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THIRD REPRINT

S.B. 266

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—Revises various provisions relating to gaming.
(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 certain contests or tournaments from the gross revenue of certain gaming licensees for the purpose of calculating gaming license fees and for certain other purposes; revising provisions relating to the designation of gaming enterprise districts; revising requirements relating to the filing of certain information concerning foreign gaming with the Nevada Gaming Control Board; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law requires the Nevada Gaming Commission to charge and collect
- 2 from each licensee a monthly license fee in an amount equal to a certain percentage
- 3 of the gross revenue of the licensee. (NRS 463.370) Under existing law, the gross
- 4 revenue on which the monthly license fee is imposed includes entry fees for the
- 5 right to participate in contests and tournaments, minus certain enumerated
- 6 deductions. (NRS 463.0161) **Section 1** of this bill excludes from the gross revenue
- 7 on which the monthly license fee is imposed any portion of entry fees for the right
- 8 to participate in contests and tournaments 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 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) a donation and remitted to certain tax-exempt organizations; (3) 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) an addition to an account to pay guaranteed payouts of future contests or tournaments. **Section 1** 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 **section 1** 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.

Existing law prohibits the Nevada Gaming Commission from approving a nonrestricted license for an establishment in a county whose population is 700,000 or more (currently only Clark County) unless the establishment is located in a gaming enterprise district, which is defined as "an area that has been approved by a county, city or town as suitable for operating an establishment that has been issued a nonrestricted license." (NRS 463.0158, 463.308) If the location of a proposed establishment is within the Las Vegas Boulevard gaming corridor or the rural Clark County gaming zone, but not within an area already designated as a gaming enterprise district, the Commission is prohibited from approving a nonrestricted license for the proposed establishment unless the location of the proposed establishment is first designated a gaming enterprise district pursuant to the criteria set forth in NRS 463.3084. (NRS 463.3082) However, if the location of the proposed establishment is not within the Las Vegas Boulevard gaming corridor or the rural Clark County gaming zone and not within an area already designated as a gaming enterprise district, the Commission is prohibited from approving a nonrestricted license for the proposed establishment unless the location of the proposed establishment is first designated a gaming enterprise district pursuant to the criteria set forth in NRS 463.3086, which contains certain additional requirements that are not contained in NRS 463.3084, such as: (1) the property line of the proposed establishment must be not less than 500 feet from the property line of a developed residential district and not less than 1,500 feet from the property line of a public school, private school or structure used primarily for religious services or worship; and (2) a three-fourths vote of the governing body of the county, city or town is required for designation of the location as a gaming enterprise district. (NRS 463.3086) **Section 1.3** of this bill provides that a proposed establishment that meets certain criteria is not subject to certain requirements of existing law related to the designation of the location of the proposed establishment as a gaming enterprise district.



Existing law requires certain persons licensed to operate gaming establishments in this State who also conduct gaming operations outside this State to file certain documents with the Nevada Gaming Control Board as soon as the licensee begins participating in gaming outside this State. Thereafter, the licensee is required to file annual and quarterly reports containing certain information concerning the gaming operations outside this State. (NRS 463.710) **Section 1.5** of this bill revises those filing requirements to: (1) require a notice to be filed when participation in gaming outside this State begins and terminates; (2) eliminate the requirement to file certain annual reports; and (3) revise the content that is required to be included in the required quarterly reports.

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; ~~for~~

(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 ~~for~~; *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 designated:

(1) 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;

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

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

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

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

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

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

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

4. As used in this section, "baccarat commission" means:

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

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

Sec. 1.3. NRS 463.3086 is hereby amended to read as follows:

463.3086 1. If the location of a proposed establishment:



(a) Is not within the Las Vegas Boulevard gaming corridor or the rural Clark County gaming zone; and

(b) Is not within a gaming enterprise district,
↳ the Commission shall not approve a nonrestricted license for the establishment unless the location of the establishment is designated a gaming enterprise district pursuant to this section.

2. If a person is proposing to operate an establishment with a nonrestricted license and the location of the proposed establishment:

(a) Is not within the Las Vegas Boulevard gaming corridor or the rural Clark County gaming zone; and

(b) Is not within a gaming enterprise district,
↳ the person may petition the county, city or town having jurisdiction over the location of the proposed establishment to designate the location of the proposed establishment a gaming enterprise district pursuant to this section.

3. If a person files a petition pursuant to subsection 2, the county, city or town shall, at least 10 days before the date of the hearing on the petition, mail a notice of the hearing to:

(a) Each owner of real property whose property line is less than 2,500 feet from the property line of the proposed establishment;

(b) The owner, as listed on the county assessor's records, of each of the 30 separately owned parcels nearest the proposed establishment, to the extent this notice does not duplicate the notice given pursuant to paragraph (a);

(c) Each tenant of a mobile home park whose property line is less than 2,500 feet from the property line of the proposed establishment; and

(d) Any advisory board that represents one or more owners of real property or tenants of a mobile home park whose property line is less than 2,500 feet from the property line of the proposed establishment.

↳ The notice must be written in language that is easy to understand and must set forth the date, time, place and purpose of the hearing and contain a physical description or map of the location of the proposed establishment. The petitioner shall pay the costs of providing the notice that is required by this subsection.

4. Any interested person is entitled to be heard at the hearing on the petition.

5. The county, city or town shall cause the hearing on the petition to be reported by a court reporter who is certified pursuant to chapter 656 of NRS. The petitioner shall pay the costs of having the hearing reported.

6. At the hearing, the petitioner must prove by clear and convincing evidence that:



(a) The roads, water, sanitation, utilities and related services to the location are adequate;

(b) The proposed establishment will not unduly impact public services, consumption of natural resources and the quality of life enjoyed by residents of the surrounding neighborhoods;

(c) The proposed establishment will enhance, expand and stabilize employment and the local economy;

(d) The proposed establishment will be located in an area planned or zoned for that purpose pursuant to NRS 278.010 to 278.630, inclusive;

(e) The proposed establishment will not be detrimental to the health, safety or general welfare of the community or be incompatible with the surrounding area;

(f) ~~On~~ *Except as otherwise provided in subsection 7, on* the date that the petition was filed, the property line of the proposed establishment was not less than:

(1) Five hundred feet from the property line of a developed residential district; and

(2) Fifteen hundred feet from the property line of a public school, private school or structure used primarily for religious services or worship; and

(g) ~~The~~ *Except as otherwise provided in subsection 7, the* proposed establishment will not adversely affect:

(1) A developed residential district; or

(2) A public school, private school or structure used primarily for religious services,

↳ whose property line is within 2,500 feet from the property line of the proposed establishment.

7. *The provisions of paragraphs (f) and (g) of subsection 6 do not apply if:*

(a) *The location of the proposed establishment consists of 20 or more contiguous acres;*

(b) *The property line of the proposed establishment is separated by an interstate highway from the property line of any developed residential district, public school, private school or structure used primarily for religious services; and*

(c) *Part of the location of the proposed establishment is within the Las Vegas Boulevard gaming corridor.*

8. A three-fourths vote of the governing body of the county, city or town is required to grant the petition to designate the location of the proposed establishment a gaming enterprise district pursuant to this section.

~~[8:]~~ 9. A county, city or town that denies a petition submitted pursuant to this section shall not consider another petition



1 concerning the same location or any portion thereof for 1 year after
2 the date of the denial.

3 ~~[9.]~~ **10.** As used in this section:

4 (a) "Developed residential district" means a parcel of land zoned
5 primarily for residential use in which at least one completed
6 residential unit has been constructed on the date that the petitioner
7 files a petition pursuant to this section.

8 (b) "Private school" has the meaning ascribed to it in
9 NRS 394.103.

10 (c) "Public school" has the meaning ascribed to it in
11 NRS 385.007.

12 **Sec. 1.5.** NRS 463.710 is hereby amended to read as follows:

13 463.710 Unless otherwise ordered by the Board or
14 Commission, a licensee who participates in foreign gaming shall file
15 with the Board:

16 1. As soon as participation in foreign gaming begins, ~~[all~~
17 ~~documents filed by the licensee or by an affiliate with the foreign~~
18 ~~jurisdiction.]~~ **a notice indicating that fact.**

19 2. ~~[Annual operational and regulatory reports describing~~
20 ~~compliance with regulations, procedures for audit, and procedures~~
21 ~~for surveillance relating to the foreign gaming operation.~~

22 ~~—3.]~~ Quarterly reports regarding any of the following
23 information which is within the knowledge of the licensee:

24 (a) Any changes in ownership or control of any interest in the
25 foreign gaming operation;

26 (b) Any changes in officers, directors or key employees ; ~~[of the~~
27 ~~foreign gaming operation;]~~

28 (c) All complaints, disputes, orders to show cause and
29 disciplinary actions, related to gaming, instituted or presided over by
30 an entity of the United States, a state or any other governmental
31 jurisdiction ~~[concerning the foreign gaming operation;]~~ **outside this**
32 **State;**

33 (d) Any arrest of an employee ~~[of the foreign gaming operation]~~
34 involving cheating or theft, related to gaming, in the foreign
35 jurisdiction; and

36 (e) Any arrest or conviction of an officer, director, key
37 employee or owner of equity in the foreign gaming operation for an
38 offense that would constitute a gross misdemeanor or felony in this
39 state.

40 **3. As soon as participation in foreign gaming has entirely**
41 **ceased, a notice indicating that fact.**

42 4. Such other information as the Commission requires by
43 regulation.



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

