

ASSEMBLY BILL NO. 5—COMMITTEE ON JUDICIARY
(ON BEHALF OF THE STATE GAMING CONTROL BOARD)

PREFILED DECEMBER 19, 2012

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing interactive gaming.
(BDR 41-331)

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.

AN ACT relating to gaming; revising provisions relating to interactive gaming; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires the Nevada Gaming Commission to establish by
2 regulation that a license to operate interstate interactive gaming does not become
3 effective until: (1) the passage of federal legislation authorizing interactive gaming;
4 or (2) the United States Department of Justice notifies the Commission or the State
5 Gaming Control Board that interactive gaming is permissible under federal law.
6 (NRS 463.750) **Section 2** of this bill removes the condition that a license to operate
7 interstate interactive gaming does not become effective until the passage of federal
8 legislation or notice providing that interactive gaming is permissible under federal
9 law. **Section 1** of this bill authorizes the Governor to enter into agreements with
10 other states to allow patrons of those states to participate in interactive gaming.

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 Governor, on behalf of the State of Nevada, is authorized to:

1. Enter into agreements with other states, or authorized agencies thereof, to enable patrons in the signatory states to



1 *participate in interactive gaming offered by licensees in those*
2 *signatory states; and*

3 *2. Take all necessary action to ensure that any agreement*
4 *entered into pursuant to this section becomes effective.*

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

6 463.750 1. The Commission shall, with the advice and
7 assistance of the Board, adopt regulations governing the licensing
8 and operation of interactive gaming.

9 2. The regulations adopted by the Commission pursuant to this
10 section must:

11 (a) Establish the investigation fees for:

12 (1) A license to operate interactive gaming;

13 (2) A license for a manufacturer of interactive gaming
14 systems;

15 (3) A license for a manufacturer of equipment associated
16 with interactive gaming; and

17 (4) A license for a service provider to perform the actions
18 described in paragraph (a) of subsection 5 of NRS 463.677.

19 (b) Provide that:

20 (1) A person must hold a license for a manufacturer of
21 interactive gaming systems to supply or provide any interactive
22 gaming system, including, without limitation, any piece of
23 proprietary software or hardware;

24 (2) A person may be required by the Commission to hold a
25 license for a manufacturer of equipment associated with interactive
26 gaming; and

27 (3) A person must hold a license for a service provider to
28 perform the actions described in paragraph (a) of subsection 5 of
29 NRS 463.677.

30 (c) Set forth standards for the suitability of a person to be
31 licensed as a manufacturer of interactive gaming systems,
32 manufacturer of equipment associated with interactive gaming or a
33 service provider as described in paragraph (b) of subsection 5 of
34 NRS 463.677 that are as stringent as the standards for a
35 nonrestricted license.

36 (d) Set forth provisions governing:

37 (1) The initial fee for a license for a service provider as
38 described in paragraph (b) of subsection 5 of NRS 463.677.

39 (2) The fee for the renewal of such a license for such a
40 service provider and any renewal requirements for such a license.

41 (3) Any portion of the license fee paid by a person licensed
42 to operate interactive gaming, pursuant to subsection 1 of NRS
43 463.770, for which a service provider may be liable to the person
44 licensed to operate interactive gaming.



1 (e) Provide that gross revenue received by an establishment
2 from the operation of interactive gaming is subject to the same
3 license fee provisions of NRS 463.370 as the games and gaming
4 devices of the establishment, unless federal law otherwise provides
5 for a similar fee or tax.

6 (f) Set forth standards for the location and security of the
7 computer system and for approval of hardware and software used in
8 connection with interactive gaming.

9 (g) Define "equipment associated with interactive gaming,"
10 "interactive gaming system," "manufacturer of equipment
11 associated with interactive gaming," "manufacturer of interactive
12 gaming systems," "operate interactive gaming" and "proprietary
13 hardware and software" as the terms are used in this chapter.

14 ~~[(h) Provide that any license to operate interstate interactive
15 gaming does not become effective until:~~

16 ~~—— (1) A federal law authorizing the specific type of interactive
17 gaming for which the license was granted is enacted; or~~

18 ~~—— (2) The United States Department of Justice notifies the
19 Board or Commission in writing that it is permissible under federal
20 law to operate the specific type of interactive gaming for which the
21 license was granted.]~~

22 3. Except as otherwise provided in subsections 4 and 5, the
23 Commission shall not approve a license for an establishment to
24 operate interactive gaming unless:

25 (a) In a county whose population is 700,000 or more, the
26 establishment is a resort hotel that holds a nonrestricted license to
27 operate games and gaming devices.

28 (b) In a county whose population is 45,000 or more but less than
29 700,000, the establishment is a resort hotel that holds a nonrestricted
30 license to operate games and gaming devices or the establishment:

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

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

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

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

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



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

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

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

10 (3) Operates either:

11 (I) More than 50 rooms for sleeping accommodations in
12 connection therewith; or

13 (II) More than 50 gaming devices in connection
14 therewith.

15 4. The Commission may:

16 (a) Issue a license to operate interactive gaming to an affiliate of
17 an establishment if:

18 (1) The establishment satisfies the applicable requirements
19 set forth in subsection 3;

20 (2) The affiliate is located in the same county as the
21 establishment; and

22 (3) The establishment has held a nonrestricted license for at
23 least 5 years before the date on which the application is filed; and

24 (b) Require an affiliate that receives a license pursuant to this
25 subsection to comply with any applicable provision of this chapter.

26 5. The Commission may issue a license to operate interactive
27 gaming to an applicant that meets any qualifications established by
28 federal law regulating the licensure of interactive gaming.

29 6. It is unlawful for any person, either as owner, lessee or
30 employee, whether for hire or not, either solely or in conjunction
31 with others, to operate interactive gaming:

32 (a) Until the Commission adopts regulations pursuant to this
33 section; and

34 (b) Unless the person first procures, and thereafter maintains in
35 effect, all appropriate licenses as required by the regulations adopted
36 by the Commission pursuant to this section.

37 7. A person who violates subsection 6 is guilty of a category B
38 felony and shall be punished by imprisonment in the state prison for
39 a minimum term of not less than 1 year and a maximum term of not
40 more than 10 years or by a fine of not more than \$50,000, or both.

41 **Sec. 3.** This act becomes effective upon passage and approval.

