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SENATE BILL NO. 103—COMMITTEE ON JUDICIARY

PREFILED JANUARY 27, 2011

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Referred to Committee on Judiciary

**SUMMARY**—Authorizes a licensed interactive gaming service provider to perform certain actions on behalf of an establishment licensed to operate interactive gaming. (BDR 41-828)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State: No.

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

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AN ACT relating to gaming; authorizing a licensed interactive gaming service provider to perform certain actions on behalf of an establishment licensed to operate interactive gaming; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law authorizes certain gaming establishments to obtain a license to  
2 operate interactive gaming and additionally authorizes the licensing of  
3 manufacturers of interactive gaming systems and manufacturers of equipment  
4 associated with interactive gaming. (NRS 463.750, 463.765) This bill: (1)  
5 authorizes an interactive gaming service provider to perform certain actions on  
6 behalf of an establishment licensed to operate interactive gaming; and (2) requires  
7 that a person must obtain a license as an interactive gaming service provider before  
8 performing such actions. This bill also requires the Nevada Gaming Commission to  
9 establish by regulation certain provisions concerning: (1) the licensing requirements  
10 for an interactive gaming service provider; and (2) certain fees that an interactive  
11 gaming service provider may be required to pay.

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

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

3       *“Interactive gaming service provider” means a person who acts*  
4 *on behalf of an establishment licensed to operate interactive*  
5 *gaming and:*

6       1. *Manages, administers or controls wagers that are initiated,*  
7 *received or made on an interactive gaming system;*

8       2. *Manages, administers or controls the games with which*  
9 *wagers that are initiated, received or made on an interactive*  
10 *gaming system are associated;*

11       3. *Maintains or operates the software or hardware of an*  
12 *interactive gaming system;*

13       4. *Provides the trademarks, trade names, service marks or*  
14 *similar intellectual property under which an establishment*  
15 *licensed to operate interactive gaming identifies its interactive*  
16 *gaming system to patrons;*

17       5. *Provides information regarding persons to an*  
18 *establishment licensed to operate interactive gaming via a*  
19 *database or customer list; or*

20       6. *Provides products, services, information or assets to an*  
21 *establishment licensed to operate interactive gaming, and receives*  
22 *therefor a percentage of gaming revenue from the establishment’s*  
23 *interactive gaming system.*

24       **Sec. 2.** NRS 463.750 is hereby amended to read as follows:

25       463.750 1. Except as otherwise provided in subsections 2 and  
26 3, the Commission may, with the advice and assistance of the  
27 Board, adopt regulations governing the licensing and operation of  
28 interactive gaming.

29       2. The Commission may not adopt regulations governing the  
30 licensing and operation of interactive gaming until the Commission  
31 first determines that:

32       (a) Interactive gaming can be operated in compliance with all  
33 applicable laws;

34       (b) Interactive gaming systems are secure and reliable, and  
35 provide reasonable assurance that players will be of lawful age and  
36 communicating only from jurisdictions where it is lawful to make  
37 such communications; and

38       (c) Such regulations are consistent with the public policy of the  
39 State to foster the stability and success of gaming.

40       3. The regulations adopted by the Commission pursuant to this  
41 section must:

42       (a) Establish the investigation fees for:



1 (1) A license to operate interactive gaming;  
2 (2) A license for a manufacturer of interactive gaming  
3 systems; ~~and~~

4 (3) A license for a manufacturer of equipment associated  
5 with interactive gaming ~~and~~; and

6 ***(4) A license for an interactive gaming service provider.***

7 (b) Provide that:

8 (1) A person must hold a license for a manufacturer of  
9 interactive gaming systems to supply or provide any interactive  
10 gaming system, including, without limitation, any piece of  
11 proprietary software or hardware; ~~and~~

12 (2) A person may be required by the Commission to hold a  
13 license for a manufacturer of equipment associated with interactive  
14 gaming ~~and~~; and

15 ***(3) A person must hold a license for an interactive gaming  
16 service provider to perform the actions set forth in section 1 of this  
17 act on behalf of an establishment licensed to operate interactive  
18 gaming.***

19 (c) Set forth standards for the suitability of a person to be  
20 licensed as a manufacturer of interactive gaming systems or  
21 manufacturer of equipment associated with interactive gaming that  
22 are as stringent as the standards for a nonrestricted license.

23 (d) ***Set forth provisions governing:***

24 ***(1) The initial fee for a license for an interactive gaming  
25 service provider and the period for which such a license is issued.***

26 ***(2) The fee for the renewal of a license for an interactive  
27 gaming service provider and any renewal requirements for such a  
28 license.***

29 ***(3) Any portion of the license fee paid by an establishment  
30 licensed to operate interactive gaming, pursuant to subsection 1 of  
31 NRS 463.770, for which an interactive gaming service provider  
32 may be liable to the establishment.***

33 (e) Provide that gross revenue received by an establishment  
34 from the operation of interactive gaming is subject to the same  
35 license fee provisions of NRS 463.370 as the games and gaming  
36 devices of the establishment.

37 ~~(f)~~ (f) Set forth standards for the location and security of the  
38 computer system and for approval of hardware and software used in  
39 connection with interactive gaming.

40 ~~(g)~~ (g) Define “equipment associated with interactive  
41 gaming,” “interactive gaming system,” “manufacturer of equipment  
42 associated with interactive gaming,” “manufacturer of interactive  
43 gaming systems,” “operate interactive gaming” and “proprietary  
44 hardware and software” as the terms are used in this chapter.



1 4. Except as otherwise provided in subsection 5, the  
2 Commission shall not approve a license for an establishment to  
3 operate interactive gaming unless:

4 (a) In a county whose population is 400,000 or more, the  
5 establishment is a resort hotel that holds a nonrestricted license to  
6 operate games and gaming devices.

7 (b) In a county whose population is more than 40,000 but less  
8 than 400,000, the establishment is a resort hotel that holds a  
9 nonrestricted license to operate games and gaming devices or the  
10 establishment:

11 (1) Holds a nonrestricted license for the operation of games  
12 and gaming devices;

13 (2) Has more than 120 rooms available for sleeping  
14 accommodations in the same county;

15 (3) Has at least one bar with permanent seating capacity for  
16 more than 30 patrons that serves alcoholic beverages sold by the  
17 drink for consumption on the premises;

18 (4) Has at least one restaurant with permanent seating  
19 capacity for more than 60 patrons that is open to the public 24 hours  
20 each day and 7 days each week; and

21 (5) Has a gaming area that is at least 18,000 square feet in  
22 area with at least 1,600 slot machines, 40 table games, and a sports  
23 book and race pool.

24 (c) In all other counties, the establishment is a resort hotel that  
25 holds a nonrestricted license to operate games and gaming devices  
26 or the establishment:

27 (1) Has held a nonrestricted license for the operation of  
28 games and gaming devices for at least 5 years before the date of its  
29 application for a license to operate interactive gaming;

30 (2) Meets the definition of group 1 licensee as set forth in the  
31 regulations of the Commission on the date of its application for a  
32 license to operate interactive gaming; and

33 (3) Operates either:

34 (I) More than 50 rooms for sleeping accommodations in  
35 connection therewith; or

36 (II) More than 50 gaming devices in connection  
37 therewith.

38 5. The Commission may:

39 (a) Issue a license to operate interactive gaming to an affiliate of  
40 an establishment if:

41 (1) The establishment satisfies the applicable requirements  
42 set forth in subsection 4; and

43 (2) The affiliate is located in the same county as the  
44 establishment; and



- 1 (b) Require an affiliate that receives a license pursuant to this  
2 subsection to comply with any applicable provision of this chapter.  
3 6. It is unlawful for any person, either as owner, lessee, *agent*  
4 or employee, whether for hire or not, either solely or in conjunction  
5 with others, to operate interactive gaming:  
6 (a) Until the Commission adopts regulations pursuant to this  
7 section; and  
8 (b) Unless the person first procures, and thereafter maintains in  
9 effect, all appropriate licenses as required by the regulations adopted  
10 by the Commission pursuant to this section.  
11 7. A person who violates subsection 6 is guilty of a category B  
12 felony and shall be punished by imprisonment in the state prison for  
13 a minimum term of not less than 1 year and a maximum term of not  
14 more than 10 years or by a fine of not more than \$50,000, or both.

