

**OVERVIEW OF THE STRUCTURE OF RESTRICTED GAMING
OPERATIONS AND DISCUSSION OF WHETHER THE
OPERATION OF SLOT MACHINES IS INCIDENTAL TO THE
PRIMARY BUSINESS OF A RESTRICTED GAMING LICENSEE**

Presented by

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NEVADA RESTRICTED GAMING ASSOCIATION**

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LIST OF STATUTES AND REGULATIONS

	Statute and Regulation Description
1	NRS 463.0189 amended (1989)
2	NGC Regulation 3.015 created (1990)
3	NGC Regulation 3.015 amended (1999)
4	NGC Regulation 3.015 amended (2005)
5	NGC Regulation 3.015 amended (2008)
6	NGC Regulation 3.015 amended (2011)
7	NGC Regulation 4.030 (2011)
8	NGC Regulation 3.015 – proposed amendment (2013)
9	NGC Regulation 3.015 amended (2013)
10	SB 416 (2013)

OVERVIEW OF THE STRUCTURE OF RESTRICTED GAMING OPERATIONS AND
DISCUSSION OF WHETHER THE OPERATION OF SLOT MACHINES IS INCIDENTAL
TO THE PRIMARY BUSINESS OF A RESTRICTED GAMING LICENSEE

Statute and Regulation Description	
11	AB 360 (2013)

1. NRS 463.0189 amended (1989)

4/15/89

(REPRINTED WITH ADOPTED AMENDMENTS)
SECOND REPRINT S.B. 301

SENATE BILL NO. 301—COMMITTEE ON JUDICIARY

APRIL 11, 1989

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions governing gaming licenses. (BDR 41-1294)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in italics is new; matter in brackets [] is material to be omitted.

AN ACT relating to gaming; temporarily allowing the operation of a sports pool or race book at a nonrestricted operation by a licensee other than the person licensed to operate the nonrestricted operation; exempting certain licensees from obtaining a disseminator's license; changing the definition of restricted license; and providing other matters properly relating thereto.

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

Section 1. NRS 463.0189 is hereby amended to read as follows:

463.0189 "Restricted license" or "restricted operation" means a state gaming license for, or an operation consisting of, not more than 15 slot machines and no other game or gaming device at [the establishment.] *an establishment in which the operation of slot machines is incidental to the primary business of the establishment.*

Sec. 2. NRS 463.245 is hereby amended to read as follows:

463.245 1. [All] *Except as otherwise provided in subsection 3, all* licenses issued to the same person, including a wholly owned subsidiary of that person, for the operation of any game, including a sports pool or race book, which authorize gaming at the same establishment must be merged into a single gaming license. A gaming license may not be issued to any person if the issuance would result in more than one licensed operation at a single establishment, whether or not the profits or revenue from gaming are shared between the licensed operations.

2. A person who has been issued a nonrestricted gaming license may establish a sports pool or race book on the premises of the establishment at which he conducts a nonrestricted gaming operation only after obtaining permission from the commission.

3. *A person who has been issued a license to operate a sports pool or race book at an establishment may be issued a license to operate a sports pool or race book at another establishment if the second establishment is operated by a person who has been issued a nonrestricted license.*

1 Sec. 3. NRS 463.430 is hereby amended to read as follows:
2 463.430 1. It is unlawful for any person in this state to receive, supply
3 or disseminate in this state by any means information received from any
4 source outside of this state concerning racing, when the information is to be
5 used [for the purpose of maintaining and operating] *to maintain and operate*
6 any gambling game and particularly any race book, except off-track pari-
7 mutuel wagering for which the user is licensed pursuant to chapter 464 of
8 NRS, without first having obtained a license so to do as provided in NRS
9 463.430 to 463.480, inclusive.

10 2. The provisions of this section do not apply to [any] :
11 (a) *Any person who provides a televised broadcast which is presented*
12 *without charge to any person who receives the broadcast.*

13 (b) *Any licensee who has been issued a gaming license and receives from*
14 *or supplies to any affiliated licensee, by means of a computerized system for*
15 *bookmaking used by the licensee and the affiliated licensee, information*
16 *concerning racing.*

17 3. For the purposes of this section [, any] :

18 (a) *Any broadcasting or display of information concerning racing held at a*
19 *track which uses the pari-mutuel system of wagering is an incident of main-*
20 *taining and operating a race book.*

21 (b) *"Affiliated licensee" means any person to whom a valid gaming*
22 *license or pari-mutuel wagering license has been issued that directly, or*
23 *indirectly, through one or more intermediaries, controls, or is controlled by,*
24 *or is under common control with, a licensee.*

25 Sec. 4. Section 2 of this act expires by limitation on October 1, 1991.

26 Sec. 5. This act becomes effective upon passage and approval.

2. NGC Regulation 3.015 created (1990)

4. Premises lacking adequate supervision or surveillance.
5. Premises difficult to police.
6. Brothels.
7. Any other premises where the conduct of gaming would be inconsistent with the public policy of the State of Nevada.
(Amended: 10/90.)

3.015 Applications for restricted licenses.

1. An application for a restricted license may not be granted if the operation of slot machines is not incidental to the primary business conducted at the location.

2. In recommending and determining whether the applicant's proposed operation of slot machines is incidental to the primary business at a particular location, the board and commission may consider some or all of the following factors:

(a) The amount of floor space used for the slot machines as compared to the floor space used for the primary business;

(b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;

(c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;

(d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;

(e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises; and

(f) Other factors, including but not limited to the establishment's name, the establishment's marketing practices, the public's perception of the business, and the relationship of the slot machines to the primary business.

3. Unless the commission determines otherwise, the operation of slot machines is incidental to the primary business if:

(a) The business has a license to sell alcoholic beverages, other than just beer and wine, by the drink;

(b) The business is a convenience store in which no more than seven slot machines will be operated;

(c) The business is a grocery or drug store with at least 10,000 square feet of floor space open to the public; or

(d) A business of a type, other than those specified in subsections (a), (b), and (c) hereinabove, that has been licensed on or after January 1, 1987, in which no more than four slot machines will be operated;

(e) The premises have been previously licensed for gaming, the nature of the primary business has not been substantially changed, and the number of slot machines operated on the premises has not been increased.

(Adopted: 10/24/90.)

3.020 Ownership of premises where gaming conducted.

1. The commission or the board may deem that premises are unsuitable for the conduct of gaming operations by reason of ownership of any interest

3. NGC Regulation 3.015 amended (1999)

ownership of the gaming rights holder at any establishment where the licensee operates gaming devices at least 30 days before the change or, if the licensee is not a party to the transaction, immediately upon acquiring knowledge of the change. If the gaming rights holder at the establishment where the licensee operates gaming devices is a publicly traded corporation, the licensee shall notify the board of any change in control of such publicly traded corporation as reported to the Securities and Exchange Commission, immediately upon acquiring such knowledge.

(Adopted: 2/94.)

3.015 Applications for restricted licenses.

1. An application for a restricted license may not be granted if the operation of slot machines is not incidental to the primary business conducted at the location.

2. In recommending and determining whether the applicant's proposed operation of slot machines is incidental to the primary business at a particular location, the board and commission may consider some or all of the following factors:

(a) The amount of floor space used for the slot machines as compared to the floor space used for the primary business;

(b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;

(c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;

(d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;

(e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises; and

(f) Other factors, including but not limited to the establishment's name, the establishment's marketing practices, the public's perception of the business, and the relationship of the slot machines to the primary business.

3. Except as provided by subsection 6, only the establishments listed below are suitable for the conduct of gaming pursuant to a restricted license:

(a) Bar, tavern, saloon or the like licensed to sell alcoholic beverages, other than just beer and wine, by the drink;

(b) Convenience store;

(c) Grocery store; and

(d) Drug store.

Unless the commission determines otherwise, the operation of slot machines at any of the establishments listed above is presumed to be incidental to the primary business, provided that no more than 7 slot machines are operated at a convenience store.

4. If the commission deems an application for a restricted license to be based on exceptional circumstances, the commission may waive subsection 3 upon a finding that the waiver is consistent with Regulation 3.010 and the public policy of the State of Nevada.

5. Subsection 3 shall not apply to any type of business approved by the commission as suitable for the operation of slot machines pursuant to subsection 6.

6. Any person may apply for a preliminary determination that a type of establishment not listed in subsection 3 is suitable for the conduct of gaming by filing an application with the board together with all applicable fees per Regulation 4.070. The application shall contain (a) a definition of the type of establishment and (b) a demonstration that the operation of slot machines in such a type of establishment is consistent with Regulation 3.010 and the public policy of the State of Nevada. The application shall be considered by the commission, upon recommendation by the board. Public comment shall be accepted when the application is heard by the board and commission.

7. Slot machines exposed for play in grocery stores and drug stores shall be located within a separate gaming area or alcove having not fewer than 3 sides formed by contiguous walls or partial walls. For the purposes of Regulation 3.015, "partial wall" or "wall" may include, without limitation, 1 or more gaming devices, if the gaming devices are configured together or in conjunction with other structures to create a barrier that is similar to a partial wall or wall.

8. In grocery stores or drug stores, automated teller machines shall not be placed within a designated gaming area or alcove and, at all other restricted locations, automated teller machines shall not be placed adjacent to slot machines.

9. Subsections 3 and 7 do not apply to an establishment for which a restricted license was granted by the commission by February 1, 2000, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, that the nature and quality of the primary business of the establishment has not materially changed, and that the number of slot machines operated at the establishment has not been increased.

10. Nothing in this subsection shall be construed to limit or otherwise encumber the ability of any restricted gaming licensee to transfer, sell, or convey the business pursuant to the provisions of NRS chapter 463 and Regulation 8.

11. This regulation shall become effective on February 1, 2000.
(Adopted: 10/24/90, Amended: 7/99, Effective: 2/1/2000.)

3.020 Ownership of premises where gaming conducted.

1. The commission or the board may deem that premises are unsuitable for the conduct of gaming operations by reason of ownership of any interest whatsoever in such premises by a person who is unqualified or disqualified to hold a gaming license, regardless of the qualifications of the person who seeks or holds a license to operate gaming in or upon such premises.

2. In all cases in which the premises wherein or whereon the gaming operation for which a state gaming license is sought are not wholly owned by the applicant, the applicant shall furnish to the board a statement of the name and address of the owner or owners of such premises, a copy of all

4. NGC Regulation 3.015 amended (2005)

REGULATION 3.015

PURPOSE OF THE AMENDMENT: To add “liquor stores” to the list of establishments suitable for the conduct of gaming pursuant to a restricted gaming license; to establish that unless the commission determines otherwise, the operation of slot machines at a “liquor store” is presumed to be incidental to the primary business, provided that no more than 4 slot machines are operated at a “liquor store”; to take such additional action as may be necessary and proper to effectuate these stated purposes.

LICENSING: QUALIFICATIONS (Draft date 05/19/05)

3.015 Applications for restricted licenses.

1. An application for a restricted license may not be granted if the operation of slot machines is not incidental to the primary business conducted at the location.
2. In recommending and determining whether the applicant’s proposed operation of slot machines is incidental to the primary business at a particular location, the board and commission may consider some or all of the following factors:
 - (a) The amount of floor space used for the slot machines as compared to the floor space used for the primary business;
 - (b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;
 - (c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;
 - (d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;
 - (e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises; and
 - (f) Other factors, including but not limited to the establishment’s name, the establishment’s marketing practices, the public’s perception of the business, and the relationship of the slot machines to the primary business.
3. Except as provided by subsection 6, only the establishments listed below are suitable for the conduct of gaming pursuant to a restricted license:
 - (a) Bar, tavern, saloon or the like licensed to sell alcoholic beverages, other than just beer and wine, by the drink;
 - (b) Convenience store;
 - (c) Grocery store; ~~and~~
 - (d) Drug store; and
 - (e) Liquor store.**

Unless the commission determines otherwise, the operation of slot machines at any of the establishments listed above is presumed to be incidental to the

primary business, provided that no more than 7 slot machines are operated at a convenience store, **and no more than 4 slot machines are operated at a liquor store.**

4. If the commission deems an application for a restricted license to be based on exceptional circumstances, the commission may waive subsection 3 upon a finding that the waiver is consistent with Regulation 3.010 and the public policy of the State of Nevada.

5. Subsection 3 shall not apply to any type of business approved by the commission as suitable for the operation of slot machines pursuant to subsection 6.

6. Any person may apply for a preliminary determination that a type of establishment not listed in subsection 3 is suitable for the conduct of gaming by filing an application with the board together with all applicable fees per Regulation 4.070. The application shall contain (a) a definition of the type of establishment and (b) a demonstration that the operation of slot machines in such a type of establishment is consistent with Regulation 3.010 and the public policy of the State of Nevada. The application shall be considered by the commission, upon recommendation by the board. Public comment shall be accepted when the application is heard by the board and commission.

7. Slot machines exposed for play in grocery stores and drug stores shall be located within a separate gaming area or alcove having not fewer than 3 sides formed by contiguous walls or partial walls. For the purposes of Regulation 3.015, "partial wall" or "wall" may include, without limitation, 1 or more gaming devices, if the gaming devices are configured together or in conjunction with other structures to create a barrier that is similar to a partial wall or wall.

8. In grocery stores or drug stores, automated teller machines shall not be placed within a designated gaming area or alcove and, at all other restricted locations, automated teller machines shall not be placed adjacent to slot machines.

9. Subsections 3 and 7 do not apply to an establishment for which a restricted license was granted by the commission by February 1, 2000, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, that the nature and quality of the primary business of the establishment has not materially changed, and that the number of slot machines operated at the establishment has not been increased.

10. Nothing in this subsection shall be construed to limit or otherwise encumber the ability of any restricted gaming licensee to transfer, sell, or convey the business pursuant to the provisions of NRS chapter 463 and Regulation 8.

11. This regulation shall become effective on February 1, 2000.

(Adopted: 10/24/90. Amended: 7/99. Effective: 2/1/2000.)

(Effective date: July 28, 2005).

5. NGC Regulation 3.015 amended (2008)

REGULATION 3.015

PURPOSE OF THE AMENDMENT: To establish that it will be an unsuitable method of operation to materially change the nature and quality of the primary business conducted at an establishment after the restricted gaming license has been granted by the Commission without the prior administrative approval of the Gaming Control Board Chairman or his designee; to establish that a material change in the nature and quality of the primary business is presumed to occur if a zoning change is required, or a new business license, special use permit, or any other license, permit or approval must be obtained from the applicable city, county, or township licensing, zoning or approval authority, in order to change or operate the primary business in a manner that is different from what was being conducted at the time the gaming license was granted; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

LICENSING: QUALIFICATIONS

(Draft date 03/29/07)

3.015 Applications for restricted licenses.

1. An application for a restricted license may not be granted if the operation of slot machines is not incidental to the primary business conducted at the location.
2. In recommending and determining whether the applicant's proposed operation of slot machines is incidental to the primary business at a particular location, the board and commission may consider some or all of the following factors:
 - (a) The amount of floor space used for the slot machines as compared to the floor space used for the primary business;
 - (b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;
 - (c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;
 - (d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;
 - (e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises; and
 - (f) Other factors, including but not limited to the establishment's name, the establishment's marketing practices, the public's perception of the business, and the relationship of the slot machines to the primary business.
3. Except as provided by subsection 6, only the establishments listed below are suitable for the conduct of gaming pursuant to a restricted license:

- (a) Bar, tavern, saloon or the like licensed to sell alcoholic beverages, other than just beer and wine, by the drink;
- (b) Convenience store;
- (c) Grocery store;
- (d) Drug store; and
- (e) Liquor store.

Unless the commission determines otherwise, the operation of slot machines at any of the establishments listed above is presumed to be incidental to the primary business, provided that no more than 7 slot machines are operated at a convenience store, and no more than 4 slot machines are operated at a liquor store.

4. If the commission deems an application for a restricted license to be based on exceptional circumstances, the commission may waive subsection 3 upon a finding that the waiver is consistent with Regulation 3.010 and the public policy of the State of Nevada.

5. Subsection 3 shall not apply to any type of business approved by the commission as suitable for the operation of slot machines pursuant to subsection 6.

6. Any person may apply for a preliminary determination that a type of establishment not listed in subsection 3 is suitable for the conduct of gaming by filing an application with the board together with all applicable fees per Regulation 4.070. The application shall contain (a) a definition of the type of establishment and (b) a demonstration that the operation of slot machines in such a type of establishment is consistent with Regulation 3.010 and the public policy of the State of Nevada. The application shall be considered by the commission, upon recommendation by the board. Public comment shall be accepted when the application is heard by the board and commission.

7. Slot machines exposed for play in grocery stores and drug stores shall be located within a separate gaming area or alcove having not fewer than 3 sides formed by contiguous walls or partial walls. For the purposes of Regulation 3.015, "partial wall" or "wall" may include, without limitation, 1 or more gaming devices, if the gaming devices are configured together or in conjunction with other structures to create a barrier that is similar to a partial wall or wall.

8. In grocery stores or drug stores, automated teller machines shall not be placed within a designated gaming area or alcove and, at all other restricted locations, automated teller machines shall not be placed adjacent to slot machines.

9. Subsections 3 and 7 do not apply to an establishment for which a restricted license was granted by the commission by February 1, 2000, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, that the nature and quality of the primary business of the establishment has not

materially changed, and that the number of slot machines operated at the establishment has not been increased.

10. It is an unsuitable method of operation to materially change the nature and quality of the primary business conducted at an establishment after the commission has granted a restricted gaming license to conduct gaming at that establishment, without the prior administrative approval of the board chairman or his designee. A material change in the nature and quality of the primary business is presumed to occur if a zoning change is required, or a new business license, special use permit, or any other license, permit or approval must be obtained from the applicable county, city, or township licensing, zoning or approval authority, in order to change or operate the primary business in a manner that is different from what was being conducted at the time the gaming license was granted.

[10.] 11. Nothing in this subsection shall be construed to limit or otherwise encumber the ability of any restricted gaming licensee to transfer, sell, or convey the business pursuant to the provisions of NRS chapter 463 and Regulation 8.

[11.] 12. This regulation shall become effective on February 1, 2000.

(Effective date _____).

6. NGC Regulation 3.015 amended (2011)

3.015 Applications for restricted licenses.

1. An application for a restricted license may only be granted if the operation of slot machines is incidental to the primary business conducted at the location and the board and commission determine the location is suitable for the conduct of gaming and the applicant meets the requirements of this Section.

2. Except as required in subsection (h), in recommending and determining whether the applicant's proposed restricted location is suitable for the conduct of gaming and meets the requirements of this Section, the board and commission may consider some or all of the following factors:

(a) The amount of floor space used for the slot machines, which space shall include the area occupied by the slot machines, including slot machine seating and circulation, as compared to the floor space used for the primary business;

(b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;

(c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;

(d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;

(e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises;

(f) Other factors, including but not limited to the establishment's name, the establishment's marketing practices, the public's perception of the business, and the relationship of the slot machines to the primary business;

(g) What other amenities the applicant offers to its customers; and

(h) When a location is a bar, tavern, saloon or other similar location licensed to sell alcoholic beverages by the drink, for on-premises consumption, the location must:

(1) contain a permanent physical bar, subject to standards established by the board, wherein individual seating is available for at least nine (9) customers at all times to consume beverages and/or food items on the side opposite from where the alcoholic liquor is kept, where the sale and service of beverages are by the drink across such structure and which the permanent bar satisfies all applicable health and building code standards;

(2) contain a minimum of two thousand (2,000) square feet of space available for use by patrons and seating capacity for at least twenty (20) persons not related to or associated with gaming positions if the establishment intends to operate more than four (4) slot machines;

(3) establish and maintain a contract or service agreement with a licensed liquor distributor; and

(4) contain a restaurant as defined herein.

3. Except as provided by subsection 6, only the establishments listed below are suitable for the conduct of gaming pursuant to a restricted license:

(a) Bar, tavern, saloon or other similar location licensed to sell alcoholic beverages for on-premises consumption, other than just beer and wine, by the drink;

(b) Convenience store;

(c) Grocery store;

(d) Drug store; and

(e) Liquor store.

Unless the commission determines otherwise, there shall be a limit of no more than 7 slot machines operated at a convenience store, and a limit of no more than 4 slot machines operated at a liquor store.

4. If the commission deems an application for a restricted license to be based on exceptional circumstances, the commission may waive subsection 3 upon a finding that the waiver is consistent with Regulation 3.010 and the public policy of the State of Nevada.

5. Subsection 3 shall not apply to any type of business approved by the commission as suitable for the operation of slot machines pursuant to subsection 6.

6. Any person may apply for a preliminary determination that a type of establishment not listed in subsection 3 is suitable for the conduct of gaming by filing an application with the board together with all applicable fees per Regulation 4.070. The application shall contain (a) a definition of the type of establishment and (b) a demonstration that the operation of slot machines in such a type of establishment is consistent with Regulation 3.010 and the public policy of the State of Nevada. The application shall be considered by the commission, upon recommendation by the board. Public comment shall be accepted when the application is heard by the board and commission.

7. Slot machines exposed for play in grocery stores and drug stores shall be located within a separate gaming area or alcove having not fewer than 3 sides formed by contiguous walls or partial walls. For the purposes of Regulation 3.015, "partial wall" or "wall" may include, without limitation, 1 or more gaming devices, if the gaming devices are configured together or in conjunction with other structures to create a barrier that is similar to a partial wall or wall.

8. In grocery stores or drug stores, automated teller machines shall not be placed within a designated gaming area or alcove and, at all other restricted locations, automated teller machines shall not be placed adjacent to slot machines.

9. The requirements of this Regulation shall apply to all restricted licensees except as provided herein:

(a) Subsections 2(h), 3 and 7 do not apply to an establishment for which a restricted license was granted by the commission by February 1, 2000, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, that the nature and quality of the primary business of the establishment has not materially changed, and that the number of slot machines operated at the establishment has not been increased;

(b) Subsections 2(h)(2) and 2(h)(4) do not apply to any Subsection 3(a) establishment for which a restricted license was granted by the commission on or before August 25, 2011, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, that the nature and quality of the primary business of the establishment has not materially changed, and that the number of slot machines operated at the establishment has not been increased; and;

(c) For those Subsection 3(a) establishments granted a restricted license from February 2, 2000 through August 25, 2011, they shall have until August 25, 2013 in which to demonstrate compliance with Subsection 2(h)(1) and 2(h)(3) of this Regulation to the board's satisfaction.

This Subsection 9(c) and the requirements of Subsection 2(h)(1) may be waived in whole or in part at the discretion of the Commission upon the filing of an application and a showing by the licensee that the establishment's physical limitations effectively prevent compliance herewith.

10. The requirements of subsection 2(h) may be waived in whole or in part at the sole and absolute discretion of the Commission upon the filing of an application and a showing of circumstances consistent with the public policy of the state.

11. Regardless of whether subsection 9 applies, it shall be an unsuitable method of operation for any subsection 3(a) establishment that is in compliance with subsection 2(h), or any portions thereof on August 25, 2011, to thereafter fail to maintain such compliance or partial compliance, including but not limited to removing a permanent physical bar, reducing the number of bar seats from its current number of nine or less than nine, eliminating a restaurant, or reducing restaurant seating capacity from its current number of seats if 20 or less than 20.

12. It is an unsuitable method of operation to materially change the nature and quality of the primary business after the commission has granted a restricted gaming license to conduct gaming at an establishment, without the prior administrative approval of the board chairman or his designee. A material change in the nature and quality of the primary business is presumed to occur if any of the requirements of Section 2(h) have not been maintained, a zoning change is required, or a new business license, special use permit, or any other license, permit or approval must be obtained from the applicable county, city, or township licensing, zoning or approval authority, in order to change or operate the primary business in a manner that is different from what was being conducted at the time the gaming license was granted.

13. Nothing in this subsection shall be construed to limit or otherwise encumber the ability of any restricted gaming licensee to transfer, sell, or convey the business pursuant to the provisions of NRS chapter 463 and Regulation 8.

14. For purposes of this Regulation 3.015, the term "restaurant" shall mean a space kept, used, maintained, advertised and held out to the public as a place where hot meals are prepared and served on premises, providing a seating capacity of at least twenty (20) persons not related to or associated with gaming positions. The kitchen must be operated no less than fifty percent of the hours per day that the location is open for business.

(Adopted: 10/24/90. Amended: 7/99; 7/05; 11/08, 08/11.)

7. NGC Regulation 4.030 (2011)

4.030 Classification of licenses, and other commission actions for which applications must be made.

1. Gaming licenses.

(a) Restricted license. One which permits the operation of slot machines only in an establishment wherein the operation of machines is incidental to the primary business of the licensee. Fifteen (15) machines is the maximum number of machines which may be operated under this type of license. Any restricted licensee at more than two locations may be required to apply for and obtain an operator of a slot machine route license.

(b) Nonrestricted license. Any license other than a restricted license. The term includes:

(1) Operator of a mobile gaming system. A nonrestricted license which authorizes the holder under any agreement whereby consideration is paid or payable for the right to place a mobile gaming system, to engage in the business of placing and operating a mobile gaming system within a licensed gaming establishment and who is authorized to share in the revenue from the mobile gaming system without having been individually licensed to conduct gaming at the establishment.

(2) Operator of a slot machine route license. A nonrestricted license which authorizes the holder to place slot machines in a licensed location and share in the profits therefrom without being on the license issued for the location. An operator's license will normally be issued only to an applicant already licensed at three locations or having firm commitments to place machines at three licensed locations upon licensing.

(3) Operator of an inter-casino linked system license. A nonrestricted license which authorizes the holder to place and operate an inter-casino linked system on the premises of two or more licensed locations, and to share in the revenue therefrom, without being on the licenses issued for the locations. Licensure is not required if a gaming licensee is operating an inter-casino linked system on the premises of an affiliated licensee, or if an operator of a slot machine route is operating an inter-casino linked system consisting of slot machines only.

2. Manufacturer's license. One which authorizes the holder to manufacture, assemble or produce any device, equipment, material or machines used in gambling, except pinball machines, in the State of Nevada in accordance with Regulation 14.

3. Manufacturer of interactive gaming systems license. One which authorizes the holder to manufacture, assemble or produce an interactive gaming system for use and play in the State of Nevada in accordance with Regulation 14.

4. Distributor's license. One which authorizes the holder to sell, distribute or market any gambling device, machine or equipment in the State of Nevada in accordance with Regulation 14.

5. Disseminator's license. One which authorizes the holder to furnish an operator of a race book, sports pool or gambling game who is licensed in this state with information relating to horse racing or other racing which is used to determine winners of or payoffs on wagers accepted by the operator. The term does not include a person who provides a televised broadcast without charge to any person who receives the broadcast.

6. Pari-mutuel systems operator's license. One which authorized the holder to engage in the providing of an off-track pari-mutuel system.

7. Operator of interactive gaming license. One which authorizes the holder to, from Nevada, engage in the business of operating interactive gaming.

8. Service provider license. One which authorizes the holder to act as a service provider and includes an interactive gaming service provider license.

9. Registration. Commission action authorizes a corporation to be a holding company with respect to a corporation which holds or applies for a state gaming license.

10. Findings of suitability. The Nevada Gaming Control Act and regulations thereunder require or permit the commission to require that certain persons, directly or indirectly involved with licensees, be found suitable to hold a gaming license so long as that involvement continues. A finding of suitability relates only to the specified involvement for which it was made. If the nature of the involvement changes from that for which the applicant is found suitable, he may be required to submit himself to a determination by the commission of his suitability in the new capacity.

11. Approvals. The Nevada Gaming Control Act and the regulations thereunder do or may require commission approval for certain acts of licensees or transactions directly or indirectly involving licensees. Such approvals by themselves do not constitute the licensing or a finding of suitability of any person involved, but the licensing or finding suitable of the persons involved may, unless circumstances indicate otherwise, constitute approval by the commission of the transaction in question.

(Amended: 6/67; 9/73; 5/00; 3/06; 12/11)

8. NGC Regulation 3.015 – proposed amendment (2013)

DRAFT 1

REGULATION 3.015

PURPOSE OF THE AMENDMENT: To comply with the requirements of Senate Bill 416 and Assembly Bill 360 as adopted by the 77th Nevada Legislature; to delete some provisions that apply to a location that is a bar, tavern, saloon or other similar location licensed to sell alcoholic beverages by the drink for on-premises consumption, including the minimum square foot and restaurant requirements, the number of seats at the bar, the necessity to have a service contract with a liquor distributor, the minimum number of seats for use by patrons, and the grandfather provisions that apply to such matters; to remove the change in the number of machines disqualifier for the grandfather provisions applicable to restricted licenses; to establish that it shall be an unsuitable method of operation for a 3(a) establishment, subsequent to the date a restricted gaming license was last approved by the commission for that establishment, to change or alter the size of the location or the configuration or detail of the bar or restaurant from that which was required to be met by law or regulation in order to obtain a restricted gaming license; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

LICENSING: QUALIFICATIONS

(Draft date 06/21/13)

Additional Language: (Underlined and in Blue).

Deleted Language: (~~Strikethrough~~ and in Red).

3.015 Applications for restricted licenses.

1. An application for a restricted license may only be granted if the operation of slot machines is incidental to the primary business conducted at the location and the board and commission determine the location is suitable for the conduct of gaming and the applicant meets the requirements of this Section.
2. ~~Except as required in subsection (h), in~~ In recommending and determining whether the applicant's proposed restricted location is suitable for the conduct of gaming and meets the requirements of this Section, the board and commission may consider some or all of the following factors:
 - (a) The amount of floor space used for the slot machines, which space shall include the area occupied by the slot machines, including slot machine seating and circulation, as compared to the floor space used for the primary business;
 - (b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;
 - (c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;

(d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;

(e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises;

(f) Other factors, including but not limited to the establishment's name, the establishment's marketing practices, the public's perception of the business, and the relationship of the slot machines to the primary business; and

(g) What other amenities the applicant offers to its customers; and

~~When a location is a bar, tavern, saloon or other similar location licensed to sell alcoholic beverages by the drink, for on-premises consumption, the location must:~~

~~(1) contain a permanent physical bar, subject to standards established by the board, wherein individual seating is available for at least nine (9) customers at all times to consume beverages and/or food items on the side opposite from where the alcoholic liquor is kept, where the sale and service of beverages are by the drink across such structure and which the permanent bar satisfies all applicable health and building code standards;~~

~~(2) contain a minimum of two thousand (2,000) square feet of space available for use by patrons and seating capacity for at least twenty (20) persons not related to or associated with gaming positions if the establishment intends to operate more than four~~

~~(4) slot machines;~~

~~(3) establish and maintain a contract or service agreement with a licensed liquor distributor; and~~

~~(4) contain a restaurant as defined herein.~~

3. Except as provided by subsection 6, only the establishments listed below are suitable for the conduct of gaming pursuant to a restricted license:

(a) Bar, tavern, saloon or other similar location licensed to sell alcoholic beverages for on-premises consumption, other than just beer and wine, by the drink;

(b) Convenience store;

(c) Grocery store;

(d) Drug store; and

(e) Liquor store.

Unless the commission determines otherwise, there shall be a limit of no more than 7 slot machines operated at a convenience store, and a limit of no more than 4 slot machines operated at a liquor store.

4. If the commission deems an application for a restricted license to be based on exceptional circumstances, the commission may waive subsection 3 upon a finding that the waiver is consistent with Regulation 3.010 and the public policy of the State of Nevada.

5. Subsection 3 shall not apply to any type of business approved by the commission as suitable for the operation of slot machines pursuant to subsection 6.

6. Any person may apply for a preliminary determination that a type of establishment not listed in subsection 3 is suitable for the conduct of gaming by filing an application with the board together with all applicable fees per Regulation 4.070. The application shall contain (a) a definition of the type of establishment and (b) a demonstration that the operation of slot machines in such a type of establishment is consistent with Regulation 3.010 and the public policy of the State of Nevada. The application shall be considered

by the commission, upon recommendation by the board. Public comment shall be accepted when the application is heard by the board and commission.

7. Slot machines exposed for play in grocery stores and drug stores shall be located within a separate gaming area or alcove having not fewer than 3 sides formed by contiguous walls or partial walls. For the purposes of Regulation 3.015, "partial wall" or "wall" may include, without limitation, 1 or more gaming devices, if the gaming devices are configured together or in conjunction with other structures to create a barrier that is similar to a partial wall or wall.

8. In grocery stores or drug stores, automated teller machines shall not be placed within a designated gaming area or alcove and, at all other restricted locations, automated teller machines shall not be placed adjacent to slot machines.

9. The requirements of this Regulation shall apply to all restricted licensees, except as provided herein:

(a) Subsections ~~2(h)~~, 3 and 7 do not apply to an establishment for which a restricted license was granted by the commission by February 1, 2000, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, and that the nature and quality of the primary business of the establishment has not materially changed, ~~and that the number of slot machines operated at the establishment has not been increased;~~

~~(b) Subsections 2(h)(2) and 2(h)(4) do not apply to any Subsection 3(a) establishment for which a restricted license was granted by the commission on or before August 25, 2011, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, and that the nature and quality of the primary business of the establishment has not materially changed, and that the number of slot machines operated at the establishment has not been increased; and;~~

~~(c) For these Subsection 3(a) establishments granted a restricted license from February 2, 2000 through August 25, 2011, they shall have until August 25, 2013 ~~2014~~ in which to demonstrate compliance with Subsection 2(h)(1) and 2(h)(3) of this Regulation to the board's satisfaction.~~

~~This Subsection 9(c) and the requirements of Subsection 2(h)(1) may be waived in whole or in part at the discretion of the Commission upon the filing of an application and a showing by the licensee that the establishment's physical limitations effectively prevent compliance herewith.~~

~~10. The requirements of subsection 2(h) may be waived in whole or in part at the sole and absolute discretion of the Commission upon the filing of an application and a showing of circumstances consistent with the public policy of the state.~~

~~11. Regardless of whether subsection 9 applies, it shall be an unsuitable method of operation for any subsection 3(a) establishment that is in compliance with subsection 2(h), or any portions thereof on August 25, 2011, to thereafter fail to maintain such compliance or partial compliance, including but not limited to removing a permanent physical bar, reducing the number of bar seats from its current number of nine or less than nine, eliminating a restaurant, or reducing restaurant seating capacity from its current number of seats if 20 or less than 20.~~

42. It is an unsuitable method of operation to materially change the nature and quality of the primary business after the commission has granted a restricted gaming license to conduct gaming at an establishment, without the prior administrative approval of the board chairman or his designee. A material change in the nature and quality of the primary business is presumed to occur if:

(a) ~~any of the requirements of Section 2(h) have not been maintained~~, a zoning change is required, or a new business license, special use permit, or any other license, permit or approval must be obtained from the applicable county, city, or township licensing, zoning or approval authority, in order to change or operate the primary business in a manner that is different from what was being conducted at the time the gaming license was granted, or

(b) For a 3(a) establishment, subsequent to the date a restricted gaming license was last approved by the commission for that establishment, to change or alter the amount of square footage available for use by patrons, or the configuration or detail of the bar or restaurant from that which was required to be met by law or regulation in order to obtain a restricted gaming license.

43. 11. Nothing in this subsection shall be construed to limit or otherwise encumber the ability of any restricted gaming licensee to transfer, sell, or convey the business pursuant to the provisions of NRS chapter 463 and Regulation 8.

~~14. For purposes of this Regulation 3.015, the term "restaurant" shall mean a space kept, used, maintained, advertised and held out to the public as a place where hot meals are prepared and served on premises, providing a seating capacity of at least twenty (20) persons not related to or associated with gaming positions. The kitchen must be operated no less than fifty percent of the hours per day that the location is open for business.~~

Effective Date _____.

9. NGC Regulation 3.015 amended (2013)

3.015 Applications for restricted licenses.

1. An application for a restricted license may only be granted if the operation of slot machines is incidental to the primary business conducted at the location and the board and commission determine the location is suitable for the conduct of gaming and the applicant meets the requirements of this Section.

2. In recommending and determining whether (i) the applicant's proposed restricted location is suitable for the conduct of gaming and meets the requirements of this Section, and (ii) the operations at the location continue to meet the requirements for a restricted license, the board and commission may consider some or all of the following factors:

(a) The amount of floor space used for the slot machines, which space shall include the area occupied by the slot machines, including slot machine seating and circulation, as compared to the floor space used for the primary business;

(b) The amount of investment in the operation of the slot machines as compared to the amount of investment in the primary business;

(c) The amount of time required to manage or operate the slot machines as compared to the amount of time required to manage or operate the primary business;

(d) The revenue generated by the slot machines as compared to the revenue generated by the primary business;

(e) Whether a substantial portion of the financing for the creation of the business has been provided in exchange for the right to operate slot machines on the premises;

(f) Other factors, including but not limited to the establishment's name, the establishment's marketing practices, the public's perception of the business, and the relationship of the slot machines to the primary business; and

(g) What other amenities the applicant offers to its customers.

3. Except as provided by subsection 6, only the establishments listed below are suitable for the conduct of gaming pursuant to a restricted license:

(a) Bar, tavern, saloon or other similar location licensed to sell alcoholic beverages for on-premises consumption, other than just beer and wine, by the drink;

(b) Convenience store;

(c) Grocery store;

(d) Drug store; and

(e) Liquor store.

Unless the commission determines otherwise, there shall be a limit of no more than 7 slot machines operated at a convenience store, and a limit of no more than 4 slot machines operated at a liquor store.

4. If the commission deems an application for a restricted license to be based on exceptional circumstances, the commission may waive subsection 3 upon a finding that the waiver is consistent with Regulation 3.010 and the public policy of the State of Nevada.

5. Subsection 3 shall not apply to any type of business approved by the commission as suitable for the operation of slot machines pursuant to subsection 6.

6. Any person may apply for a preliminary determination that a type of establishment not listed in subsection 3 is suitable for the conduct of gaming by filing an application with the board together with all applicable fees per Regulation 4.070. The application shall contain (a) a definition of the type of establishment and (b) a demonstration that the operation of slot machines in such a type of establishment is consistent with Regulation 3.010 and the public policy of the State of Nevada. The application shall be considered by the commission, upon recommendation by the board. Public comment shall be accepted when the application is heard by the board and commission.

7. Slot machines exposed for play in grocery stores and drug stores shall be located within a separate gaming area or alcove having not fewer than 3 sides formed by contiguous walls or partial walls. For the purposes of Regulation 3.015, "partial wall" or "wall" may include, without limitation, 1 or more gaming devices, if the gaming devices are configured together or in conjunction with other structures to create a barrier that is similar to a partial wall or wall.

8. In grocery stores or drug stores, automated teller machines shall not be placed within a designated gaming area or alcove and, at all other restricted locations, automated teller machines shall not be placed adjacent to slot machines.

9. The requirements of this Regulation shall apply to all restricted licensees, except as provided herein:

(a) Subsections 3 and 7 do not apply to an establishment for which a restricted license was granted by the commission by February 1, 2000, provided that the establishment does not cease gaming operations for a period of more than 12 months or, upon the administrative approval of the chairman of the board, for a period of not more than 24 months, and that the nature and quality of the primary business of the establishment has not materially changed

10. It is an unsuitable method of operation to materially change the nature and quality of the primary business after the commission has granted a restricted gaming license to conduct gaming at an establishment, without the prior administrative approval of the board chairman or his designee. A material change in the nature and quality of the primary business is presumed to occur if:

(a) a zoning change is required, or a new business license, special use permit, or any other license, permit or approval must be obtained from the applicable county, city, or township licensing, zoning or approval authority, in order to change or operate the primary business in a manner that is different from what was being conducted at the time the gaming license was granted, or

(b) For a 3(a) establishment, subsequent to the date a restricted gaming license was last approved by the commission for that establishment, to change or alter the amount of square footage available for use by patrons, or the configuration or detail of the bar or restaurant from that which was required to be met by law or regulation in order to obtain a restricted gaming license.

11. Nothing in this subsection shall be construed to limit or otherwise encumber the ability of any restricted gaming licensee to transfer, sell, or convey the business pursuant to the provisions of NRS chapter 463 and Regulation 8.

Effective January 1, 2014.

(Adopted: 10/24/90. Amended: 7/99; 7/05; 11/08, 08/11, 11/13)

10. SB 416 (2013)

CHAPTER.....

AN ACT relating to gaming; providing certain restrictions governing restricted licenses to operate gaming; revising provisions governing the operation of race books or sports pools; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law: (1) defines a “restricted license” as a state gaming license to operate not more than 15 slot machines at an establishment in which the operation of slot machines is incidental to the primary business of the establishment; and (2) provides that such a license may only be granted to the operator of the primary business or to a licensed operator of a slot machine route. (NRS 463.0189, 463.161)

Section 1 of this bill clarifies that a restricted license means a state gaming license for the operation of not more than 15 slot machines and which does not include a race book or sports pool. **Section 3** of this bill provides that, in a county whose population is 100,000 or more (currently Clark and Washoe Counties), a restricted license may only be granted at certain establishments if the establishment contains: (1) a minimum of 2,500 square feet of space available for patrons; (2) a permanent, physical bar; and (3) a restaurant which meets certain requirements.

Existing law: (1) prohibits certain actions relating to gaming without procuring and maintaining the required licensure; and (2) provides that a single establishment may not contain more than one licensed operation unless the establishment holds a nonrestricted gaming license. (NRS 463.160, 463.245) Existing law also defines: (1) “race book” as the business of accepting pari-mutuel wagers upon the outcome of an event held at a track; and (2) “sports pool” as the business of accepting wagers on sporting events by any system or method of wagering. (NRS 463.01858, 463.0193) **Section 2** of this bill provides that a separate license is required for each location of a race book or sports pool, and further provides that certain activities relating to the acceptance and payment of wagers and transactions in person or through mechanical means, such as a kiosk or similar device, are considered within the operation of a race book or sports pool. **Section 4** of this bill clarifies that the exception to the single license at one establishment only applies to those nonrestricted licenses at an establishment with 16 or more slot machines or at an establishment with any number of slot machines together with any other game, gaming device, race book or sports pool.

Section 7 of this bill provides that the provisions of this bill prohibiting the granting of restricted licenses, unless the establishment meets certain criteria, apply prospectively to new restricted licenses issued on or after July 1, 2013. **Section 7** further provides that certain establishments, which were granted a restricted license before July 1, 2013, must comply with the requirement to contain a permanent bar with a certain number of slot machines embedded in the bar upon the earlier of: (1) a change in ownership of the business or the transfer of 50 percent or more of the stock or other ownership interest; or (2) July 1, 2015. Establishments which were granted a gaming license before December 22, 1990, and which have been operating at the same location since that date, are not required to comply with the requirement associated with a permanent bar. Finally, **section 7** provides that an establishment that was granted a restricted gaming license before July 1, 2013, does not need to occupy at least 2,500 square feet or have a restaurant unless the establishment ceases operation for 18 or more consecutive months.



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

Section 1. NRS 463.0189 is hereby amended to read as follows:

463.0189 “Restricted license” or “restricted operation” means a state gaming license for, or an operation consisting of, not more than 15 slot machines and no other game or gaming device, *race book or sports pool* at an establishment in which the operation of slot machines is incidental to the primary business of the establishment.

Sec. 2. NRS 463.160 is hereby amended to read as follows:

463.160 1. Except as otherwise provided in subsection 4 and NRS 463.172, it is unlawful for any person, either as owner, lessee or employee, whether for hire or not, either solely or in conjunction with others:

(a) To deal, operate, carry on, conduct, maintain or expose for play in the State of Nevada any gambling game, gaming device, inter-casino linked system, mobile gaming system, slot machine, race book or sports pool;

(b) To provide or maintain any information service;

(c) To operate a gaming salon;

(d) To receive, directly or indirectly, any compensation or reward or any percentage or share of the money or property played, for keeping, running or carrying on any gambling game, slot machine, gaming device, mobile gaming system, race book or sports pool;

(e) To operate as a cash access and wagering instrument service provider; or

(f) To operate, carry on, conduct, maintain or expose for play in or from the State of Nevada any interactive gaming system,

↳ without having first procured, and thereafter maintaining in effect, all federal, state, county and municipal gaming licenses as required by statute, regulation or ordinance or by the governing board of any unincorporated town.

2. The licensure of an operator of an inter-casino linked system is not required if:

(a) A gaming licensee is operating an inter-casino linked system on the premises of an affiliated licensee; or

(b) An operator of a slot machine route is operating an inter-casino linked system consisting of slot machines only.



3. Except as otherwise provided in subsection 4, it is unlawful for any person knowingly to permit any gambling game, slot machine, gaming device, inter-casino linked system, mobile gaming system, race book or sports pool to be conducted, operated, dealt or carried on in any house or building or other premises owned by the person, in whole or in part, by a person who is not licensed pursuant to this chapter, or that person's employee.

4. The Commission may, by regulation, authorize a person to own or lease gaming devices for the limited purpose of display or use in the person's private residence without procuring a state gaming license.

5. *For the purposes of this section, the operation of a race book or sports pool includes making the premises available for any of the following purposes:*

(a) Allowing patrons to establish an account for wagering with the race book or sports pool;

(b) Accepting wagers from patrons;

(c) Allowing patrons to place wagers;

(d) Paying winning wagers to patrons; or

(e) Allowing patrons to withdraw cash from an account for wagering or to be issued a ticket, receipt, representation of value or other credit representing a withdrawal from an account for wagering that can be redeemed for cash,

↳ whether by a transaction in person at an establishment or through mechanical means, such as a kiosk or similar device, regardless of whether that device would otherwise be considered associated equipment. A separate license must be obtained for each location at which such an operation is conducted.

6. As used in this section, "affiliated licensee" has the meaning ascribed to it in NRS 463.430.

Sec. 3. NRS 463.161 is hereby amended to read as follows:

463.161 **1.** A license to operate 15 or fewer slot machines at an establishment in which the operation of slot machines is incidental to the primary business conducted at the establishment may only be granted to the operator of the primary business or to a licensed operator of a slot machine route.

2. *In a county whose population is 100,000 or more, a license to operate 15 or fewer slot machines at an establishment which is licensed to sell alcoholic beverages at retail by the drink to the general public may only be granted if the establishment meets the requirements of this subsection. The establishment must:*

(a) Occupy an area comprised of at least 2,500 square feet which is open and available for use by patrons.



(b) Contain a permanent physical bar.

(c) Contain a restaurant which:

(1) Serves food ordered by patrons from tables or booths.

(2) Includes a dining area with seating for at least 25 persons in a room separate from the on-premise kitchen. For the purposes of determining the number of seats pursuant to this subparagraph, the stools at the bar or the seats outside the dining area must not be counted.

(3) Includes a kitchen which is operated not less than 12 hours each day the establishment is open for business to the public, or the entire time the establishment is open for business to the public if it is open for business 12 hours or less each day.

3. As used in this section:

(a) "Bar" means a physical structure with a flat horizontal counter, on one side of which alcoholic beverages are kept and maintained, where seats may be placed on the side opposite from where the alcohol is kept, and where the sale and service of alcoholic beverages are by the drink across such structure.

(b) "Restaurant" means a public place where hot meals are prepared and served on the premises.

Sec. 4. NRS 463.245 is hereby amended to read as follows:

463.245 1. Except as otherwise provided in this section:

(a) All licenses issued to the same person, including a wholly owned subsidiary of that person, for the operation of any game, including a sports pool or race book, which authorize gaming at the same establishment must be merged into a single gaming license.

(b) A gaming license may not be issued to any person if the issuance would result in more than one licensed operation at a single establishment, whether or not the profits or revenue from gaming are shared between the licensed operations.

2. A person who has been issued a nonrestricted gaming license *for an operation described in subsection 1, 2 or 5 of NRS 463.0177* may establish a sports pool or race book on the premises of the establishment ~~{at which the person conducts a nonrestricted gaming operation}~~ only after obtaining permission from the Commission.

3. A person who has been issued a license to operate a sports pool or race book at an establishment may be issued a license to operate a sports pool or race book at ~~{another}~~ *a second establishment described in subsection 1 or 2 of NRS 463.0177 only* if the second establishment is operated by a person who has been issued a nonrestricted license ~~{}~~ *for that establishment. A person who has been issued a license to operate a race book or sports pool*



at an establishment is prohibited from operating a race book or sports pool at:

(a) An establishment for which a restricted license has been granted; or

(b) An establishment at which only a nonrestricted license has been granted for an operation described in subsection 3 or 4 of NRS 463.0177.

4. ~~Nothing~~ *A person who has been issued a license to operate a race book or sports pool shall not enter into an agreement for the sharing of revenue from the operation of the race book or sports pool with another person in consideration for the offering, placing or maintaining of a kiosk or other similar device not physically located on the licensed premises of the race book or sports pool, except:*

(a) An affiliated licensed race book or sports pool; or

(b) The licensee of an establishment at which the race book or sports pool holds or obtains a license to operate pursuant to this section.

↳ This subsection does not prohibit an operator of a race book or sports pool from entering into an agreement with another person for the provision of shared services relating to advertising or marketing.

5. *Nothing* in this section limits or prohibits an operator of an inter-casino linked system from placing and operating such a system on the premises of two or more gaming licensees and receiving, either directly or indirectly, any compensation or any percentage or share of the money or property played from the linked games in accordance with the provisions of this chapter and the regulations adopted by the Commission. An inter-casino linked system must not be used to link games other than slot machines, unless such games are located at an establishment that is licensed for games other than slot machines.

~~5.1~~ 6. *For the purposes of this section, the operation of a race book or sports pool includes making the premises available for any of the following purposes:*

(a) Allowing patrons to establish an account for wagering with the race book or sports pool;

(b) Accepting wagers from patrons;

(c) Allowing patrons to place wagers;

(d) Paying winning wagers to patrons; or

(e) Allowing patrons to withdraw cash from an account for wagering or to be issued a ticket, receipt, representation of value



*or other credit representing a withdrawal from an account for wagering that can be redeemed for cash,
↳ whether by a transaction in person at an establishment or through mechanical means such as a kiosk or other similar device, regardless of whether that device would otherwise be considered associated equipment.*

7. The provisions of this section do not apply to a license to operate a mobile gaming system or to operate interactive gaming.

Secs. 5 and 6. (Deleted by amendment.)

Sec. 7. 1. Except as otherwise provided in this section, the amendatory provisions of section 3 of this act apply to the issuance of a restricted license on or after July 1, 2013.

2. Except as otherwise provided in subsection 3, an establishment that has been granted a restricted license by the Nevada Gaming Commission before July 1, 2013, but which is not in compliance with the provisions of paragraph (b) of subsection 2 of NRS 463.161, as amended by section 3 of this act, must come into compliance with those provisions upon the earlier of:

(a) A change of ownership of the business or the transfer of 50 percent or more of the stock or other ownership interest in the entity owning the business; or

(b) July 1, 2015.

3. An establishment which was granted a gaming license before December 22, 1990, and which has been operating at the same location since that date is not required to comply with the provisions of paragraph (b) of subsection 2 of NRS 463.161, as amended by section 3 of this act.

4. An establishment that has been granted a restricted license by the Commission before July 1, 2013, but which is not in compliance with the provisions of paragraph (a) or (c) of subsection 2 of NRS 463.161, as amended by section 3 of this act, is not required to come into compliance with those provisions unless the establishment ceases gaming operations for 18 or more consecutive months.

5. The Commission shall not renew the restricted license of an establishment that does not come into compliance with the amendatory provisions of section 3 of this act within the time required by this section.

6. This act applies to all race books, sports pools and associated equipment in existence on July 1, 2013.

Sec. 8. This act becomes effective on July 1, 2013.



11. AB 360 (2013)

Assembly Bill No. 360—Assemblymen Horne,
Healey, Bobzien and Kirkpatrick

CHAPTER.....

AN ACT relating to gaming; revising provisions governing interactive gaming; revising provisions governing the registration of persons who hold an ownership interest in certain entities which hold a gaming license; revising provisions relating to the inspection of games, gaming devices, associated equipment, cashless wagering systems, inter-casino linked systems, mobile gaming systems and interactive gaming systems; revising provisions relating to the regulation of independent testing laboratories; providing for an interim study of certain issues concerning the impact of technology upon the regulation of gaming and upon the distinction between restricted and nonrestricted gaming licensees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill provides that the Nevada Gaming Commission may, upon the recommendation of the State Gaming Control Board, adopt regulations allowing promotional schemes to be conducted by licensed operators of interactive gaming in direct association with a licensed interactive gaming activity, contest or tournament that includes a raffle, drawing or other similar game of chance.

Under existing law, the Commission and the Board are required to administer state gaming licenses and manufacturer's, seller's and distributor's licenses, and to perform various acts relating to the regulation and control of gaming. (NRS 463.140) **Sections 2-5** of this bill revise the definitions of the terms "cashless wagering system," "gaming employee," "gross revenue" and "wagering credit" for the purposes of the statutory provisions governing the licensing and control of gaming. **Section 14.5** of this bill repeals a provision contained in section 3 of Senate Bill No. 9 of this session that also revised the definition of the term "gross revenue."

Existing law requires audits of the financial statements of all nonrestricted licensees whose annual gross revenue is \$5,000,000 or more, and requires the amount of annual gross revenue to be increased or decreased annually in an amount determined by the Commission and corresponding to the Consumer Price Index. (NRS 463.159) **Section 6** of this bill requires the Board to make such a determination.

Existing law also requires a limited partner holding a 5 percent or less ownership interest in a limited partnership or a member holding a 5 percent or less ownership interest in a limited-liability company, who holds or applies for a state gaming license, to register with the Board and submit to the Board's jurisdiction within 30 days after the person acquires a 5 percent or less ownership interest. (NRS 463.569, 463.5735) **Sections 7 and 8** of this bill remove the requirement to register with the Board after acquiring such an ownership interest, and instead require a person to register upon seeking to hold a 5 percent or less ownership interest.



Existing law requires the Commission to adopt regulations providing for the registration of independent testing laboratories, which may be utilized by the Board to inspect and certify gaming devices, equipment and systems, and any components thereof, and providing for the standards and procedures for the revocation of the registration of such independent testing laboratories. (NRS 463.670) **Section 9** of this bill: (1) extends the requirement of registration to additional testing persons that own, operate or have significant involvement with an independent testing laboratory; (2) provides that a person who is registered pursuant to **section 9** is subject to the same investigatory and disciplinary procedures as all other gaming licensees; and (3) authorizes the Commission to require a registered independent testing laboratory and certain persons associated with a registered independent testing laboratory to file an application for a finding of suitability.

Assembly Bill No. 114 of this session, which was enacted by the Legislature and approved by the Governor and which became effective on February 21, 2013: (1) required the Commission, by regulation, to authorize the Governor, on behalf of the State of Nevada, to enter into agreements with other states, or authorized agencies thereof, to enable patrons in the signatory states to participate in interactive gaming; (2) required the regulations adopted by the Commission to be adopted in accordance with the Nevada Administrative Procedure Act; and (3) required the regulations to set forth provisions for any potential arrangements to share revenue. **Sections 11 and 12** of this bill amend the provisions of Assembly Bill No. 114 to: (1) allow agreements for interactive agreements to be made with governmental units of other nations, states or local bodies exercising governmental functions; (2) provide that the regulations adopted by the Commission are not required to be adopted in accordance with the Nevada Administrative Procedure Act; and (3) authorize the Commission to include specific requirements for the agreements entered into by the State of Nevada and another government.

Senate Bill No. 416 of this session enacted certain requirements for the issuance of restricted licenses for certain businesses, which were to become effective on July 1, 2013. **Sections 13 and 14** of this bill change the effective date of those provisions to January 1, 2014.

Section 15 of this bill requires the Legislative Commission to create a committee to conduct an interim study concerning the impact of technology upon the regulation of gaming and upon the distinction between restricted and nonrestricted gaming licensees.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. Chapter 463 of NRS is hereby amended by adding thereto a new section to read as follows:

The Commission may, upon the recommendation of the Board, adopt regulations that allow promotional schemes to be conducted by licensed operators of interactive gaming in direct association with a licensed interactive gaming activity, contest or tournament that includes a raffle, drawing or other similar game of chance.



Sec. 2. NRS 463.014 is hereby amended to read as follows:

463.014 “Cashless wagering system” means a method of wagering and accounting:

1. In which the validity and value of a wagering instrument or wagering credits are determined, monitored and retained by a computer operated and maintained by a licensee which maintains a record of each transaction involving the wagering instrument or wagering credits, exclusive of the game or gaming device on which wagers are being made. The term includes computerized systems which facilitate electronic transfers of money directly to or from a game or gaming device; or

2. Used in a race book or sports pool in which the validity and value of a wagering instrument *or wagering credits* are determined, monitored and retained on a computer that maintains a record of each transaction involving the wagering instrument *or wagering credits* and is operated and maintained by a licensee.

Sec. 3. NRS 463.0157 is hereby amended to read as follows:

463.0157 1. “Gaming employee” means any person connected directly with an operator of a slot route, the operator of a pari-mutuel system, the operator of an inter-casino linked system or a manufacturer, distributor or disseminator, or with the operation of a gaming establishment licensed to conduct any game, 16 or more slot machines, a race book, sports pool or pari-mutuel wagering, including:

(a) Accounting or internal auditing personnel who are directly involved in any recordkeeping or the examination of records associated with revenue from gaming;

(b) Boxpersons;

(c) Cashiers;

(d) Change personnel;

(e) Counting room personnel;

(f) Dealers;

(g) Employees of a person required by NRS 464.010 to be licensed to operate an off-track pari-mutuel system;

(h) Employees of a person required by NRS 463.430 to be licensed to disseminate information concerning racing and employees of an affiliate of such a person involved in assisting the person in carrying out the duties of the person in this State;

(i) Employees whose duties are directly involved with the manufacture, repair, sale or distribution of gaming devices, cashless wagering systems, mobile gaming systems, equipment associated with mobile gaming systems, interactive gaming systems or equipment associated with interactive gaming;



(j) Employees of operators of slot routes who have keys for slot machines or who accept and transport revenue from the slot drop;

(k) Employees of operators of inter-casino linked systems, mobile gaming systems or interactive gaming systems whose duties include the operational or supervisory control of the systems or the games that are part of the systems;

(l) Employees of operators of call centers who perform, or who supervise the performance of, the function of receiving and transmitting wagering instructions;

(m) Employees who have access to the Board's system of records for the purpose of processing the registrations of gaming employees that a licensee is required to perform pursuant to the provisions of this chapter and any regulations adopted pursuant thereto;

(n) Floorpersons;

(o) Hosts or other persons empowered to extend credit or complimentary services;

(p) Keno runners;

(q) Keno writers;

(r) Machine mechanics;

(s) Odds makers and line setters;

(t) Security personnel;

(u) Shift or pit bosses;

(v) Shills;

(w) Supervisors or managers;

(x) Ticket writers;

(y) Employees of a person required by NRS 463.160 to be licensed to operate an information service; ~~and~~

(z) *Employees of a licensee who have local access and provide management, support, security or disaster recovery services for any hardware or software that is regulated pursuant to the provisions of this chapter and any regulations adopted pursuant thereto; and*

(aa) Temporary or contract employees hired by a licensee to perform a function related to gaming.

2. "Gaming employee" does not include barbacks ~~§~~ or bartenders ~~§~~ *whose duties do not involve gaming activities*, cocktail servers or other persons engaged exclusively in preparing or serving food or beverages.

3. *As used in this section, "local access" means access to hardware or software from within a licensed gaming establishment, hosting center or elsewhere within this State.*



Sec. 4. 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 received in payment for credit extended by a licensee to a patron for purposes of gaming; and
- (c) Compensation received for conducting any game , *or any contest or tournament in conjunction with interactive gaming*, in which the licensee is not party to a wager,
↳ less the total of all cash paid out as losses to patrons, those amounts paid to fund periodic payments and any other items made deductible as losses by NRS 463.3715. For the purposes of this section, cash or the value of noncash prizes awarded to patrons in a contest or tournament are not losses, except that losses in a contest or tournament conducted in conjunction with an inter-casino linked system may be deducted to the extent of the compensation received for the right to participate in that contest or tournament.

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) Cash received as entry fees for contests or tournaments in which patrons compete for prizes, except for a contest or tournament conducted in conjunction with an inter-casino linked system;
- (f) Uncollected baccarat commissions; or
- (g) 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.

3. 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. 5. NRS 463.01963 is hereby amended to read as follows:

463.01963 “Wagering credit” means a representative of value, other than a chip, token or wagering instrument, that is used for wagering at a game , ~~for~~ gaming device , *race book or sports pool*



and is obtained by the payment of cash or a cash equivalent, the use of a wagering instrument or the electronic transfer of money.

Sec. 6. NRS 463.159 is hereby amended to read as follows:

463.159 1. The Commission shall by regulation require audits of the financial statements of all nonrestricted licensees whose annual gross revenue is \$5,000,000 or more.

2. The Commission may require audits, compiled statements or reviews of the financial statements of nonrestricted licensees whose annual gross revenue is less than \$5,000,000.

3. The amounts of annual gross revenue provided for in subsections 1 and 2 must be increased or decreased annually in an amount corresponding to the percentage of increase or decrease in the Consumer Price Index (All Items) published by the United States Department of Labor for the preceding year. On or before December 15 of each year, the ~~Commission~~ Board shall determine the amount of the increase or decrease required by this subsection and establish the adjusted amounts of annual gross revenue in effect for the succeeding calendar year. The audits, compilations and reviews provided for in subsections 1 and 2 must be made by independent accountants holding permits to practice public accounting in the State of Nevada.

4. Except as otherwise provided in subsection 5, for every audit required pursuant to this section:

(a) The independent accountants shall submit an audit report which must express an unqualified or qualified opinion or, if appropriate, disclaim an opinion on the statements taken as a whole in accordance with standards for the accounting profession established by rules and regulations of the Nevada State Board of Accountancy, but the preparation of statements without audit does not constitute compliance.

(b) The examination and audit must disclose whether the accounts, records and control procedures maintained by the licensee are as required by the regulations published by the Commission pursuant to NRS 463.156 to 463.1592, inclusive.

5. If the license of a nonrestricted licensee is terminated within 3 months after the end of a period covered by an audit, the licensee may submit compiled statements in lieu of an additional audited statement for the licensee's final period of business.

Sec. 7. NRS 463.569 is hereby amended to read as follows:

463.569 1. Every general partner of, and every limited partner with more than a 5 percent ownership interest in, a limited partnership which holds a state gaming license must be licensed individually, according to the provisions of this chapter, and if, in



the judgment of the Commission, the public interest will be served by requiring any other limited partners or any or all of the limited partnership's lenders, holders of evidence of indebtedness, underwriters, key executives, agents or employees to be licensed, the limited partnership shall require those persons to apply for a license in accordance with the laws and requirements in effect at the time the Commission requires the licensing. Publicly traded corporations which are limited partners of limited partnerships are not required to be licensed, but shall comply with NRS 463.635 to 463.645, inclusive. A person who is required to be licensed by this section as a general or limited partner shall not receive that position until the person secures the required approval of the Commission. A person who is required to be licensed pursuant to a decision of the Commission shall apply for a license within 30 days after the Commission requests the person to do so.

2. All limited partners ~~holding~~ *seeking to hold* a 5 percent or less ownership interest in a limited partnership, other than a publicly traded limited partnership, which hold or apply for a state gaming license, must register in that capacity with the Board and submit to the Board's jurisdiction. Such registration must be made on forms prescribed by the Chair of the Board. The Chair of the Board may require a registrant to apply for licensure at any time in the Chair's discretion. ~~[A person who is required to be registered by this section shall apply for registration within 30 days after the person becomes a limited partner holding a 5 percent or less ownership interest in a limited partnership.]~~

3. The Commission may, with the advice and assistance of the Board, adopt such regulations as it deems necessary to carry out the provisions of subsection 2.

Sec. 8. NRS 463.5735 is hereby amended to read as follows:

463.5735 1. Every member and transferee of a member's interest with more than a 5 percent ownership interest in a limited-liability company, and every director and manager of a limited-liability company which holds or applies for a state gaming license, must be licensed individually according to the provisions of this chapter.

2. All members ~~holding~~ *seeking to hold* a 5 percent or less ownership interest in a limited-liability company, other than a publicly traded limited-liability company, which hold or apply for a state gaming license, must register in that capacity with the Board and submit to the Board's jurisdiction. Such registration must be made on forms prescribed by the Chair of the Board. The Chair of the Board may require a registrant to apply for licensure at any time



in the Chair's discretion. ~~[A person who is required to be registered by this section shall apply for registration within 30 days after the person becomes a member holding a 5 percent or less ownership interest in a limited liability company.]~~

3. If, in the judgment of the Commission, the public interest will be served by requiring any members with a 5 percent or less ownership interest in a limited-liability company, or any of the limited-liability company's lenders, holders of evidence of indebtedness, underwriters, key executives, agents or employees to be licensed:

(a) The limited-liability company shall require those persons to apply for a license in accordance with the laws and requirements in effect at the time the Commission requires the licensing; and

(b) Those persons shall apply for a license within 30 days after being requested to do so by the Commission.

4. A publicly traded corporation which is a member of a limited-liability company is not required to be licensed, but shall comply with NRS 463.635 to 463.645, inclusive.

5. No person may become a member or a transferee of a member's interest in a limited-liability company which holds a license until the person secures the required approval of the Commission.

6. A director or manager of a limited-liability company shall apply for a license within 30 days after assuming office.

7. The Commission may, with the advice and assistance of the Board, adopt such regulations as it deems necessary to carry out the provisions of subsection 2.

Sec. 9. NRS 463.670 is hereby amended to read as follows:

463.670 1. The Legislature finds and declares as facts:

(a) That the inspection of *games*, gaming devices, associated equipment, cashless wagering systems, *inter-casino linked systems*, mobile gaming systems and interactive gaming systems is essential to carry out the provisions of this chapter.

(b) That the inspection of *games*, gaming devices, associated equipment, cashless wagering systems, *inter-casino linked systems*, mobile gaming systems and interactive gaming systems is greatly facilitated by the opportunity to inspect components before assembly and to examine the methods of manufacture.

(c) That the interest of this State in the inspection of *games*, gaming devices, associated equipment, cashless wagering systems, *inter-casino linked systems*, mobile gaming systems and interactive gaming systems must be balanced with the interest of this State in



maintaining a competitive gaming industry in which games can be efficiently and expeditiously brought to the market.

2. The Commission may, with the advice and assistance of the Board, adopt and implement procedures that preserve and enhance the necessary balance between the regulatory and economic interests of this State which are critical to the vitality of the gaming industry of this State.

3. The Board may inspect every *game or* gaming device which is manufactured, sold or distributed:

(a) For use in this State, before the *game or* gaming device is put into play.

(b) In this State for use outside this State, before the gaming device is shipped out of this State.

4. The Board may inspect every *game or* gaming device which is offered for play within this State by a state gaming licensee.

5. The Board may inspect all associated equipment, every cashless wagering system, *every inter-casino linked system*, every mobile gaming system and every interactive gaming system which is manufactured, sold or distributed for use in this State before the equipment or system is installed or used by a state gaming licensee and at any time while the state gaming licensee is using the equipment or system.

6. In addition to all other fees and charges imposed by this chapter, the Board may determine, charge and collect an inspection fee from each manufacturer, seller, distributor or independent testing laboratory which must not exceed the actual cost of inspection and investigation.

7. The Commission shall adopt regulations which:

(a) Provide for the registration of independent testing laboratories ~~H~~ *and of each person that owns, operates or has significant involvement with an independent testing laboratory*, specify the form of the application required for such registration, *set forth the qualifications required for such registration* and establish the fees required for the application, the investigation of the applicant and the registration of the applicant.

(b) Authorize the Board to utilize independent testing laboratories for the inspection and certification of any *game*, gaming device, associated equipment, cashless wagering system, *inter-casino linked system*, mobile gaming system or interactive gaming system, or any components thereof.

(c) Establish uniform protocols and procedures which the Board and independent testing laboratories must follow during an inspection performed pursuant to subsection 3 or 5, and which



independent testing laboratories must follow during the certification of any **game**, gaming device, associated equipment, cashless wagering system, **inter-casino linked system**, mobile gaming system or interactive gaming system, or any components thereof, for use in this State or for shipment from this State.

(d) Allow an application for the registration of an independent testing laboratory to be granted upon the independent testing laboratory's completion of an inspection performed in compliance with the uniform protocols and procedures established pursuant to paragraph (c) and satisfaction of such other requirements that the Board may establish.

(e) Provide the standards and procedures for the revocation of the registration of an independent testing laboratory.

(f) Provide the standards and procedures relating to the filing of an application for a finding of suitability pursuant to this section and the remedies should a person be found unsuitable.

(g) Provide any additional provisions which the Commission deems necessary and appropriate to carry out the provisions of this section and which are consistent with the public policy of this State pursuant to NRS 463.0129.

8. The Commission shall retain jurisdiction over any person registered pursuant to this section, and any regulations adopted pursuant thereto, in all matters relating to a game, gaming device, associated equipment, cashless wagering system, inter-casino linked system, mobile gaming system or interactive gaming system, or any component thereof or modification thereto, even if the person ceases to be registered.

9. A person registered pursuant to this section is subject to the investigatory and disciplinary proceedings that are set forth in NRS 463.310 to 463.318, inclusive, and shall be punished as provided in those sections.

10. The Commission may, upon recommendation of the Board, require the following persons to file an application for a finding of suitability:

(a) A registered independent testing laboratory.

(b) An employee of a registered independent testing laboratory.

(c) An officer, director, partner, principal, manager, member, trustee or direct or beneficial owner of a registered independent testing laboratory or any person that owns or has significant involvement with the activities of a registered independent testing laboratory.

11. If a person fails to submit an application for a finding of suitability within 30 days after a demand by the Commission



pursuant to this section, the Commission may make a finding of unsuitability. Upon written request, such period may be extended by the Chair of the Commission, at the Chair's sole and absolute discretion.

12. As used in this section, unless the context otherwise requires, "independent testing laboratory" means a private laboratory that is registered by the ~~Commission~~ Board to inspect and certify *games*, gaming devices, associated equipment, cashless wagering systems, *inter-casino linked systems*, mobile gaming systems ~~and~~ or interactive gaming systems, and any components thereof ~~and~~ *and modifications thereto*, and to perform such other services as the Board and Commission may request.

Sec. 10. NRS 465.094 is hereby amended to read as follows:

465.094 The provisions of NRS 465.092 and 465.093 do not apply to a wager placed by a person for the person's own benefit or, without compensation, for the benefit of another that is accepted or received by, placed with, or sent, transmitted or relayed to:

1. A race book or sports pool that is licensed pursuant to chapter 463 of NRS, if the wager is accepted or received within this State and otherwise complies with all other applicable laws and regulations concerning wagering;

2. A person who is licensed to engage in off-track pari-mutuel wagering pursuant to chapter 464 of NRS, if the wager is accepted or received within this State and otherwise complies with subsection 3 of NRS 464.020 and all other applicable laws and regulations concerning wagering;

3. A person who is licensed to operate a mobile gaming system pursuant to chapter 463 of NRS, if the wager is accepted or received within this State and otherwise complies with all other applicable laws and regulations concerning wagering;

4. Any other person or establishment that is licensed to engage in wagering pursuant to title 41 of NRS, if the wager is accepted or received within this State and otherwise complies with all other applicable laws and regulations concerning wagering; or

5. Any other person or establishment that is licensed to engage in wagering in another ~~state~~ *jurisdiction* and is permitted to accept or receive a wager from patrons within this State under an agreement entered into by the Governor pursuant to section 6 of Assembly Bill No. 114 of this session.

Sec. 11. NRS 233B.039 is hereby amended to read as follows:

233B.039 1. The following agencies are entirely exempted from the requirements of this chapter:

(a) The Governor.



(b) Except as otherwise provided in NRS 209.221, the Department of Corrections.

(c) The Nevada System of Higher Education.

(d) The Office of the Military.

(e) The State Gaming Control Board.

(f) Except as otherwise provided in NRS 368A.140 and 463.765, ~~and section 6 of this act,~~ the Nevada Gaming Commission.

(g) The Division of Welfare and Supportive Services of the Department of Health and Human Services.

(h) Except as otherwise provided in NRS 422.390, the Division of Health Care Financing and Policy of the Department of Health and Human Services.

(i) The State Board of Examiners acting pursuant to chapter 217 of NRS.

(j) Except as otherwise provided in NRS 533.365, the Office of the State Engineer.

(k) The Division of Industrial Relations of the Department of Business and Industry acting to enforce the provisions of NRS 618.375.

(l) The Administrator of the Division of Industrial Relations of the Department of Business and Industry in establishing and adjusting the schedule of fees and charges for accident benefits pursuant to subsection 2 of NRS 616C.260.

(m) The Board to Review Claims in adopting resolutions to carry out its duties pursuant to NRS 590.830.

(n) The Silver State Health Insurance Exchange.

2. Except as otherwise provided in subsection 5 and NRS 391.323, the Department of Education, the Board of the Public Employees' Benefits Program and the Commission on Professional Standards in Education are subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

3. The special provisions of:

(a) Chapter 612 of NRS for the distribution of regulations by and the judicial review of decisions of the Employment Security Division of the Department of Employment, Training and Rehabilitation;

(b) Chapters 616A to 617, inclusive, of NRS for the determination of contested claims;

(c) Chapter 91 of NRS for the judicial review of decisions of the Administrator of the Securities Division of the Office of the Secretary of State; and



(d) NRS 90.800 for the use of summary orders in contested cases,

↳ prevail over the general provisions of this chapter.

4. The provisions of NRS 233B.122, 233B.124, 233B.125 and 233B.126 do not apply to the Department of Health and Human Services in the adjudication of contested cases involving the issuance of letters of approval for health facilities and agencies.

5. The provisions of this chapter do not apply to:

(a) Any order for immediate action, including, but not limited to, quarantine and the treatment or cleansing of infected or infested animals, objects or premises, made under the authority of the State Board of Agriculture, the State Board of Health, or any other agency of this State in the discharge of a responsibility for the preservation of human or animal health or for insect or pest control;

(b) An extraordinary regulation of the State Board of Pharmacy adopted pursuant to NRS 453.2184;

(c) A regulation adopted by the State Board of Education pursuant to NRS 392.644 or 394.1694; or

(d) The judicial review of decisions of the Public Utilities Commission of Nevada.

6. The State Board of Parole Commissioners is subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

Sec. 12. Section 6 of Assembly Bill No. 114 of this session is hereby amended to read as follows:

Sec. 6. 1. ~~{The}~~ *Upon recommendation of the Commission*, ~~{shall, by regulation, authorize}~~ the Governor, on behalf of the State of Nevada, *is authorized* to:

(a) Enter into agreements, *in accordance with the requirements of this section*, with other ~~{states, or authorized agencies thereof, to enable patrons}~~ *governments whereby persons who are physically located in {the} a signatory {states to} jurisdiction may participate in interactive gaming {offered by licensees in those} conducted by one or more operators licensed by one or more of the signatory {states;} governments;* and

(b) Take all necessary actions to ensure that any agreement entered into pursuant to this section becomes effective.

2. ~~{Any regulations adopted pursuant to subsection 1 must:~~



~~—(a) Set forth provisions for any potential arrangements to share revenue between this State and any other state or agency within another state.~~

~~—(b) Be adopted in accordance with the provisions of chapter 233B of NRS.] The Commission may:~~

~~(a) Make recommendations to the Governor to enter into agreements pursuant to this section.~~

~~(b) Upon the recommendation of the Board, adopt regulations relating to agreements pursuant to this section.~~

~~3. The regulations adopted by the Commission pursuant to this section may include, without limitation, provisions prescribing:~~

~~(a) The form, length and terms of an agreement entered into by this State and another government, including, without limitation, provisions relating to how:~~

~~(1) Taxes are to be treated by this State and another government;~~

~~(2) Revenues are to be shared and distributed; and~~

~~(3) Disputes with patrons are to be resolved.~~

~~(b) The information to be furnished to the Board and the Commission by a government that proposes to enter into an agreement with this State pursuant to this section.~~

~~(c) The information to be furnished by the Board to the Commission to enable the Commission to carry out the purposes of this section.~~

~~(d) The manner and procedure for hearings conducted by the Board and Commission pursuant to this section, including, without limitation, the need for any special rules or notices.~~

~~(e) The information to be furnished by the Commission to the Governor that supports the recommendations of the Commission made pursuant to this section.~~

~~(f) Any other procedures to be followed by the Board or Commission to carry out the purposes of this section.~~

~~4. The Governor may not enter into an agreement pursuant to this section unless the agreement includes provisions:~~

~~(a) For any potential arrangement for the sharing of revenues by this State and a government.~~

~~(b) That permit the effective regulation of interactive gaming by this State, including, without limitation, provisions relating to licensing of entities and natural persons, technical standards to be followed, resolution of~~



disputes by patrons, requirements for bankrolls, enforcement, accounting and maintenance of records.

(c) That each government that is a signatory to the agreement agrees to prohibit operators of interactive gaming, service providers and manufacturers or distributors of interactive gaming systems from engaging in any activity permitted by the agreement unless such operators of interactive gaming, service providers or manufacturers or distributors of interactive gaming systems are licensed or found suitable:

(1) In this State; or

(2) In the signatory jurisdiction pursuant to requirements that are materially consistent with the corresponding requirements of this State.

(d) That no variation or derogation from the requirements of the agreement is permitted for any signatory government absent the consent of this State and all signatory governments.

(e) That prohibit any subordinate or side agreements, except with respect to sharing of revenues, among any subset of governments that are signatories to the agreement.

(f) That, if the agreement allows persons physically located in this State to participate in interactive gaming conducted by another government or an operator of interactive gaming licensed by another government, require that government to establish and maintain regulatory requirements governing interactive gaming that are materially consistent with the requirements of this State in all material respects.

5. As used in this section:

(a) "Government" means any governmental unit of a national, state or local body exercising governmental functions, other than the United States Government. The term includes, without limitation, national and subnational governments, including their respective departments, agencies and instrumentalities and any department, agency or authority of any such governmental unit that has authority over gaming or gambling activities.

(b) "Jurisdiction" means the country, state or other geographic area over which a government exercises legal authority.



Sec. 13. Section 7 of Senate Bill No. 416 of this session is hereby amended to read as follows:

Sec. 7. 1. Except as otherwise provided in this section, the amendatory provisions of section 3 of this act apply to the issuance of a restricted license on or after January 1, 2014.

2. Except as otherwise provided in subsection 3, an establishment that has been granted a restricted license by the Nevada Gaming Commission before January 1, 2014, but which is not in compliance with the provisions of paragraph (b) of subsection 2 of NRS 463.161, as amended by section 3 of this act, must come into compliance with those provisions upon the earlier of:

(a) A change of ownership of the business or the transfer of 50 percent or more of the stock or other ownership interest in the entity owning the business; or

(b) July 1, 2015.

3. An establishment which was granted a gaming license before December 22, 1990, and which has been operating at the same location since that date is not required to comply with the provisions of paragraph (b) of subsection 2 of NRS 463.161, as amended by section 3 of this act.

4. An establishment that has been granted a restricted license by the Commission before January 1, 2014, but which is not in compliance with the provisions of paragraph (a) or (c) of subsection 2 of NRS 463.161, as amended by section 3 of this act, is not required to come into compliance with those provisions unless the establishment ceases gaming operations for 18 or more consecutive months.

5. The Commission shall not renew the restricted license of an establishment that does not come into compliance with the amendatory provisions of section 3 of this act within the time required by this section.

6. This act applies to all race books, sports pools and associated equipment in existence on July 1, 2013.

Sec. 14. Section 8 of Senate Bill No. 416 of this session is hereby amended to read as follows:

Sec. 8. 1. This section and sections 1, 2, 4 and 7 of this act become effective on July 1, 2013.

2. Section 3 of this act becomes effective on January 1, 2014.

Sec. 14.5. Section 3 of Senate Bill No. 9 of this session is hereby repealed.



Sec. 15. 1. The Legislative Commission shall create a committee to conduct an interim study concerning the impact of technology upon the regulation of gaming and upon the distinction between restricted and nonrestricted gaming licensees.

2. The committee created by the Legislative Commission to conduct the study must be composed of six voting members and seven nonvoting members, appointed and designated as follows:

(a) The Legislative Commission shall appoint three voting members of the Senate, at least one of whom must be a member of the minority political party.

(b) The Legislative Commission shall appoint three voting members of the Assembly, at least one of whom must be a member of the minority political party.

(c) The Legislative Commission shall appoint five nonvoting members, with one member representing each of the following:

- (1) Manufacturers or developers of gaming technology;
- (2) Entities engaged in the business of interactive gaming;
- (3) Restricted gaming licensees;
- (4) Nonrestricted gaming licensees; and
- (5) Operators of race books and sports pools.

(d) The Chair of the Nevada Gaming Commission and the Chair of the State Gaming Control Board serve *ex officio* as nonvoting members of the committee.

3. The Legislative Commission shall appoint a Chair from among the voting members of the committee.

4. The committee shall study, without limitation:

(a) The impact of modern and evolving technology upon gaming and the regulation of gaming;

(b) Interactive gaming in Nevada and other jurisdictions, and any proposed or enacted federal legislation in this area;

(c) The regulatory distinction between restricted and nonrestricted licensure, and the impact of technology upon this distinction;

(d) The determination of whether the operation of slot machines is incidental to the primary business of a restricted gaming licensee, and minimum requirements that are or should be imposed upon such businesses;

(e) The effect of expanding capability of personal and portable electronic devices upon gaming and the regulation of gaming;

(f) The potential effects and consequences of authorizing the acceptance of race book and sports pool wagers made by an entity; and



(g) The effect of legislation approved by the 77th Session of the Nevada Legislature with regard to gaming and the regulation of gaming.

5. The Legislative Commission shall submit a report of the findings of the committee, including, without limitation, any recommendations for legislation, to the 78th Session of the Nevada Legislature.

6. For each day or portion of a day during which a member of the committee who is a Legislator attends a meeting of the committee or is otherwise engaged in the business of the committee, the Legislator is entitled to receive the:

(a) Compensation provided for a majority of the members of the Legislature during the first 60 days of the preceding regular session;

(b) Per diem allowance provided for state officers generally; and

(c) Travel expenses provided pursuant to NRS 218A.655.

↳ The compensation, per diem allowances and travel expenses of the members of the committee who are Legislators must be paid from the Legislative Fund.

Sec. 16. 1. This section and section 14.5 of this act become effective on June 1, 2013.

2. Sections 1 to 14, inclusive, and 15 of this act become effective upon passage and approval.

