

Nevada Legislative Interim Study Committee On The Impacts Of Technology Upon Gaming

**EXPLORING REGULATORY INNOVATION:
A CASE FOR REMOVING LEGAL IMPEDIMENTS
TO EXPANSION OF NEW TECHNOLOGY IN GAMING**

APRIL 22, 2014

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ASSOCIATION OF GAMING EQUIPMENT MANUFACTURERS

EXHIBIT F-ImpactTechGaming
Document consists of 9 pages.
Entire exhibit provided.
Meeting Date: 04-22-14



Association of Gaming Equipment Manufacturers

Introductions

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About the Association

- AGEM is a non-profit international trade association representing manufacturers and suppliers of electronic gaming devices, systems, table games, online technology, key components and associated products and services for the regulated gaming industry.
- Through political action, trade show partnerships, educational alliances, information dissemination and good corporate citizenship, the members of AGEM collaborate to benefit the industry and the organization's membership of more than 125 firms.
- AGEM's resources assist regulatory agencies and legislative bodies in developing solutions that support sound regulatory policies while fostering business environments where AGEM's members can prosper.
- AGEM enjoys a record of strong commitment for industry education and responsible gaming initiatives. For more information please visit www.AGEM.org.

Marketplace Dynamics

- Nevada's gaming industry faces unprecedented domestic and global competition.
- The Nevada Legislature and State gaming regulatory bodies have a strong tradition of supporting industry innovation to meet competition.
- The demographics of the gaming public are in transition.
- Technology is pervasive in our lives, including most forms of entertainment and leisure activity.
- Electronic gaming products need to be able to incorporate the generational interest in social gaming – the Xbox phenomena – and in social networking – the Facebook transformation.

Legal Landscape

- In NRS 463.0129, the Nevada Legislature declares that public confidence and trust in the gaming industry is preserved by measures insuring honest, competitive, and equal access to the gaming public.
- To make sure these policies in NRS 463.0129 are satisfied for gaming devices, under NRS 463.150(2)(j), the Nevada Legislature delegates to the Nevada Gaming Commission broad authority to prescribe the specific standards for gambling devices and equipment technology by administrative rules.
- The Nevada Gaming Commission has adopted detailed regulations establishing comprehensive technical standards for gaming devices. These regulations mandate uniformity in payback percentages based on mathematical randomness tests that practically limit development of games based on skill or game outcomes tied to other identifiers like player demographics (i.e. platinum player deserving of an enhanced gaming experience), or brand affiliation (i.e. persons that have a particular social media brand loyalty).

Solution

- The gaming public is not injured and the integrity of Nevada's gaming industry is not compromised by allowing flexibility in payout percentages or game outcomes based on skill or other nondiscriminatory identifiers if accompanied by consumer disclosures.
- As with other issues of technology impacts on gaming licensees and patrons, the Nevada Legislature provides policy guidance for the Nevada Gaming Commission and State Gaming Control Board, allowing implementation through rules adopted in a collaborative process between the regulatory agencies and industry.
- A next logical and natural step in harnessing technology to improve patron access to new and exciting experiences would be legislative policy direction and enhanced rulemaking authority for the Nevada Gaming Commission.
- This direction can eliminate doubt about regulatory authority to (i) develop technical standards differentiating skill and chance games; and, (ii) incorporate into gaming devices other technologies.

Outcomes

With this legislative guidance, the Nevada Gaming Commission can craft new regulations allowing equipment manufacturers to –

- Pursue advances in skill-based games.
- Offer an Xbox social game experience on the casino floor.
- Integrate social networking and “eWallet” technology at the machine.
- Provide customers a similar account wagering experience with that of online gaming or in the sports book.
- Level the playing field for credit and debit transactions between online versus bricks-and-mortar gaming offerings.

Outcomes

Embracing this legislative policy will also have broader implications –

- Advance the State as the gambling technology leader.
- Enhance the State as a locale to site technology companies.
- Improve the State's competitive edge in the marketplace.

Thank You

- We appreciate the opportunity to address the Committee.
- AGEM and Lionel Sawyer & Collins stand ready to help.
- Please allow us to answer any questions.