

**THE EIGHTEENTH DAY**

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CARSON CITY (Thursday), February 21, 2013

Assembly called to order at 12:02 p.m.

Madam Speaker presiding.

Roll called.

All present except Assemblymen Brooks, Cohen, and Hambrick, who were excused.

Prayer by the Chaplain, Pastor Norm Milz.

Heavenly Father, we come again to You this day asking for Your guidance as we strive to make decisions that will be for the good of this state and its people. Each side of this Assembly has been meeting together in committee to hammer out bills for this Legislature to consider. May today be the beginning of a time of unity between both sides to make decisions for the growth and betterment of Nevada.

As the deadline for bill presentations are always before this Assembly, may the time be well-spent focusing on the work that is before it.

May the work we do together today, and this month, in this Assembly prove beneficial to all of our represented communities and the state of Nevada as a whole.

All these things we bring to You trusting in Your grace and mercy, in the name and power of Your Son, our Savior, Jesus Christ.

AMEN.

Pledge of allegiance to the Flag.

Assemblyman Horne moved that further reading of the Journal be dispensed with and the Speaker and Chief Clerk be authorized to make the necessary corrections and additions.

Motion carried.

## REPORTS OF COMMITTEES

*Madam Speaker:*

Your Committee on Judiciary, to which was referred Assembly Bill No. 114, has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

JASON FRIERSON, *Chair*

## MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Hickey moved that all rules be suspended, reading so far had considered second reading, rules further suspended, Assembly Bill No. 114 declared an emergency measure under the Constitution and placed on third reading and final passage.

Motion carried.

## GENERAL FILE AND THIRD READING

Assembly Bill No. 114.

Bill read third time.

The following amendment was proposed by the Committee on Judiciary:

Amendment No. 1.

AN ACT relating to gaming; defining certain terms related to interactive gaming; **requiring the Nevada Gaming Commission to adopt regulations** authorizing the Governor to enter into agreements with other states to conduct interactive gaming; ~~revising provisions relating to the Gaming Policy Committee;~~ prohibiting the issuance of licenses to operate interactive gaming to certain persons; revising provisions related to interactive gaming; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes certain gaming establishments to obtain a license to operate interactive gaming. (NRS 463.750) **Sections 2-5** of this bill define certain terms for the purposes of determining whether a person may be found suitable for a license to operate interactive gaming. **Section 6** of this bill ~~authorizes~~ **requires the Nevada Gaming Commission to adopt regulations authorizing** the Governor to enter into agreements with other states to allow patrons of those states to participate in interactive gaming.

~~Existing law establishes the Gaming Policy Committee and provides for the composition and duties of the Committee. (NRS 463.021) Section 8 of this bill: (1) adds to the Committee a representative of academia who possesses knowledge of matters related to gaming; (2) authorizes the Governor, as Chair of the Committee, to appoint a subcommittee on gaming education; and (3) specifies the duties of the subcommittee.]~~

Existing law requires the ~~Nevada Gaming~~ Commission to establish by regulation that a license to operate interstate interactive gaming does not become effective until: (1) the passage of federal legislation authorizing interactive gaming; or (2) the United States Department of Justice notifies the Commission or the State Gaming Control Board that interactive gaming is permissible under federal law. (NRS 463.750) **Section 10** of this bill removes the condition that a license to operate interactive gaming does not become effective until the passage of federal legislation or notice providing that interactive gaming is permissible under federal law. **Section 10** also prohibits the issuance of a license to operate interactive gaming for a period of ~~10~~ **5** years after the effective date of this bill for certain entities that, after December 31, 2006, operated interactive gaming involving patrons located in the United States. Finally, **section 10** authorizes the Commission to waive such prohibition if the Commission determines that those entities complied with all applicable provisions of federal law or the law of any state when,

after December 31, 2006, those entities operated interactive gaming involving patrons located in the United States.

**Section 11** of this bill ~~increases~~ **authorizes the Commission to adopt regulations to increase or decrease** the fees for the initial issuance and the renewal of a license for an establishment to operate interactive gaming ~~in~~ **under certain circumstances.** (NRS 463.765)

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 the provisions set forth as sections 2 to 6, inclusive, of this act.

**Sec. 2.** *“Covered asset” means any tangible or intangible asset specifically designed for use in, and used in connection with, the operation of an interactive gaming facility that, after December 31, 2006, knowingly and intentionally operated interactive gaming ~~involving~~ that involved patrons located in the United States, unless and to the extent such activity was licensed at all times by a state or the Federal Government, including, without limitation:*

1. Any trademark, trade name, service mark or similar intellectual property under which an interactive gaming facility was identified to the patrons of the interactive gaming facility;
2. Any information regarding persons via a database, customer list or any derivative of a database or customer list; and
3. Any software or hardware relating to the management, administration, development, testing or control of an interactive gaming facility.

**Sec. 3. 1.** *“Covered person” means any person who:*

(a) *Has at any time owned, in whole or in significant part, an interactive gaming facility or an entity operating an interactive gaming facility that ~~+~~ ~~(1) After~~ after December 31, 2006, knowingly and intentionally operated interactive gaming ~~involving~~ that involved patrons located in the United States ~~+~~ and*

~~*(2) Acted with knowledge of the fact that such operation of interactive gaming involved patrons located in the United States;+*~~ *, unless and to the extent such activity was licensed at all times by a state or the Federal Government;*

(b) *After December 31, 2006, acted, or proposed to act, on behalf of a person described in paragraph (a) and knowingly and intentionally provided, or proposed to provide, to such person any services as an interactive gaming service provider, with knowledge that the interactive gaming facility’s operation of interactive gaming involved patrons located in the United States; or*

(c) *Purchased or acquired, directly or indirectly:*

(1) *In whole or in significant part, a person described in paragraph*

(a) or (b); or

(2) *Any covered assets, in whole or in part, of such person.*

2. *As used in this section:*

(a) *“Interactive gaming service provider” has the meaning ascribed to it in NRS 463.677.*

(b) *“Significant part” means with respect to ownership, purchase or acquisition of an entity, interactive gaming facility or person, holding 5 percent or more of the entity, interactive gaming facility or person, or any amount of ownership that provides control over the entity, interactive gaming facility or person.*

Sec. 4. 1. *“Interactive gaming facility” means any Internet website, or similar communications facility in which transmissions may cross any state’s boundaries, through which any person operates interactive gaming through the use of communications technology.*

2. *As used in this section, “communications technology” has the meaning ascribed to it in NRS 463.016425.*

Sec. 5. *“Operate interactive gaming” means to operate, carry on, conduct, maintain or expose for play interactive gaming.*

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

~~1-1~~ (a) *Enter into agreements with other states, or authorized agencies thereof, to enable patrons in the signatory states to participate in interactive gaming offered by licensees in those signatory states; and*

~~1-2~~ (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.

Sec. 7. NRS 463.013 is hereby amended to read as follows:

463.013 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 463.0133 to 463.01967, inclusive, *and sections 2 to 5, inclusive, of this act* have the meanings ascribed to them in those sections.

Sec. 8. ~~NRS 463.021 is hereby amended to read as follows:~~

~~463.021 1. The Gaming Policy Committee, consisting of the Governor as Chair and [10] ~~11~~ members, is hereby created.~~

~~2. The Committee must be composed of~~

- ~~— (a) One member of the Commission, designated by the Chair of the Commission;~~
- ~~— (b) One member of the Board, designated by the Chair of the Board;~~
- ~~— (c) One member of the Senate appointed by the Legislative Commission;~~
- ~~— (d) One member of the Assembly appointed by the Legislative Commission;~~
- ~~— (e) One enrolled member of a Nevada Indian tribe appointed by the Inter-Tribal Council of Nevada, Inc.; and~~
- ~~— (f) Five members appointed by the Governor for terms of 2 years as follows:~~
  - ~~— (1) Two representatives of the general public;~~
  - ~~— (2) Two representatives of nonrestricted gaming licensees; [and]~~
  - ~~— (3) One representative of restricted gaming licensees [.] ; and~~
  - ~~— (4) One representative of academia who possesses knowledge of matters related to gaming.~~
- ~~— 3. Members who are appointed by the Governor serve at the pleasure of the Governor.~~
- ~~— 4. Members who are Legislators serve terms beginning when the Legislature convenes and continuing until the next regular session of the Legislature is convened.~~
- ~~— 5. Except as otherwise provided in subsection 6, the Governor may call meetings of the Gaming Policy Committee for the exclusive purpose of discussing matters of gaming policy. The recommendations concerning gaming policy made by the Committee pursuant to this subsection are advisory and not binding on the Board or the Commission in the performance of their duties and functions.~~
- ~~— 6. An appeal filed pursuant to NRS 463.3088 may be considered only by a Review Panel of the Committee. The Review Panel must consist of the members of the Committee who are identified in paragraphs (a), (b) and (c) of subsection 2 and subparagraph (1) of paragraph (f) of subsection 2.~~
- ~~— 7. The Governor, as Chair of the Committee, may appoint a subcommittee on gaming education. A subcommittee appointed pursuant to this subsection must:~~
  - ~~— (a) Contain not more than five members who serve at the pleasure of the Governor; and~~
  - ~~— (b) Be chaired by the person selected by the Governor as chair of the subcommittee.~~
- ~~— 8. A subcommittee created pursuant to subsection 7 shall:~~
  - ~~— (a) Review and evaluate all public gaming related educational entities in this State, including, without limitation, the Institute for the Study of Gambling and Commercial Gaming of the University of Nevada, Reno, and the UNLV International Gaming Institute of the William F. Harrah~~

~~College of Hotel Administration of the University of Nevada, Las Vegas, to determine how to align such entities with the needs of the gaming industry in this State;~~

~~(b) Study and analyze the workforce and technology needs of the gaming industry in this State to determine how the public gaming related educational entities may satisfy those needs;~~

~~(c) Study the potential for leveraging gaming related competencies and technologies developed by public gaming related educational entities into other industries; and~~

~~(d) Report any findings and recommendations to the Committee.]~~

**(Deleted by amendment.)**

**Sec. 9.** NRS 463.745 is hereby amended to read as follows:

463.745 The Legislature hereby finds and declares that:

1. The State of Nevada leads the nation in gaming regulation and enforcement, such that the State of Nevada is uniquely positioned to develop an effective and comprehensive regulatory structure related to interactive gaming.

2. A comprehensive regulatory structure, coupled with strict licensing standards, will ensure the protection of consumers, *including minors and vulnerable persons*, prevent fraud, guard against underage and problem gambling, *avoid unauthorized use by persons located in jurisdictions that do not authorize interactive gaming* and aid in law enforcement efforts.

3. To provide for licensed and regulated interactive gaming, ~~and to prepare for possible federal legislation,]~~ the State of Nevada must develop the necessary structure for licensure, regulation and enforcement.

**Sec. 10.** NRS 463.750 is hereby amended to read as follows:

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

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

(a) Establish the investigation fees for:

(1) A license to operate interactive gaming;

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

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

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

(b) Provide that:

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

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

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

(c) ~~Set~~ ***Except as otherwise provided in subsections 6 to 10, inclusive, set*** forth standards for the suitability of a person to be licensed as a manufacturer of interactive gaming systems, manufacturer of equipment associated with interactive gaming or a service provider as described in paragraph (b) of subsection 5 of NRS 463.677 that are as stringent as the standards for a nonrestricted license.

(d) Set forth provisions governing:

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

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

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

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

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

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

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

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

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

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

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

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

    Holds a nonrestricted license for the operation of games and gaming devices;

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

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

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

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

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

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

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

    (3) Operates either:

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

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

4. The Commission may:

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

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

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

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

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



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

6. *Except as otherwise provided in subsections 7, 8 and 9:*

(a) *A covered person may not be found suitable for licensure under this section within ~~10~~ 5 years after the effective date of this act;*

(b) *A covered person may not be found suitable for licensure under this section unless such covered person expressly submits to the jurisdiction of the United States and of each state in which patrons of interactive gaming operated by such covered person after December 31, 2006, were located, and agrees to waive any statutes of limitation, equitable remedies or laches that otherwise would preclude prosecution for a violation of any provision of federal law or the law of any state in connection with such operation of interactive gaming after that date;*

(c) *A person may not be found suitable for licensure under this section within ~~10~~ 5 years after the effective date of this act if such person uses a covered asset for the operation of interactive gaming; and*

(d) *Use of a covered asset is grounds for revocation of an interactive gaming license, or a finding of suitability, issued under this section.*

7. *The Commission, upon recommendation of the Board, may waive the requirements of subsection 6 if the Commission determines that:*

(a) *In the case of a covered person described in paragraphs (a) and (b) of subsection 1 of section 3 of this act:*

(1) *The covered person did not violate, directly or indirectly, any provision of federal law or the law of any state in connection with the ownership and operation of, or provision of services to, an interactive gaming facility that, after December 31, 2006, operated interactive gaming involving patrons located in the United States; and*

(2) *The assets to be used or that are being used by such person were not used after that date in violation of any provision of federal law or the law of any state;*

(b) *In the case of a covered person described in paragraph (c) of subsection 1 of section 3 of this act, the assets that the person will use in connection with interactive gaming for which the covered person applies for a finding of suitability were not used after December 31, 2006, in violation of any provision of federal law or the law of any state; and*

(c) *In the case of a covered asset, the asset was not used after December 31, 2006, in violation of any provision of federal law or the law of any state, and the interactive gaming facility in connection with which the asset was used was not used after that date in violation of any provision of federal law or the law of any state.*

8. *With respect to a person applying for a waiver pursuant to subsection 7, the Commission shall ~~initiate a proceeding to~~ afford the person an opportunity to be heard and present relevant evidence. ~~[Such proceeding must be conducted pursuant to NRS 463.3125 to 463.3145, inclusive, except to the extent inconsistent with this subsection.]~~ The Commission shall act as finder of fact and is entitled to evaluate the credibility of witnesses and persuasiveness of the evidence. The affirmative votes of a majority of the whole Commission are required to grant or deny such waiver. The Board shall make appropriate investigations to determine any facts or recommendations that it deems necessary or proper to aid the Commission in making determinations pursuant to this subsection and subsection 7.*

9. *The Commission shall make a determination pursuant to subsections 7 and 8 with respect to a covered person or covered asset without regard to whether the conduct of the covered person or the use of the covered asset was ever the subject of a criminal proceeding for a violation of any provision of federal law or the law of any state, or whether the person has been prosecuted and the prosecution terminated in a manner other than with a conviction.*

10. ~~Any person applying for a waiver pursuant to subsection 7 may seek judicial review of the Commission's determination pursuant to NRS 463.315 to 463.318, inclusive.~~

~~11.~~ It is unlawful for any person, either as owner, lessee or employee, whether for hire or not, either solely or in conjunction with others, to operate interactive gaming:

- (a) Until the Commission adopts regulations pursuant to this section; and
- (b) Unless the person first procures, and thereafter maintains in effect, all appropriate licenses as required by the regulations adopted by the Commission pursuant to this section.

~~7.] ~~12.~~ 11.~~ A person who violates subsection ~~[6] ~~11.~~ 10~~ is guilty of a category B felony and shall be punished by imprisonment in the state prison for a minimum term of not less than 1 year and a maximum term of not more than 10 years or by a fine of not more than \$50,000, or both.

**Sec. 11.** NRS 463.765 is hereby amended to read as follows:

463.765 1. Unless a different fee is established pursuant to this section:

(a) Before issuing an initial license for an establishment to operate interactive gaming, the Commission shall charge and collect from the establishment a license fee of \$500,000. ~~[\$1,000,000.~~

~~2.]~~ (b) Each initial license for an establishment to operate interactive gaming must be issued for a 2-year period beginning on January 1 of the first year and ending on December 31 of the second year.

~~3.1~~ (c) Notwithstanding the provisions of ~~subsections 1 and 2~~ paragraphs (a) and (b) to the contrary, a license for an establishment to operate interactive gaming may be issued after January 1 of a calendar year for a period beginning on the date of issuance of the license and ending on the second December 31 following the date of issuance of the license. Before issuing an initial license pursuant to this subsection, the Commission shall charge and collect from the establishment a license fee of \$500,000 ~~(\$1,000,000)~~ prorated by 1/24 for each full month between January 1 of the calendar year and the date of issuance of the license.

~~4.1~~ (d) Before renewing a license issued pursuant to this section, but in no case later than the second December 31 after the license was issued or previously renewed, the Commission shall charge and collect a renewal fee of \$250,000 ~~(\$500,000)~~ for the renewal of the license for the immediately following 1-year period.

2. The Commission may, by regulation, increase the license fee pursuant to this section to not more than \$1,000,000 and the renewal fee to not more than \$500,000 if the Commission determines one or more of the following:

(a) A higher fee is necessary to ensure licensees have the financial capacity to operate interactive gaming;

(b) Regulatory costs to carry out the duties of the Commission and the Board, outside of investigative costs, require additional personnel or other regulatory expenditures;

(c) A higher fee is necessary because of costs incurred or other conditions associated with entering into an interactive gaming agreement with one or more other states; or

(d) Federal legislation requires a higher fee or imposes requirements necessitating the higher fee or making it advisable.

3. The Commission may, by regulation, reduce the license fee pursuant to this section to not less than \$150,000 and the renewal fee to not less than \$75,000 in the manner provided in this subsection. Any regulation adopted pursuant to this subsection must be adopted in accordance with the provisions of chapter 233B of NRS, and the Commission must not reduce the fees unless it determines two or more of the following:

(a) The fee is not competitive with fees charged in other jurisdictions;

(b) The low number of applicants demonstrates that the fee is too high;

(c) A lower fee would generate greater competition in the market;

(d) A lower fee is necessary because of conditions associated with entering into an interactive gaming agreement with one or more other states; or

(e) Federal legislation requires a lower fee or makes a lower fee advisable.

**4. Any increase or decrease in fees established by the Commission pursuant to this section applies to the issuance or renewal of a license on or after the effective date of the increase or decrease.**

**Sec. 12.** ~~[NRS 463.770 is hereby amended to read as follows:  
 463.770 1. [Unless federal law otherwise provides for a similar fee or tax, all] All gross revenue from operating interactive gaming received by an establishment licensed to operate interactive gaming, regardless of whether any portion of the revenue is shared with another person, must be attributed to the licensee and counted as part of the gross revenue of the licensee for the purpose of computing the license fee required by NRS 463.370.  
 2. A manufacturer of interactive gaming systems who is authorized by an agreement to receive a share of the revenue from an interactive gaming system from an establishment licensed to operate interactive gaming is liable to the establishment for a portion of the license fee paid pursuant to subsection 1. The portion for which the manufacturer of interactive gaming systems is liable is 6.75 percent of the amount of revenue to which the manufacturer of interactive gaming systems is entitled pursuant to the agreement.  
 3. For the purposes of subsection 2, the amount of revenue to which the manufacturer of interactive gaming systems is entitled pursuant to an agreement to share the revenue from an interactive gaming system:  
 (a) Includes all revenue of the manufacturer of interactive gaming systems that is the manufacturer of interactive gaming systems' share of the revenue from the interactive gaming system pursuant to the agreement; and  
 (b) Does not include revenue that is the fixed purchase price for the sale of a component of the interactive gaming system.] (Deleted by amendment.)~~

**Sec. 12.5. 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~~ **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. 13.** This act becomes effective upon passage and approval.

Assemblyman Horne moved the adoption of the amendment.

Remarks by Assemblyman Horne.

Assemblyman Horne requested that his remarks be entered in the Journal.

Motion carried.

ASSEMBLYMAN HORNE:

The amendment basically changes the licensing fee that is in the original bill back to its original base numbers of \$500,000 and \$250,000 and allows the Nevada Gaming Commission to raise or lower those fees under certain conditions and bring them before the Legislative Commission. It also deletes section 8 of the bill. In addition, it retains an existing provision of NRS regarding a fee or taxation that was proposed to be stricken in the original bill so that a company would not be subjected to double taxation if federal law were to provide for a similar fee or tax.

Amendment adopted.

#### MOTIONS, RESOLUTIONS AND NOTICES

Assemblyman Horne moved that the Assembly dispense with the reprinting of Assembly Bill No. 114.

Motion carried.

#### GENERAL FILE AND THIRD READING

Assembly Bill No. 114.

Bill read third time.

Remarks by Assemblymen Horne, Wheeler, Spiegel, Duncan, and Ohrenschall.

ASSEMBLYMAN HORNE:

This is a bill that has been worked on for a great deal of time. My involvement in online gaming began last session. This bill is a supplement to the efforts of Senate Bill 258, and today I am happy to stand before you, having presented this bill.

This bill will allow Nevada to continue to be the leader in gaming, and particularly online gaming. I want to thank the Governor for his tremendous leadership and involvement in this. We have worked well together, and we spent a lot of time, not only this short time of session, but also during the interim on the Gaming Policy Committee. What you have before you today is that collaboration.

I mentioned on opening day that it was important to reach across the aisle and across chambers to get good things done for the people of Nevada. I'd like to think that this bill and the efforts that Governor Sandoval and I have made to bring a good bill before you is an example of that very thing. We have seen how we can come together with good legislation and get it done quickly. We're going to pass this, hopefully today, and get it over to the Senate, and they will do the same thing and get it before the Governor to sign. Not only are we showing Nevadans

that we can work well together, but we will be showing the nation and the world that Nevada is serious about its gaming and gaming regulations. I urge your support.

ASSEMBLYMAN WHEELER:

Distinguished members of the Nevada State Assembly. I rise today in support of A.B. 114. Since the inception of legalized gaming, Nevada has always led the way in sensible, yet strict regulation. As new technology has entered the gaming arena, Nevada has continued to lead the way. We now have the opportunity to once again show the world that this bipartisan bill will ensure that the great state of Nevada is the true gold standard in gaming. I urge my colleagues to unanimously pass A.B. 114, as your Committee on Judiciary did, and send it on to our upper house with the recommendation that they do the same.

ASSEMBLYWOMAN SPIEGEL:

I, too, rise in support of Assembly Bill 114. On a very personal note, I'd like to share with you something about myself. In 1994, I became the founding chairperson of what later became the Internet industry's public policy committee. We began working on online gaming issues around 1996–1997, and it has been over the past 15-plus years that many people in the industry have looked for ways for there to be legalized online gaming in the United States. I cannot tell you how much it thrills me to be in this house and to be rising in support of this bill, which will keep Nevada at the forefront and take all of those early efforts to their fruition. I urge your support of this bill.

ASSEMBLYMAN DUNCAN:

As a new member of this body, I just want to say that it was encouraging today to see not only my colleague from Assembly District 34 working together with our Governor of this great state, but also I want to commend my colleague from Assembly District 8, who not only chaired a joint hearing today, he did a wonderful job yesterday on another bill, as well. So I'd like to commend him for his efforts for doing that, as well.

I just echo what my colleague from Assembly District 34 said—that we really did work on this in a bipartisan manner. It's really what Nevadans expect and it's something that I think we should all be proud of. We have the opportunity here to blaze the trail in this Internet gaming area. I urge us all to pass this unanimously, just as we did in the Judiciary Committee this morning.

ASSEMBLYMAN OHRENSCHALL:

I rise in support of Assembly Bill 114. Madam Speaker, today in your Judiciary Committee, there was compelling testimony from our Governor, from our Majority Leader, from the Chairman of the Gaming Control Board, from the Chairman of the Gaming Commission, and from industry leaders that this bill has the potential to bring jobs to Nevada and to increase revenue for our treasury. If this legislation does not pass, then I think we might miss the boat and Nevadans will be hurt. There are a lot of commendations going around, and its well-deserved. I think our Majority Leader and the Governor have crossed party lines and worked on a piece of legislation that is truly good for our state. I urge approval.

Roll call on Assembly Bill No. 114:

YEAS—39.

NAYS—None.

EXCUSED—Brooks, Cohen, Hambrick—3.

Assembly Bill No. 114 having received a two-thirds majority, Madam Speaker declared it passed, as amended.

Bill ordered reprinted, engrossed, and transmitted to the Senate.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 12:20 p.m.

#### ASSEMBLY IN SESSION

At 12:24 p.m.

Madam Speaker presiding.

Quorum present.

#### INTRODUCTION, FIRST READING AND REFERENCE

By Assemblymen Wheeler, Kirkpatrick, Ellison, Fiore, Martin, Oscarson, and Woodbury; Senators Goicoechea, Gustavson, and Settlemeyer:

Assembly Bill No. 157—AN ACT relating to water; revising provisions relating to water furnished by a municipal water system for domestic use in certain counties; authorizing a consumer of water furnished by a municipal water system to drill a well for domestic use, use a preexisting well for that use or obtain alternative water service under certain circumstances; limiting the amount of revenue that a municipal water system may generate; and providing other matters properly relating thereto.

Assemblyman Wheeler moved that the bill be referred to the Committee on Natural Resources, Agriculture, and Mining.

Motion carried.

By Assemblywoman Diaz:

Assembly Bill No. 158—AN ACT relating to public health; renaming the Advisory Council on the State Program for Fitness and Wellness as the Advisory Council on the State Program for Wellness and the Prevention of Chronic Disease; expanding the membership of the Advisory Council; revising the duties of the Advisory Council and the Health Division of the Department of Health and Human Services; and providing other matters properly relating thereto.

Assemblywoman Diaz moved that the bill be referred to the Committee on Health and Human Services.

Motion carried.

By Assemblymen Flores, Neal, Ohrenschall, Aizley, Bobzien, Bustamante Adams, Carlton, Cohen, Dondero Loop, Healey, Horne, Munford, Pierce, and Sprinkle; Senators Atkinson, Segerblom, Parks, Jones, Kihuen, Manendo, and Spearman:

Assembly Bill No. 159—AN ACT relating to criminal offenders; establishing a diversion program for certain defendants who have been charged with committing certain offenses; and providing other matters properly relating thereto.



Assemblywoman Flores moved that the bill be referred to the Committee on Judiciary.

Motion carried.

By Assemblyman Ohrenschall:

Assembly Bill No. 160—AN ACT relating to criminal procedure; revising provisions concerning sentencing in cases in which the death penalty is sought; revising provisions concerning the circumstances by which murder of the first degree may be aggravated; and providing other matters properly relating thereto.

Assemblyman Ohrenschall moved that the bill be referred to the Committee on Judiciary.

Motion carried.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 12:28 p.m.

#### ASSEMBLY IN SESSION

At 12:29 p.m.

Mr. Speaker pro Tempore presiding.

Quorum present.

#### GENERAL FILE AND THIRD READING

Assembly Bill No. 68.

Bill read third time.

Remarks by Assemblymen Hardy, Ellison, Hickey, Bustamante Adams, and Madam Speaker.

ASSEMBLYMAN HARDY:

Assembly Bill 68 makes various changes to the distribution of revenue from the Local Government Tax Distribution Account, also known as the Consolidated Tax Distribution, or CTX. These changes were proposed as a result of an interim study conducted during the 2011-2012 interim. Assembly Bill 68 makes various changes to the Consolidated Tax by using a five-year average percentage of change to the Consumer Price Index. It revises the method by which the local government or special district's annual base allocation is calculated, and it modifies the excess distribution formula.

MADAM SPEAKER:

I rise in support of Assembly Bill 68. I urge the support of my colleagues in this room. We worked as an interim committee in a bipartisan fashion—I guess that is the theme for the day—to ensure that the formula was the best policy for the entire state. We took politics out and worked on policy and the rules so that southern Nevada and Washoe County have a formula that works best for them.

This is a very complicated formula. It is based on taxes that are distributed back to our local governments, for which we have three components. I believe this is good for the entire state going forward, and I would urge your support.

ASSEMBLYMAN ELLISON:

I stand before you today and ask you for the support of Assembly Bill 68. For almost a year, the committee has worked hard to craft the working bill draft request that it would later present to Taxation. It was amazing how everyone came together on this bill. This would not have been done without the leadership from our colleague from District 1 of North Las Vegas. I stand and ask for the support of this bill.

ASSEMBLYMAN HICKEY:

I, too, stand in accordance with our colleague from Elko in his support of the hard work. This bill is not a result of the work of this body during this session, but the work of over 40 meetings in the interim that were chaired by the Speaker. They truly were the hardest working committee in the off-season on this, and I think it warrants all of our support.

ASSEMBLYWOMAN BUSTAMANTE ADAMS:

I just wanted to let our members know that we did have a joint meeting with our members in the Senate on this, and in the Assembly, it was a unanimous vote out of our committee.

Roll call on Assembly Bill No. 68:

YEAS—39.

NAYS—None.

EXCUSED—Brooks, Cohen, Hambrick—3.

Assembly Bill No. 68 having received a constitutional majority, Mr. Speaker pro Tempore declared it passed.

Bill ordered transmitted to the Senate.

Mr. Speaker pro Tempore announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 12:34 p.m.

#### ASSEMBLY IN SESSION

At 12:35 p.m.

Madam Speaker presiding.

Quorum present.

#### INTRODUCTION, FIRST READING AND REFERENCE

By the Committee on Education:

Assembly Bill No. 161—AN ACT relating to education; requiring schools to identify pupils enrolled in kindergarten or grade 1, 2 or 3 who do not achieve proficiency in reading; requiring school districts and charter schools to develop certain programs which are designed to improve the proficiency in reading of certain pupils; requiring certain pupils to enroll in such a program; prohibiting the promotion of certain pupils to grade 4; requiring school districts to prescribe intensive instructional services in reading for certain pupils; making various other changes relating to the advancement of certain pupils to higher grade levels; and providing other matters properly relating thereto.

Assemblyman Elliot Anderson moved that the bill be referred to the Committee on Education.

Motion carried.

By the Committee on Education:

Assembly Bill No. 162—AN ACT relating to education; requiring the board of trustees of each school district to report to the Department of Education on a quarterly basis the average daily attendance of pupils and the ratio of pupils per licensed teacher for those grades in elementary school that are required to maintain prescribed pupil-teacher ratios; revising the ratios of pupils per licensed teacher for kindergarten and grades 1, 2 and 3; requiring school districts that include one or more elementary schools which exceed the prescribed pupil-teacher ratios in a quarter to request a variance from the State Board of Education for the next quarter; and providing other matters properly relating thereto.

Assemblyman Elliot Anderson moved that the bill be referred to the Committee on Education.

Motion carried.

By the Committee on Education:

Assembly Bill No. 163—AN ACT relating to education; providing for the distribution of money to school districts that include one or more Title I elementary schools to provide early childhood prekindergarten education programs; making an appropriation; and providing other matters properly relating thereto.

Assemblyman Elliot Anderson moved that the bill be referred to the Committee on Education.

Motion carried.

Madam Speaker announced if there were no objections, the Assembly would recess subject to the call of the Chair.

Assembly in recess at 12:40 p.m.

#### ASSEMBLY IN SESSION

At 1:11 p.m.

Madam Speaker presiding.

Quorum present.

#### MESSAGES FROM THE SENATE

SENATE CHAMBER, Carson City, February 21, 2013

*To the Honorable the Assembly:*

It is my pleasure to inform your esteemed body that the Senate on this day passed Assembly Bill No. 114; Senate Bill No. 15.

SHERRY L. RODRIGUEZ  
*Assistant Secretary of the Senate*

## INTRODUCTION, FIRST READING AND REFERENCE

Senate Bill No. 15.

Assemblyman Horne moved that the bill be referred to the Committee on Commerce and Labor.

Motion carried.

UNFINISHED BUSINESS  
SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the Speaker and Chief Clerk signed Assembly Bill No. 114 and Senate Concurrent Resolution No. 5.

## GUESTS EXTENDED PRIVILEGE OF ASSEMBLY FLOOR

On request of Assemblywoman Dondero Loop, the privilege of the floor of the Assembly Chamber for this day was extended to Cass Palmer.

On request of Assemblywoman Fiore, the privilege of the floor of the Assembly Chamber for this day was extended to Judi Kosterman.

On request of Assemblyman Sprinkle, the privilege of the floor of the Assembly Chamber for this day was extended to the following students from Sepulveda Elementary School: Eddie Barker, Alex Batter, Kindle Brown, Sierra Buonacorsi, Makenna Carpinella, Lucas Christie, Jalyssa Curlee, Johnny Gill, Benjamin Hoang, Ilyssa Iyulores, Leo Martinez, Jesus Melendrez, Brandon Michel, Jacob Miles, Sarah Nattress, Jack Nowling, Hannah Pienkoski, Trenton Player, Jaden Reeves, Paloma Rice, Riley Robinson, Irene Schwartz, Jordan Washington, China Westbay, Ariana Wilson, Clovis Wong, Zachary Alessa, Aramus Anderson, Trinity Anderson, Leslie Ayala, Amy Bassi, Peter Bertolino, Nicholas Bland, Tianna Collins, Liam Hayes, Olivia Jenkins, Haylie Johnson, Tylee Kareck, Derek Livingston, Bailey Martin, Brooklynn McCoy, Mirical McKinney, Johnny Montalvo, Carter Munson, Sarah Phillips, Roman Ramos, Emily Rogerson, Ivan Sanchez, Karissa Wright, Haleigh Brewer, and Piers Radford-Price.

Assemblyman Horne moved that the Assembly adjourn until Monday, February 25, 2013, at 11:30 a.m., and that it do so in memory of Elko resident Ted McBride, former El Aero helicopter pilot.

Motion carried.

Assembly adjourned at 1:17 p.m.

Approved:

MARILYN K. KIRKPATRICK  
*Speaker of the Assembly*

Attest: SUSAN FURLONG  
Chief Clerk of the Assembly