~~ ~~tournament~~ **tournaments** from the gross revenue of gaming licensees for certain purposes. (BDR 41-943)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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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; excluding certain portions of entry fees paid to participate in ~~the~~ ~~contest~~ **certain contests** or ~~the~~ ~~tournament~~ **tournaments** from the gross revenue of certain gaming licensees for the purpose of calculating gaming license fees and for certain other purposes; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Nevada Gaming Commission to charge and collect from each licensee a monthly license fee in an amount equal to a certain percentage of the gross revenue of the licensee. (NRS 463.370) Under existing law, the gross revenue on which the monthly license fee is imposed includes entry fees for the right to participate in contests and tournaments, minus certain enumerated deductions. (NRS 463.0161) This bill excludes from the gross revenue on which the monthly license fee is imposed any portion of entry fees for the right to participate in contests and tournaments ~~that~~ **conducted on the premises of a licensed gaming establishment with the participants physically present at those premises when participating if the portion of those fees** is ~~the~~ ~~that~~ designated as : (1) employee compensation and used to pay an employee of a licensee additional compensation for being involved in the organization or operation of the contest or tournament; (2) ~~designated as~~ a donation and remitted to certain tax-exempt organizations; (3) ~~added~~ **an addition** to a payoff schedule of the contest or tournament that is paid as a prize to a participant in a present or future contest or tournament; or (4) ~~added~~ **an addition** to an account to pay guaranteed payouts of future contests or tournaments. **This bill also clarifies that cash from an entry fee excluded from gross revenue: (1) may not be deducted from gross revenue when paid out or distributed for a purpose other than the purpose for which an exclusion is authorized; and (2) must be included in the calculation of gross revenue for the month in**

which it is paid out or distributed for a purpose other than the purpose for which an exclusion is authorized.

For the purposes of the regulation of gaming in this State, a nonrestricted licensee is a licensee who is licensed to operate: (1) 16 or more slot machines; (2) any number of slot machines together with any other game, gaming device, race book or sports pool at one establishment; or (3) a slot machine route. (NRS 463.0177) Under existing law, the Commission is: (1) authorized to require nonrestricted licensees with an annual gross revenue of \$1,000,000 or more to report and keep records of all transactions involving cash; and (2) required to adopt regulations requiring audits of the financial statements of nonrestricted licensees whose annual gross revenue is \$5,000,000 or more, as adjusted annually based on the Consumer Price Index (All Items) for the preceding year. (NRS 463.125, 463.159) Because this bill excludes from gross revenue certain portions of the entry fee for the right to participate in contests or tournaments, that revenue would be excluded for the purposes of these calculations.

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

Section 1. 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~~ *Except as otherwise provided in paragraph (g) of subsection 2, cash* received as entry fees for the right to participate in contests and tournaments;

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

(d) Compensation received for conducting any game in which the licensee is not party to a wager,

↳ less the total of all cash paid out as losses to patrons, all cash and the cost of any noncash prizes paid out to participants in contests or tournaments not to exceed the total cash or cash equivalents received for the right to participate in the contests or tournaments, those amounts paid to fund periodic payments and any other items made deductible as losses by NRS 463.3715.

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) Uncollected baccarat commissions; ~~or~~

(f) 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 ~~or~~; *or*

(g) Cash received as entry fees for the right to participate in a contest or tournament conducted on the premises of a licensed gaming establishment with the participants physically present at those premises when participating, if the cash is ~~not~~ designated;

(I) ~~Designated as~~ As employee compensation and paid as compensation to an employee of a licensee who is involved in the organization or operation of the contest or tournament, in addition to the regular compensation of the employee;

1 (2) ~~(Designated as)~~ As a donation to a nonprofit, charitable, fraternal or
2 other organization that qualifies as a tax-exempt organization pursuant to 26
3 U.S.C. § 501(c) or a nonprofit corporation organized or existing pursuant to
4 chapter 82 of NRS and the amount is remitted to the designated organization;

5 (3) ~~(Added)~~ As an addition to a payoff schedule of the contest or
6 tournament that is fixed, or increases automatically over time or as the contest or
7 tournament is played, and that is paid as a prize to a patron participating in the
8 present or a future contest or tournament; or

9 (4) ~~(Added)~~ As an addition to an account to fund guaranteed payouts of
10 future contests or tournaments and the disbursement of funds from the account
11 are used to fund guaranteed payouts of future contests or tournaments.

12 ↪ The Commission may adopt regulations authorizing the exclusion from gross
13 revenue set forth in paragraph (g) to apply to cash received as entry fees for the
14 right to participate in a contest or tournament other than a contest or tournament
15 conducted on the premises of a licensed gaming establishment with contestants
16 physically present at those premises when participating.

17 3. The amount of cash received as entry fees for the right to participate in a
18 contest or tournament that is excluded from gross revenue pursuant to paragraph
19 (g) of subsection 2:

20 (a) May not be deducted from the amount of the entry fees included in gross
21 revenue pursuant to subsection 1 if the amount is paid or distributed for any
22 purpose other than a purpose set forth in paragraph (g) of subsection 2;

23 (b) Must be included in gross revenue for the month in which the amount is
24 paid out or distributed for a purpose other than a purpose set forth in paragraph
25 (g) of subsection 2.

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

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

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

31 **Sec. 2.** This act becomes effective on July 1, 2023.