MEMBERS PRESENT: Chairman Stewart
Vice Chairman Sader
Mr. Thompson
Miss Foley
Mr. Beyer
Mr. Price
Mr. Chaney
Mr. Malone
Mrs. Cafferata
Mrs. Ham
Mr. Banner

MEMBERS ABSENT: None

GUESTS PRESENT: Vivian Freeman, Womens Political Caucus
Elaine Dewey
Patty Becker, Deputy A.G. - Gaming
John Roethel, City of Las Vegas
Robert Behan, NRC
Duane Goble, Racing Commission
David Russell, Gaming Industry Association
Patrick Foley
Julie Meier

Chairman Stewart called the meeting to order at 8:10 a.m. and asked for testimony on SB 35.

SB 35: Redefines "cheating" and increases penalties for gaming offenses.

Bruce Laxalt of the Washoe County District Attorney's office and Ray Jeffers of the Clark County District Attorney's office spoke in support of SB 35. Mr. Laxalt stated that this bill revises various definitions within the gaming cheating laws of Chapter 465 and also increases the penalties for those offenses. This bill is a result of the study and research done by the interim committee on Gaming and, with minor amendments, is the same bill before the committee at that time.

Mr. Laxalt emphasized the importance of this bill since the laws as currently written are archaic and are the subject of various interpretation by judges, resulting in the dismissal of good cases. He referred to a man imprisoned who was able to make approximately $5,000 by cheating slot machines daily.

Mr. Jeffers stated there are schools conducted which teach cheating. This bill makes it a penalty for operating a school to teach others to cheat or use cheating devices.

Section 1 defines gambling games. The only amendment is to include electronic devices.

Section 2 is the enacting provision.

Section 3 deals with the basic definition of "cheat". Up to now, there has not been one which applies to Chapter 465. Mr. Laxalt stated that there are only two basic things which can be done illegally with respect to games. One is to cheat games and one is to steal from them. This bill attempts to make this clear logically. "Cheat" is defined on line 18 of page 1 as altering the selection of criteria which determine either the result of the game or the amount or frequency of a payment in a game. Once this definition is enacted, all acts within the chapter refer back to this basic definition.

Section 3 refers to the meaning of "cheat" and includes logically all the different devices and ways one can devise to do that.

Section 4 deals with penalties. There is no probation allowable for a second offense. Mr. Laxalt stated this is necessary. By the time law enforcement and gaming control are able to catch a cheat for the first time, he has been at it quite a long time or is very inept. Cheating is a very subtle crime and is difficult even for very experienced people to determine on video tape. It was therefore felt that if a person is prosecuted and convicted a second time, there should be no probation.

Mr. Malone asked if an attempt carried the same penalty as actually cheating. Mr. Laxalt stated that was correct for the reason that often the crime is interrupted before it is completed. A conspiracy and an attempt should be punished as if for the completed crime. An analogy is the crime of escape, with attempted escape having the same penalty as the full crime.

Section 5 is a redefinitional re-enactment of NRS 465.070. The text between lines 15 and 34 is deleted. As it is now drafted, this outlaws the several different ways by which a person may steal from a game as opposed to cheating a game. (1) deals with potential violations by the house itself. (2) applies to passed posting and situations where a Keno ticket is marked after completion of a game and run through as if played legitimately. (3) applies to free play of slot machines, handing off by the dealer and dropping the hopper of a slot machine. (4) was added as a result of the Senate hearings and applies to the bunko steering crime -- inducing an innocent person into a crooked game.

Section 6 redefines NRS 465.080. This applies to various devices which may be used to steal from games and used to cheat games. With respect to possession of gaming cheating devices, anything can be used to cheat a slot machine or game. Intent must be proven.

Section 6, subsection 5 creates a rebuttable inference upon possession of two or more devices that there was the intent to use them for cheating. Mr. Jeffers explained this in terms of yoyoing which is a coin attached to a monofilament line used to play a slot machine free, where the individual has two or more such coins in his possession.

Section 7 as drafted deletes all of 465.083 and inserts the basic prohibition against cheating.

Section 8 applies to the sale and manufacture of cheating devices and also to cheating schools, of which there are a number in the Washoe County and Las Vegas area. Each of the possession and instruction provisions are keyed to the requirement that a person either know or intend that the knowledge or device be used to violate the provisions of this chapter. (3) exempts all employees of a gaming establishment or the board from the provisions of that section. Mr. Laxalt explained that if the activity is performed in the course of the employment is not subject to this section. Mr. Sader commented that this is also an intent crime. Mr. Laxalt suggested that the same logic applies here as in an embezzlement case.

Mr. Laxalt stated that the other provisions of the bill are strictly housekeeping and apply to registration of felons and amend those sections to include violations of this chapter.

Section 9 applies to the rights of employees of licensees to detain individuals when they have probable cause to believe that they have committed an offense on the premises and to exempt them from civil liability therefor.

Since there was no further testimony, the Chairman asked for testimony on SB 577.

SB 577: Removes obsolete references relating to gaming licensing and control.

Richard Bunker of the Nevada Gaming Control Board stated that SB 577 is merely an attempt to clean up the statutory language in reference to the members of the Gaming Control Board. The operative sections would be 5, removing the title "fiscal director" and indicating that as the statute now reads must be a certified public accountant with those additional qualifications; and subsection 6 on page 2, lines 6-10, where surveillance director is eliminated and leaving the statute as is regarding law enforcement investigation training.

Mr. Bunker explained that the repealers are merely the definitions in the definition section.

SB 610: Clarifies applicability of licensing requirements where gaming interest already subject of license is placed in trust.

Patty Becker, Deputy Attorney General - Gaming, stated that as drafted there are problems with SB 610. At the present time, a trust is a person under the Gaming Control Act and therefore, comes under all of the requirements as would any person licensed under the Gaming Control Act. This is just one statute that addresses some of the problems in the area of trusts, but does not address others. She suggested that passage of this legislation would cause more problems than it would correct. She proposed EXHIBIT A be instituted in this bill.

Ms. Becker continued by saying that when a gaming licensee transfers interest to another gaming licensee, he must give the Board prior notice and the Board must do an investigation. The Commission then has 30 days after the report of the Board to object to that. This bill creates a trust and gives it more rights as a person than would be given other gaming licensees. It also distinguishes between beneficiaries. Under the law of trust there is no difference between someone who is a beneficiary now and who can become a beneficiary in the future. EXHIBIT B is a memo explaining the problems.

SB 39: Reduces duplication of state and local investigation for gaming licenses.

Richard Bunker stated he is not testifying in behalf of the bill, but merely as a source of information for the committee. He added that it was the recommendation of the Industry that there be developed some type of uniformity in the application process between the State and the various county/city jurisdictions. SB 39 was drafted at the request of the interim committee, passed through the Senate and basically attempts to give the Gaming Control Board the responsibility to develop the necessary forms, thereby adding whatever additional information might be necessary by any particular jurisdiction as it would reflect on their particular responsibilities.

Mr. Sader asked if this would alleviate or rectify duplication. Mr. Bunker felt that would only happen in the application process. He stated there is a bill which applies to the licensing and investigative process. This would assist the licensee in the application process, where the applications would just be duplicated and handed in. If the county had an additional page or two regarding zoning, fire codes, etc., they would merely attach that to the general application. He explained that the intent is that the additional information only be in the areas which have reference to the local jurisdiction and not to the area of suitability, background or financial, covered in the initial application.

Mr. Bunker continued by saying that the Gaming Control Board would be happy to meet with the other jurisdictions and discuss the inclusion of information in the form used by the Board.

Mr. Beyer asked why the State would care what the county does as far as forms and investigations. Mr. Bunker stated that the Board's position has been that they have a form and as long as they are responsible for gaming control, they are going to require that form to be filled out.

David Russell, counsel for the Gaming Industry Association, referred to other bills which are an attempt to handle the same basic problem which is should the state be predominant or should the county have some involvement. To the extent that the county is involved, should the duplicity of applications be eliminated as well as the duplicity of investigations. Mr. Russell stated that this bill merely goes to the application form and is intended that the application to the state be sufficient for county application purposes. Currently, an applicant has to file a substantial application with the state and are required to file an identical application with the county. The county application varies considerably in that the same information is required but on a different form. It is the Industry's argument that this should only be done once and copied to the county. The county argued that there might be areas in which it is specifically interested, such as the number of hotel rooms. SB 39 mandates that the state prepare a form which would fit every need, with a block for local zoning use by the local government.

Mrs. Ham asked how often these applications are filled out. Mr. Bunker stated that during the course of a year there are a lot of them. If there are key employees, new equity investors, and number of other criteria, a new application is required. This is done at the expense of the applicant.

Patty Becker, Deputy Attorney General, commented that the forms which the county or city receives should be made confidential. She commented that she had an amendment to SB 645 which could be incorporated into this bill. It was felt that the applicant should be protected on the city or county level as well as with the Gaming Control Board.

SB 610: Clarifies applicability of licensing requirements where gaming interest already subject of license is placed in trust.

David Russell, counsel for the Gaming Industry Association, stated that it would be preferable to have no bill rather than an incomplete one. It was his opinion that this bill is incomplete.

Mr. Russell felt that SB 610 would create more problems for both the Industry and the authorities. He suggested an in-depth study with changes to be presented at the next session of the Legislature.

SB 39: Reduces duplication of state and local investigation for gaming licenses.

Mr. Sader asked Mr. Russell if he felt the language at sub-section 2, lines 16 through 19, is clear. Mr. Russell did not. He stated that the intent is to make the application form sufficient for the county and not to cut the county off from additional information. He agreed it would cause some confusion, but felt it sufficient.

Dan Fitzpatrick, representing Clark County, stated that Clark County supports SB 39 in its current state. He clarified for the committee that there is a difference between application forms and forms for investigation of personal and financial suitability. In essence, this bill speaks to the investigation forms used by the state and the Gaming Industry approached Clark County and the interim committee to suggest consolidating the forms used by the county and the state. Clark County does accept the state forms and this bill requires that they do.

Mrs. Ham asked if the bill was really necessary. Mr. Fitzpatrick stated that the concern expressed by the Industry was with Douglas County, Las Vegas, Clark County and Reno/Washoe. All of these areas have adopted ordinances which relate to the utilization of state investigation forms rather than their own forms. This bill is a fail-safe so that the ordinance requirement will be followed through.

SB 645: Provides procedure for local investigation of applicants for gaming licenses.

Patty Becker, Deputy Attorney General - Gaming, stated that the Gaming Control Board has two proposed amendments to this bill (EXHIBIT C). The first amendment concerns the confidentiality of the forms. The second amendment deletes lines 9 through 12 since the Gaming Control Board's summaries are confidential and there is often information contained which comes from informants. It was felt that this information should not be given out and might jeopardize the gaining of information from the FBI if given to the county and city. She added that the applicant does not see the summary, except for portions which may have been introduced at the hearings. Ms. Becker added that in the past the local entities have met with the investigator who shared areas of concern with them. She stated the information which can be shared would be done on a one on one basis. This bill makes the giving of the investigative report mandatory, with no discretion

allowed on the part of the Gaming Control Board. It would be preferable to continue the present policy.

Mr. Beyer asked how this information was discussed among the Board members. Mr. Bunker stated that each member looks at the information individually. On the basis of what is read in the summary, the information is used to form questions in the respective public hearings. He added that as the federal laws come down, it is becoming necessary to sign agreements with other jurisdictions such as other states and police agencies, that the information received is confidential. That in itself would make it difficult for the Board to be required to convey the information in a written report.

David Russell, counsel for the Gaming Industry Association, stated that SB 645 was drafted by the Senate Judiciary Committee after hearing SB 502 and AB 231. He reminded the committee of earlier testimony concerning the advisability of local authorities getting involved in gaming investigations, let alone the determination on suitability of a licensee. He felt this a compromise attempt by the Senate. The Washoe and Clark County authorities testified that they wanted to keep the dual authority of the state and local governments in the area of licensing. There was testimony from the Clark County authorities that they did very limited investigations of non-restricted licensees, as was the case with Washoe County. Clark County indicated they investigated in detail the restricted licensees since it was tied to their liquor ordinances. This bill is an attempt to give the county the authority to investigate restricted licensees and an attempt to limit local governments from investigating non-restricted licensees. In this case, they would have a vote of the majority of the members of the governing body and would have to be done within 30 days after receipt of the determination by the state.

Mr. Russell stated the Industry would support the bill with the amendments recommended by the Board, adding that it is not a perfect bill since it would be preferable to keep the local government out of gaming licensing altogether.

Chairman Stewart asked if the requirement that the local government make a determination within 30 days after receipt of the Board's determination on whether to investigate might be a substantial delay. Mr. Russell stated that as he read the bill, the local entity must make a determination within 30 days after receipt of the state's determination. At the same time, they must have a majority vote of the members for the investigation. In practice, by Clark County and Las Vegas ordinance, the application must be filed with the local authorities within two weeks

after filing with the state. Depending upon the complexity of the investigation or the license, it may take anywhere from 3 to 9 months for the state gaming authorities to process the application and complete it. He added that the intent of the bill is to have the local governments accept the determination by the state, at the same time providing them with a little discretion or ability to make their own determination with certain restrictions. To his experience, there has never been an occasion where the county has not granted a license after the state has done so.

Dan Fitzpatrick, representing Clark County, agreed that this bill is an attempt to implement the general provisions discussed during the interim committee. At Section 1, subsection 4(b), the period in which the local authority makes a determination on whether or not it wishes to make an independent investigation, is after the state has already completed its investigation. He felt the applicants for licenses are going to be disturbed with that provision in that it could possibly hold them up for another 30 to 90 days. He felt that the time period should start running from the time the application is filed with the local entity. This way, there can be concurrent investigations without holding the applicant up. Currently there is only 5 to 10 days difference between the time the county finishes an investigation and the state acts on the application. This bill could substantially delay a potential licensee.

Mr. Fitzpatrick next addressed EXHIBIT C, commenting that the information is used by the county with reference to liquor licensing. He agreed with the second portion of the amendment, suggesting that language be added that would allow the Gaming Control Board to share their information if they desire to do so. Mr. Bunker agreed that would be acceptable.

Mr. Sader asked Mr. Russell about his feelings on Mr. Fitzpatrick's suggestion regarding the 30 day period. Mr. Russell stated that the purpose of the bill is to keep the county from conducting a concurrent investigation. He agreed with the 30 day provision, commenting that he would like the time cut down to 5 or 10 days. The bill presumes that there is not going to be an investigation by the local authorities and will be no need for it because the state is going to do its job well. What triggers the county's investigation is the determination by the state.

Miss Foley's understanding was that the 30 days was within which the county would decide to do the investigation. Mr. Fitzpatrick confirmed that and reiterated his previous testimony on the time involved both currently and after passage of this bill.

Mr. Russell suggested that the bill be amended to provide that within a 30 day period following receipt of the application, the county has to make a determination on whether it is going to conduct an investigation. He felt there should be a section added requiring the county to accept the determination by the state unless the county has come up with something different. To Miss Foley's question, Mr. Russell stated that the county has accepted the state's determination thus far, but the bill is needed because the county has gone ahead and conducted investigations irrespective of the state's investigation. Miss Foley referred to Rosenthal and commented that the county would not have found out additional information about the man unless it had conducted its own investigation.

Chairman Stewart asked what prompts an investigation by the county. Mr. Fitzpatrick stated that the police department and his staff do a review of the entire package, reviewing the application and doing some cursory checks. If there is an area which appears to need investigation, they make that recommendation to the board.

Mr. Russell commented that if the committee was interested in restricting the county's involvement in this area whatsoever, he suggested a review of the language in AB 231 and SB 502. Mr. Fitzpatrick commented that the only thing not rejected in SB 502 was the gross gaming. Mr. Russell again commented that people feel very strongly that the county governments have no business being in this area whatsoever since a great deal of money and time in the State's gaming control efforts is expended.

SB 67: Transfers control of pari-mutuel wagering at racetracks to gaming authorities.

Richard Bunker of the Gaming Control Board suggested that the appropriate thing to have done with this bill was once it had passed the Senate Judiciary Committee, it could have been re-referred to the Senate Finance Committee for whatever possible financial impact it might have on his agency. He stated that the Board is concerned over what it is going to require as far as employees and the funding necessary in order to accomplish it, adding that they have never done anything like this before. He stated that if the committee should decide to pass this bill, there are sizeable amendments which must be discussed.

Mr. Bunker continued by saying that this addresses legislation in Chapter 466 and there is pari-mutuel legislation already in the statutes in 463 and 464 which must be made harmonious with this bill. He added that an amendment which has not been prepared but is necessary is the facility in the bill for contract services. The Board should have the ability to develop some

outside contracts payable by the licensee to monitor these situations and have available for whatever situations might arise.

Patty Becker of the Attorney General's office distributed EXHIBIT D, the proposed amendments to this bill and explained that Chapter 464 is called pari-mutuel wagering, with the Gaming Control Board having jurisdiction over it. It does not apply to dog or horse races. She explained that pari-mutuel wagering is where a bet affects the odds at the track which produce the pay-out schedule. The Greyhound track in Las Vegas is true pari-mutuel wagering. The horse race books within the state are not. The Board has jurisdiction over the race books, but not over dog or horse racing in the state that has pari-mutuel wagering. SB 67 took the pari-mutuel aspect away from the Racing Commission. The Racing Commission would still issue licenses for all greyhound races and for all horse races within the State of Nevada. The Gaming Control Board would issue the pari-mutuel wagering licenses and control the licenses. In reviewing, it was found that in Chapter 464 there would be a pari-mutuel wagering act that did not apply to horse and dog races and Chapter 466, the racing act, would give the Racing Commission control over the racing aspect and the Control Board controlling the pari-mutuel wagering. Chapter 464 and 466 were re-written to make them consistent with SB 67. Chapter 464 would be all pari-mutuel wagering in the State of Nevada under the jurisdiction of the Gaming Control Board and Commission. Chapter 466 would be the Nevada Racing Act, with the Racing Commission having total jurisdiction over any of the races within the State of Nevada.

On page 4 of the bill, 3(a) and (b) should be the state treasurer instead of the Nevada Gaming Commission. The fees all remain the same. Ms. Becker added that in the past, the Gaming Control Board has not done investigations when county fairs and associations were going to have pari-mutuel wagering. In this bill, those classifications are exempted unless the Commission wants to license them.

Due to the time, Chairman Stewart stated that the remainder of the testimony on SB 67 and on SB 183 would be taken up on Wednesday, May 19, 1981, at 1:30 p.m. He then adjourned the meeting at 10:25 a.m.

Respectfully submitted,

Jon Jan M. Martin
Committee Stenographer

2052

ASSEMBLY JUDICIARY COMMITTEE

GUEST LIST

DATE: 5/18/81

2053

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	AGAINST	BILL NO.
VIVIAN FREEMAN	Womens Political Caucus			596
Elaine Dewey				596
Patty Becker	DAG - gaming			
Rochel	CLV			
ROBERT BEHAN	NRC			[redacted]
DUANE GOBLE	RACING COMM			67
DAN is Russell	Gaming Industry Assn.			
Patrick Foley				
Julie Meier				

EXHIBIT A

GCB Amendment No. 17
Date: 5/12/81

GCB PROPOSED AMENDMENTS TO S.B. 610

Amend Section 1, page 1, line 9 (NRS _____) as follows:

Delete line 9 and replace with the following language: "prior to the effective transfer of the interest and the effective date of any amendment, as provided by NRS 463.200."

Delete Section 1, subsections 2 and 3, page 1, lines 10-15.

EXHIBIT B

STATE OF NEVADA

OFFICE OF THE ATTORNEY GENERAL

GAMING DIVISION

MEMORANDUM

TO: Patricia Becker, Chief Deputy Attorney General DATE: 5/11/81

FROM: Claudia K. Cormier, Deputy Attorney General

SUBJECT: S.B. 610--Legislation designed to clarify applicability of licensing requirements where gaming interest already subject of license is placed in trust (copy attached)

Pursuant to your request, following is an analysis of S.B. 610.

I. TRUSTS GENERALLY

As you know, the essential elements of a trust are designated beneficiary and trustee, a fund or property sufficiently identified to enable title to pass to the trustee, and actual delivery to trustees with the intent to passing legal title. City Bank Farmers' Trust Co. v. Charity Organization Society of City of New York, 238 App.Div. 720, 265 N.Y.S. 267. No trust arises unless some property interest, present or future, passes. Generally, only property which is transferable may be held in trust. Restatement Second, Trusts §§ 78, 79. The beneficiaries of trusts have a present or future interest, vested or contingent, and the power to enforce the terms of the trust. Restatement Second, Trusts § 200. It is well recognized that the beneficiary of a trust has a proprietary interest in the subject matter of the trust that is subject to state regulation. Senior v. Braden, 295 U.S. 422 (1935). In essence, the property interest held by the benficiary is a form of ownership, and there is no difference between the vested present or future interests of a beneficiary. II Scott on Trusts, §§ 130 and 162 (Third Ed. 1967).

II. GAMING LAWS REGARDING TRUSTS

The gaming statutes and regulations impact on and regulate:

(1) the transfer of the interest in gaming to a trust, which necessarily involves:

(2) the trust, itself;

(3) the trustee; and

(4) the beneficiary or benficiaries of the trust.

A. Transfer of the Interest

NGC Regulation 8 governs transfers of ownership. The general rule is that all transfers of interest in gaming operations must be disclosed to and approved by the Board. See NGC Reg. 8.010. Approval and disclosure are required even where the transfer is among licensees. See NGC Reg. 8.020.

The transfer of an interest in gaming to a trust must be approved and disclosed as a transfer of interest "to a stranger to the license," as provided by NGC Reg. 8.030, because a trust is a "person" for purposes of the gaming statutes and regulations. See NRS 463.0124.

Moreover, where the interest transferred is a security issued by a corporate gaming licensee, the transfer itself must be approved pursuant to NRS 463.510(1) and NGC Reg. 15.1594-6.

S.B. 610 does not per se recognize the approval and disclosure requirements imposed on the transfer of the interest in gaming to a trust.

B. Trusts

As indicated above, a trust is a "person" pursuant to NRS 463.0124. The policy of the state is to strictly regulate all persons related to the operation of gaming establishments. See NRS 463.130(1)(c) and 463.140. NRS 463.160 sets forth the circumstances in which a license is required. Under that statute, a trust must be licensed as a person who receives 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 game, slot machine, horse race book or sports pool. See NRS 463.160(1)(c).

Moreover, any person having an interest in the trust, such as the trustee and beneficiaries, must be qualified for licensing before the trust can be licensed. See NRS 463.170(7)

The only exception to the licensing requirement imposed on the trust, itself, which I have found is where the trust is a "holding company," that is, where the trust controls or votes securities of a corporate gaming licensee. See NRS 463.485. In that case, the trust is not licensed, but must be registered [defined at NGC Reg. 15.050(15)] and found suitable. See NRS 463.585(1)(c).

S.B. 610 does not recognize the licensing requirement imposed upon the trust, itself, or the exception provided for a holding company, where the trust must be registered and found suitable.

C. The Trustee

Under the gaming laws, the trustee of a trust involving a gaming interest must be found suitable and may be required to be licensed. See NRS 463.595(1). The circumstance which requires licensing of a trustee is where the trustee owns any equity security issued by a non-publicly traded corporate licensee. See NGC Reg. 15.530(1). See also NRS 463.510(1); NGC Regs. 15.1594-6, 15.585.7-6. [Equity security is defined at NRS 463.484.] If the trustee is a bank, an exemption from licensing may be allowed. See NRS 463.175(2). However, the trust officer responsible for the trust is subject to the licensing requirement since the exemption applies only to the bank and not to its officers or employees.

Subsection 3 of S.B. 610 provides that trustees may be required to be licensed. This wording is arguably misleading, and the possible exemption for banks is not indicated.

D. Beneficiaries

A beneficiary is a person who receives directly or indirectly compensation or shares in the money on property played in gaming. As such, he must be licensed pursuant to NRS 463.160(1)(c). See also NRS 463.595(1) and NGC Reg. 15.530(1) with regard to beneficial owners of interests of a corporate licensee.

In addition, as one with an interest in the trust, he must qualify for licensing as a prerequisite to the licensing of the trust. See NRS 463.170(7), discussion of "The Trust," at page 2 above.

S.B. 610, at subsection 2, seems to recognize the licensing requirements stated above. However, the apparent distinction among "present interest," "future interest" and "owner of the settlor's interest" is ambiguous. Moreover, the requirement that the beneficiaries must qualify for licensing in order for the trust to be licensed is not included.

CONCLUSION

While I believe the intent of the bill has merit, it does not recognize or contemplate a number of requirements involving gaming interests held in trust. For that reason, it would not actually clarify the law in this area and could be misleading in those cases.

Claudia K. Cormier

Claudia K. Cormier

CKC:p

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT

S. B. 610

SENATE BILL NO. 610—COMMITTEE ON JUDICIARY

APRIL 27, 1981

Referred to Committee on Judiciary

SUMMARY—Clarifies applicability of licensing requirements where gaming interest already subject of license is placed in trust. (BDR 41-1293)

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; clarifying the applicability of the requirement to obtain a license or a finding of suitability where an interest which is already the subject of a license or finding of suitability is placed in a trust; 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. Chapter 463 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. A person owning an interest in a gaming establishment who is licensed or has been found suitable by the commission does not have to requalify for a license or a finding of suitability whenever he makes his interest the subject matter of a revocable trust in which he retains the entire interest as the sole beneficiary. The settlor of such a trust must file a copy of the trust instrument or any amendment thereof with the board within 30 days after the execution of the instrument or amendment.

2. Any person other than the settlor of the trust who is a beneficiary of present income of the trust, becomes such a beneficiary in the future or becomes the owner of the settlor's interest in the gaming establishment must first be licensed by the commission.

3. The board may require the trustee of such a trust to be licensed or found suitable by the commission.

EXHIBIT C

GCB Amendment #20
Date: May 15, 1981

GCB PROPOSED AMENDMENTS TO S.B. 645

Amend Section 1, subsection 1, page 1, line 6: Add the following at the end of line 6: " . . . . with the state. The information and data furnished the county or city is confidential and must not be revealed in whole or in part except in the course of the necessary administration of gaming licenses.

Amend Section 1, subsection 2, page 1, lines 7-12:

"2. If the state approves the application, the state shall give notice of its approval to the county or city where the applicant intends to do business. [If requested to do so, the state shall make its investigative report on the applicant available to the investigator for the county or city. The state's investigative report is confidential, and it may be used only by the local investigator to assist in his investigation.]

EXHIBIT D

GCB Amendment No. 19
Date: 5/15/81

GCB PROPOSED AMENDMENTS TO CHAPTERS 464 AND 466

Add 464.____:

The Nevada gaming commission shall not issue any license to conduct pari-mutuel wagering in connection with any greyhound race unless:

1. Greyhound racing is permitted by a special charter of a city to be conducted in that city and a license to conduct the race has been issued by the city council or other governing body of such city; or

2. The county license board of a county having a population of less than 100,000 people has issued a license to conduct the race in the county outside of an incorporated city or incorporated town. (This is from NRS 466.095.)

Add 464.____:

A license shall not be issued to conduct pari-mutuel wagering on horse or dog races at a track which is less than 100 miles from another track at which pari-mutuel betting is already licensed to be conducted during the race meet of such track except a county fair race meeting authorized by the commission which does not exceed 6 days in duration during that calendar year. (This is from NRS 466.115.)

Amend 464.010:

1. It shall be unlawful after July 1, 1949, for any person,

firm, association or corporation, either as owner, lessee or employee, whether for hire or not, to operate, carry on, conduct or maintain in the State of Nevada, any form of wagering under the system known as the pari-mutuel method of wagering on any racing or sporting event[, except horse racing and dog racing,] without having first procured a license for the same as provided in this chapter.

2. [No alien or any person except a citizen of the United States shall be issued a license, or shall directly or indirectly own, operate or control any game or device so licensed.] The Nevada gaming commission may exempt any state fair associations, agricultural societies, county fair and recreation boards, and other associations to which state or county aid is given from the provisions of subsection 1 of this section.

3. Where any other state license is required to conduct a racing or sporting event such license must first be procured before pari-mutuel betting may be licensed in connection therewith.

Amend 464.020:

1. The Nevada gaming commission shall be charged with the administration of this chapter for the protection of the public and in the public interest.

2. The Nevada gaming commission is empowered to adopt, amend and repeal regulations governing, permitting and regulating the pari-mutuel method of wagering on any racing or sporting

event . [except horse racing and dog racing. Such wagering shall be conducted only by the licensee and only within the enclosure and only on the dates determined and set by the Nevada gaming commission.]

3. The regulations of the Nevada gaming commission may include, without limitation thereof, the following:

(a) Requiring fingerprinting of an applicant or licensee, or other method of identification.

(b) Requiring information concerning an applicant's antecedents, habits and character.

(c) Prescribing the method and form of application which any applicant for a license under this chapter shall follow and complete prior to consideration of his application by the Nevada gaming commission.

4. The Nevada gaming commission shall, and it is granted the power to, demand access to and inspect all books and records of any person licensed under this chapter pertaining to and affecting the subject of the license.

Amend 464.040:

1. The commission deducted from pari-mutuels by any licensee licensed under the provisions of this chapter must not exceed 18 percent of the gross amount of money handled in each pari-mutuel pool operated by him during the period of the license.

2. Each licensee shall pay to the Nevada gaming commission

for the use of the State of Nevada a tax at the rate of 3 percent on the total amount of money wagered on any racing or sporting event except horse racing and dog racing[.] licensed pursuant to chapter 466.

3. Each licensee licensed under this chapter to conduct pari-mutuel wagering on horse and dog racing licensed under chapter 466 shall pay to the commission for the use of the State of Nevada a tax at the rate of 3 percent on all pari-mutuel moneys handled on horse races and 4 percent on all pari-mutuel moneys handled on greyhound races during the race meeting.

(a) The Nevada gaming commission shall disburse 1 percent of all pari-mutuel moneys handled on horse races to the State Treasurer for credit to the fund established pursuant to NRS 466.080.

(b) The Nevada gaming commission shall disburse 1 percent of all pari-mutuel moneys handled on greyhound races to the city in which the races are to be conducted or if the race is to be conducted outside any city, to the county in which the race is to be conducted.

(c) State fair associations, agricultural societies, county fair and recreation boards and county agricultural associations are to pay 1 percent only of total pari-mutuel moneys handled during race meetings.

[3.] 4. The licensee may deduct odd cents less than 10 cents per dollar in paying bets.

[4.] 5. The amount paid to the Nevada gaming commission must be, after deducting costs of administration which must not exceed 5 percent of the amount collected, paid over by the Nevada gaming commission to the state treasury for deposit in the general fund.

Amend 464.060:

All other forms of wagering or betting on the results of any of the races or events licensed under this chapter or chapter 466 outside the enclosure where such races or events are licensed [by the Nevada gaming commission] are illegal.

Amend 466.080:

1. The Nevada racing commission fund is created as a special revenue fund. The Nevada gaming commission shall deposit with the state treasurer for credit to the fund periodically, as collected, out of the proceeds of the taxes imposed by NRS [466.125] 464.040, subsection 3, an amount equal to 1 percent of all money handled by each pari-mutuel licensee.

2. The commission shall deposit with the state treasurer for credit to the state general fund, periodically as collected, all fees imposed by NRS 466.120 . [and the remainder of the taxes imposed by NRS 466.125.]

3. The commission may, out of the Nevada racing commission fund:

(a) Pay the necessary and proper expenses of the commission for the efficient administration of this chapter, in the same manner as other claims against the state are paid.

(b) Retain, on July 1 of each year, a cash balance of $10,000 for those expenses.

4. The commission shall, on July 1 of each year, distribute the remaining cash balance in excess of $10,000 of the Nevada racing commission fund to those agricultural associations in this state which have conducted race meets without state aid or aid from any agricultural district or county, in proportion to the amount of license fees and taxes paid to the commission by each association.

Amend 466.090:

[1.] No person or persons, association or corporation, except state fair associations, agricultural societies, county fair and recreation boards, and other associations to which state or county aid is given, shall hold or conduct any meeting within the State of Nevada where racing is permitted for any stake, purse or reward, except when such person, association or corporation is licensed by the commission as provided in this chapter.

[2. It is unlawful for any person, firm, association or corporation, either an owner, lessee or employee, whether for hire or not, to operate, carry on, conduct or maintain in the State of Nevada any form of wagering under the system known as

the pari-mutuel method of wagering on any racing event, without having first procured a license for the same as provided in this chapter.]

[3. No alien or any person except a citizen of the United States shall be issued a pari-mutuel wagering license, or shall directly or indirectly own, operate or control any game or device so licensed.]

Amend 466.100:

1. No amendment.

2. No amendment.

3. No amendment.

4. No amendment.

[5. The commission shall not grant a license to conduct pari-mutuel wagering in connection with any racing event unless and until the applicant has been investigated as provided in NRS 466.105.]

[6.] 5. No further amendment.

[7.] 6. No further amendment.

[8.] 7. No further amendment.

Amend 466.105:

1. Every application for a license [to conduct pari-mutuel wagering under this chapter] shall be made upon forms prescribed and furnished by the racing commission.

2. The Nevada racing commission shall refer such applications to the [Nevada gaming commission for investigation, by the] state gaming control board[,] for investigation of the applicant, including officers and directors thereof. Such investigations shall be conducted in the same manner as those for gaming license applicants but subject to the rules and regulations of the racing commission.

3. The cost of each investigation made pursuant to this section shall be paid by the applicant. Investigation costs shall be charged on the same basis as those for gaming license investigations.

4. [The Nevada gaming commission, through the] The state gaming control board [,] shall investigate such persons and applicants as are referred by the racing commission and shall make [a full and complete report thereof] its recommendation in writing to the racing commission. If the board recommends denial, the commission may grant the license only by unanimous vote of the members present.

Amend 466.110:

1. A person, corporation or association shall not be given a license to conduct more than 300 days each of horse and greyhound racing, separately or simultaneously in any 1 year on any one track within the State of Nevada.

2. The commission may, at any time or times, in its

discretion, authorize any person, corporation or association to transfer its racing meet or meetings from its own track or place for holding races to the track or place for holding races of any other person, corporation or association. No such authority to transfer may be granted without express consent of the person, corporation or association owning or leasing the track to which such transfer is made, but nothing in this section affects in any manner the license fees, requirements, rights, conditions, terms and provisions of NRS 466.120 [or the provision for taxes contained in NRS 466.125.] or chapter 464.

Amend 466.120:

1. Except in the case of the trotting and pacing meetings provided for in NRS 466.130, and except as provided in subsection 3 of this section, each applicant desiring to hold horse races on the day or days awarded by the commission shall, before the issuance of any license therefor, pay to the commission a license fee fixed by the commission at the time of making application of not less than $50 nor more than $200 for each day of any meeting for the conduct of races so licensed.

2. [If the license is to include permission for pari-mutuel wagering, such license fee shall be deducted from the tax imposed by NRS 466.125.] If the licensee also holds a license issued pursuant to chapter 464 to conduct pari-mutuel wagering on the races licensed pursuant to this chapter, such license fee

shall be deducted from the tax imposed by chapter 464.

3. State fair associations, agricultural societies, county fair and recreation boards and other associations to which state or county aid is given are exempt from the license fee required by subsection 1 of this section.

Amend 466.170:

1. The commission may make and adopt rules and regulations, and thereafter modify the same, [providing for the pari-mutuel method of wagering on races and] for the licensing, supervising, disciplining, suspending, fining and barring from racing, on any track under the jurisdiction of the commission, of horses, greyhounds, owners, breeders, authorized agents, subagents, nominators, trainers, jockeys, jockey apprentices, jockey agents and any other person, persons, organizations, associations or corporations, the activities of whom affect the conduct or operation of licensed race meetings.

2. No amendment.

3. No amendment.

4. No amendment.

Repeal:

1. 466.095; this language will be placed in chapter 464.

2. 466.115; this language will be placed in chapter 464.

3. 466.125; placed in 464.040, and amended.

4. 466.151; repealed because it is identical to 464.040, subsections (1) and (3).

5. 466.153; identical to 464.050.

6. 466.155; see 466.060.

7. 466.157; identical to 464.070.

8. 466.159; this matter will be addressed by regulation.