

**PROPOSED REGULATION OF THE
NEVADA GAMING COMMISSION**

LCB FILE NO. R063-24I

**The following document is the initial draft regulation proposed
by the agency submitted on 03/26/2024**

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November 29, 2023

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

AUTHORITY: § 1, NRS 368A.140.

A REGULATION relating to taxation; adding provision allowing the Chair of the Board to implement and enforce guidelines, checklists, and other criteria regarding compliance with chapter 368A of NRS and chapter 368A of NAC; adding a provision that requires a taxpayer under the jurisdiction of the Board who provides live entertainment to comply with all applicable guidelines, checklists, and other criteria implemented by the Chair regarding compliance with chapter 368A of NRS and chapter 368A of NAC; eliminating the requirement that a gaming licensee that provides live entertainment include in its system of internal control submitted pursuant to Regulations 6.090 and 6.100 of the Nevada Gaming Commission provisions addressing compliance with the requirements of chapter 368A of NAC; eliminating the requirement that a gaming licensee that provides live entertainment engage an independent accountant to perform certain tasks and report its findings; eliminating the requirement that a gaming licensee’s internal audit perform certain tasks and report their findings; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law imposes a tax on the charge for admission to a facility where live entertainment is provided. (NRS 368A.200) Under existing law, taxpayers classified as Group I licensees under the jurisdiction of the Nevada Gaming Control Board (“Board”) and the Nevada Gaming Commission (“Commission”) are required to include in their system of internal controls submitted pursuant to Regulations 6.090 of the Commission a description of procedures adopted by the taxpayer with NAC 368A to 368A.540, inclusive and to comply with the system of internal controls and any minimum internal control standards adopted by the Chair of the Board. In addition, taxpayers classified as Group II licensees under the jurisdiction of the Board and Commission are required to comply with any procedures for internal control for entertainment adopted by the Chair of the Board pursuant to Regulation 6.100 of the Commission. Further, under existing law, taxpayers classified as Group I licensees are required to engage an independent accountant and internal audit departments to perform certain tasks utilizing applicable guidelines, checklists, and other criteria established by the Chair of the Board to ensure the taxpayer is in compliance with the procedures set forth in its system of internal controls and

any minimum internal control standards adopted by the Board Chair. Lastly, taxpayers classified as Group I licensees are required to submit certain reports to the Board that document the results of the procedures performed by the independent accountant and internal audit departments. **Section 1** of this regulation moves certain compliance requirements set forth in NAC 368A.510 to a new section. Under the new section, the Board Chair is provided the authority to implement and enforce the checklists, guidelines, and other criteria currently provided in NAC 368A.510. In addition, the new section requires taxpayers to comply with the checklists, guidelines, and other criteria implemented by the Board Chair, as currently required in NAC 368A.510. Lastly, the new section carries over from NAC 368A.510 the ability of the Board Chair to waive or modify the requirements upon written request from a taxpayer. **Section 2** of this regulation repeals NAC 368A.510 and all of the requirements set forth therein.

Section 1. Chapter 368A of NAC is hereby amended by adding the following provision:

1. The Chair may implement and enforce guidelines, checklists, and other criteria regarding compliance with NAC 368A.300 to 368A.540.

2. Except as otherwise approved in writing by the Chair in subsection 3, a taxpayer subject to the requirements of chapter 368A of NRS and this chapter who is under the jurisdiction of the Board and Commission in section 1 of NRS 368A.140 shall comply with all applicable guidelines, checklists, and other criteria implemented by the Chair in subsection 1.

3. The Chair may, in the Chair's sole and absolute discretion, waive or modify a requirement imposed by the guidelines, checklists, and other criteria implemented in subsection 1 upon a written request from a taxpayer.

Sec. 2. NAC 368A.510 is hereby repealed.

TEXT OF REPEALED SECTION

NAC 368A.510 Procedures for internal control. (NRS 368A.140)

1. Each:

(a) Group I licensee that provides live entertainment shall:

(1) Include in its system of internal control, submitted pursuant to Regulation 6.090 of the Nevada Gaming Commission, a description of the procedures adopted by the licensee to comply with NAC 368A.300 to 368A.540, inclusive; and

(2) Comply with that system of internal control and any minimum standards for internal control for entertainment adopted by the Chair pursuant to Regulation 6.090 of the Nevada Gaming Commission.

(b) Group II licensee that provides live entertainment and each taxpayer that holds a restricted license shall comply with any procedures for internal control for entertainment adopted by the Chair pursuant to Regulation 6.100 of the Nevada Gaming Commission.

↪ Except as otherwise approved in writing by the Chair, a taxpayer shall not carry out any procedures for internal control that deviate from any standards or procedures for internal control for entertainment adopted and published by the Chair.

2. Each group I licensee that provides live entertainment shall direct its independent accountant to perform observations, examinations of documents and inquiries of employees, using any applicable guidelines, checklists and other criteria established by the Chair, to determine compliance with the requirements for entertainment. The independent accountant shall report his or her findings as part of the report required by subsection 9 of Regulation 6.090 of the Nevada Gaming Commission.

3. The internal auditor of each group I licensee that provides live entertainment shall:

(a) Using any applicable guidelines, checklists and other criteria established by the Chair, perform observations, examinations of documents and inquiries of employees to determine compliance with the requirements for entertainment.

(b) Submit to the Board within 120 days after the last day of the first 6 months of the business year of the licensee two copies of a report by the internal auditor summarizing all instances of noncompliance with the requirements for entertainment during the first 6 months of the business year of the licensee and any applicable responses by the management of the licensee, including any work required to be performed during the reporting period and any additional procedures that were performed.

(c) Submit to the Board within 150 days after the end of the business year of the licensee two copies of a report by the internal auditor summarizing all instances of noncompliance with the requirements for entertainment during the final 6 months of the business year of the licensee and

any applicable responses by the management of the licensee, including any work required to be performed during the reporting period and any additional procedures that were performed.

4. As used in this section:

(a) “Group I licensee” and “group II licensee” have the meanings ascribed to those terms in Regulation 6.010 of the Nevada Gaming Commission.

(b) “Requirements for entertainment” means the provisions of chapter 368A of NRS, NAC 368A.300 to 368A.540, inclusive, and any minimum standards for internal control for entertainment adopted by the Chair.