

MINUTES OF THE  
MEETING OF THE SENATE COMMITTEE  
ON JUDICIARY

SIXTY-FIRST SESSION  
NEVADA STATE LEGISLATURE  
May 7, 1981

The Senate Committee on Judiciary was called to order by Chairman Melvin D. Close at 8:10 a.m., Thursday, May 7, 1981, in Room 213 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Melvin D. Close, Chairman  
Senator Keith Ashworth, Vice Chairman  
Senator Don W. Ashworth  
Senator William J. Raggio  
Senator Jean Ford  
Senator William H. Hernstadt  
Senator Sue Wagner

STAFF MEMBER PRESENT:

Shirley LaBadie, Committee Secretary

SENATE BILL NO. 429--Regulates sale of time-share estates and time-share licenses.

Mr. Jim Wadhams introduced Mr. Gary B. Burnett, American Land Development Association, Washington D. C. and advised the committee he was here to answer any specific questions. Mr. Wadhams stated the current situation on time-sharing is that fee projects which come with a deed are currently regulated under NRS 119. The right-to-use or vacation license is totally unregulated. The Supreme Court decided in the Carriage House case several years ago, those are contractual rights and not rights in real properties. People who purchase right-to-use have no protection whatsoever, S. B. No. 429 would afford these people at least a disclosure and an administrative agency which would be able to assist them.

Senator Hernstadt asked Mr. Burnett to address some policy questions. He would like to have the practical aspects addressed of regulating this without making it uneconomical.

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Mr. Burnett stated consideration should be taken on regulating. The reasons are for the good of the industry, rather than for financial or economic. There are provisions in a disclosure type act which are included in the act of Nevada and appear to be adequate and very sufficient and well drafted. These are to protect the industry for the future and protect the unwary buyer and keep the financing, lenders and the community interested in the industry and not to frighten them away because of too many restrictions. Mr. Burnett said they support disclosure, and virtually nothing more. He said when a vote was taken in some states, they have had to give and take in some areas of protections which were felt necessary. He said the model act has been drafted and taken to various states as a framework to address the specific problems of each state.

Mr. Burnett stated in reviewing the proposed bill in Nevada, he felt it was most sufficient in the protection areas. Mr. Burnett advised the committee he represents an association which represents time-share sellers and developers. He said the goal of the association is that the liability of the industry is protected in the future and also protect the public.

Chairman Close asked what protections are available in other legislations to protect time-share buyers. Mr. Burnett said there were between 12 and 15 states which presently address time-sharing. Mr. Burnett said the most attractive method to protect the buyer is the trust arrangement where the developer places the entire operation in the hands of a trustee to administer the receivables and pay any and all encumbrances and bills. The developer takes off the top when the receivables amount up. Some states have thought of the idea of requiring nondisturbance clauses. This clause gives the buyer an absolute right to the use and enjoyment of the unit regardless of what happens with the underlying mortgages or any other problems of the developer with respect to foreclosure. This could keep a lender away from any kind of participation. There are options with relation to surety bonds which lenders can live with but most people in the industry cannot. It would eliminate participation by many developers in the industry because of the substantial backing it would require. These are basic protections and options which have been discussed.

Chairman Close asked what the problems are if time-share were required to place receivables in a trust arrangement. What are the negative aspects. Mr. Burnett answered generally there are not a large number of banks which have engaged in this practice. There is only one so far as he knew and this would create a monopoly problem with the bank, this is the Bank of California. Other

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states have incorporated nondisturbance clauses, escrow requirements and surety bond requirements, but trusts have not been put into law. Mr. Burnett stated the escrow requirements would go into taking a percentage of the receivables and placing it in an escrow account until such time as the vacation time or license time is used or passes, then the money is released.

Senator Don Ashworth asked if it was feasible to use a trust arrangement. Mr. Burnett replied there is an expense and commitment involved in getting into the industry and to date no one has wanted to make that commitment.

Chairman Close asked how many states use the nondisturbance clause. Mr. Burnett said he was not sure, Florida had discussed the option, their most recent draft does not include that requirement. Chairman Close asked the disadvantages of using the nondisturbance clause. Mr. Burnett replied, primarily it discourages financing.

Mr. Jim Wadhams, Commerce Department, stated a distinguishment must be made between a fee project and a right-to-use project. On the fee project, the deeded one-week time-share is recordable interest and sits in priority, behind whatever financing is ahead of and ahead of whatever financing comes subsequent. On the right-to-use, it is a contractual right and is not recordable against the real property.

Chairman Close asked if Mr. Burnett was aware of any states with a right-to-use basis which let future mortgages take precedence over right-to-use, or do not, either way. Mr. Burnett answered he could not name states, but it falls about 50-50% in regard to that issue.

Chairman Close asked how many states use surety bonds and what amount of bond is required to have to register the project. Mr. Burnett stated to date, the minimum has been 100% of budgets for one year. Many states have gone beyond the 100% to 300% which makes it extremely difficult if it goes three years.

Chairman Close asked about the issue of escrow. Mr. Burnett stated escrow provisions required that whatever moneys received from the purchaser, 100% of that money is escrow during the time of the recision period, after that, 50%, 75%, 25%, whatever the figure is, is placed into an escrow account. That money is set aside until such time as the vacationer uses his time or that time passes without use but he has been given the time to use it. Then the money is released as time goes. He said only two or three states use that provision, Florida has it but it is going to make the right-to-use there impossible. You do not get full

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cash and you are operating with approximately 60% of the capital. Sales commissions have to be paid, there is servicing of the debt and it eats up 75 to 80% of the money and there is a negative cash flow for two, three or four years. There is also a negative cash flow in a fee ownership but not as severe.

Senator Hernstadt asked how can people be assured when buying use projects that the money will be applied the way the disclosure statement anticipates it will be applied. Mr. Burnett said in the statement, buyers can be told the type of developer he is dealing with. Mr. Burnett said the act, which is a first generation act, will put something on the books in Nevada to protect the buyers. However no guarantee can be given that someone may not go broke.

Senator Raggio suggested the most important features of any bill should be the full disclosure and overview and some right of initial rescision. Mr. Burnett agreed. He said the usual time for rescision is from three to five days.

Senator Raggio asked about the Time-Sharing Institute. Mr. Burnett said it is a new group in Florida and is being operated on an institute type basis. They are educating the new people in the business. Mr. Burnett told the committee he had come to Nevada because he felt the state will see a tremendous growth of these time-share units and regulation and control will be needed.

Mr. Wadhams stated one thing S. B. No. 429 does is give an agency in the state the power to look at a building which wants to time-share. Without this law, a developer can do as he wants. The bill has a provision which says the time-share development must be suitable for the purpose it is being offered.

The committee reviewed S. B. No. 429 section by section with Mr. Wadhams, Mr. Burnett and Mr. Lumen with regard to changes for the redrafting of the bill. See Exhibit C attached hereto.

Discussion of Section 19, resulted in the language, freehold estate be left as is rather than change to fee simple as originally discussed.

Senator Don Ashworth asked about the definition of an "independent parcel" in Section 8. Mr. Burnett stated in a time-sharing project which includes amenities which may be shared, this could include a golf course which was on the edge of another time-sharing project, both could share it. Mr. Wadhams said the definition of Section 12 should be looked at in conjunction with Section 8. As he read the two together, an independent parcel means a parcel

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of real property which is an independent parcel means a parcel of real property which is not subject to a project instrument. The living units would be subject to project instruments but swimming pools, golf courses, or parking lots would not be.

Chairman Close questioned Section 12, on page 9 and how current should a budget be to a time-share purchaser. Mr. Burnett answered he felt it should be annually. Other states have required that a public offering statement be amended periodically within a certain period of time of the occurrence of a material change.

Mr. Burnett told the committee most statutes have provided for an association of users which have given the power and authority to change the managing entity.

Chairman Close asked if subsection 7 on page 14 was necessary. Mr. Burnett stated you want to limit the scope of the statute to those people engaged in the specific practice and purpose of time-sharing.

Chairman Close questioned the right to use an independent parcel in Section 19. The language says the right to occupy. Mr. Burnett replied the term was used in generalities, meaning a spot. In reviewing the bill, independent parcel was used in several different sections.

Mr. Wadhams said in regard to the list of protections, he suggested in lieu of the financial suggestions which may not be feasible, a specific protection is giving the division the authority to represent the buyers should be considered.

Chairman Close said a change would be made in Section 10, adding after obligation, not related to a time-share project. Also language added that it should not exclude out of state offerings.

The committee again questioned "independent parcels". Mr. Burnett read a definition from the model act. Time-share use means any contractual right of exclusive occupancy which does not fall within the definition of a time-share estate, including without limitation a vacation license, prepaid hotel reservation, club membership, limited partnership or a vacation bond. That might be expanded to include the use of. In distinguishing use from fee ownership, any contractual right of exclusive occupancy which does not fall within the definition of time-share estate.

In Section 15, the reference to the Section 38, should read 39.

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Discussion of Section 19 resulted in an addition of the language, or use after occupy.

Section 28 will have an addition of Except as otherwise provided in subsection 28.4 inserted after 1. Also language of offered added after parcels.

Discussion of Section 28, subsection 3, resulted in language to be added, it would be required to be approved by the division.

Section 4, the words Public Offering Statement were changed to Property Report except the last reference to it in the last sentence. The fee for the addendum shall be \$250.00 was added to this section.

Section 36, subsection 4, there is a typing error, change the word after matters to are.

Section 38, subsection 10, a typing error on developer.

Section 39, delete the word fully, and insert or amended thereto after public offering statement.

Section 40, insert the word original after examination and insert request for amendment after application. The last sentence should be deleted. Subsection (c) needs to be reworded, the english is poor. A new section (g) will be added.

Discussion of Section 41 resulted in changes in Section 2. It can refer to NRS 233.B, Mr. Daykin can write the proper language. Delete the language after shall.

Section 43 needs a penalty clause for the amount to be assessed when the developer is not in compliance with the permit issued.

Section 44 has a change with the addition of three working days. Section 3, add except if postponed.

Section 47, add the word either after 3 days after.

Section 49, add in subsection 1, after developer, or his agent. The committee decided to delete subsection 7.

Section 51, a change was made to insert six years for three and strike the 1 relating to 1 time share.

Section 53, language should be added, unless the developer knew or should have known of the acts outside the scope of his employment.

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**THIS PAGE IS MISSING FROM BOTH THE ORIGINAL  
MINUTES AND THE MICROFICHE.**

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problems with it and a suggestion was made that it would read in Section 1, any person operating or maintaining in this state, any gaming device of a specific model or which includes a significant modification which the board has not approved for testing or operation may be subject to disciplinary action by the board and commission.

Page 11, subsection 4, on line 12, Ms. Becker had asked that language be added to the effect: and may exercise any property law enforcement function or duty, that had not come out in the redraft. On page 15, line 36, delete the word without and substitute the word pending.

Senator Raggio asked what the bill as amended does so far as proration for new application with slots and so forth. Mr. Harlan Elges stated on page 26, line 10 and 11, the new language allows for the proration of the annual tax on the games, see Exhibit C, and it can be prorated on a monthly basis.

The committee discussed closing of a licensee and proposed language to be included such as follows: the temporary closure approved by the board. Ms. Becker said this would apply only if they close in one year and open in the next.

Mr. Elges referred to the section on page 28, allowing the transfer of license fees, in reviewing it, they could foresee no problems. It had been expanded to include partnerships. Ms. Becker advised the committee the refund provision was covered on page 29, lines 34 and 35. The only types of refunds available will be for taxes or fees erroneously collected.

SENATE BILL NO. 527 (Exhibit E)

Senator Hernstadt moved to amend and Do Pass S. B. No. 527.

Senator Raggio seconded the motion.

The motion carried. (Senator Keith Ashworth abstained from voting. Senator Ford was absent for the vote.)

The following bill drafting request was presented and received for committee introduction.

BDR 11-1963 (S.B. 654)

Revises provisions governing termination of parental rights.




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There being no further business, the meeting adjourned at 1:15  
p.m.

Respectfully submitted:

  
\_\_\_\_\_  
Shirley L. Badie, Secretary

APPROVED BY:

  
\_\_\_\_\_  
Senator Melvin D. Close, Chairman

DATE: May 14, 1981

SENATE AGENDA

COMMITTEE MEETINGS

EXHIBIT A

Committee on JUDICIARY, Room 213.

Day Thursday, Date May 7, Time 8:00 a.m.

WORK SESSION ON

S. B. No. 429--Regulates sale of time-share estates and time-share licenses.

SENATE COMMITTEE ON JUDICIARY

DATE: May 7, 1981

EXHIBIT B

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

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ORGANIZATION & ADDRESS

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323-1066

SENATE BILL NO. 429—SENATOR RAGGIO

March 18, 1981

EXHIBIT C

Referred to Committee on Judiciary

**SUMMARY**—Regulates sale of time-share estates and time-share licenses. (BCR 10-495)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

Explanation—Matter underlined is new; matter in brackets [] is material to be omitted.

AN ACT relating to property; providing for regulation of the sale of time-share estates and licenses; providing for the rights of developers and purchasers; providing penalties; 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. Title 10 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to [68] 70, inclusive, of this act.

✓ Sec. 2. As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3 to [26] 27, inclusive, of this act have the meanings ascribed to them in those sections.

Sec. 3. "Administrator" means the real estate administrator.

✓ Sec. 4. "Developer" means any person who offers to dispose of or disposes of his interest in a time share not previously disposed of.

Sec. 5. "Director" means the director of the department of commerce.

Sec. 6. "Division" means the real estate division of the department of commerce.

Sec. 7. "Hearing officer" means a member of the staff of the department of commerce whom the administrator has appointed as a hearing officer.

Sec. 8. "Independent parcel" means a parcel of real property which is not part of any project.

Sec. 9. "Manager" means any person, other than all time-share owners or the association, designated in or employed pursuant to the time-share instrument or project instrument to manage the property in which time shares have been created.

Sec. 10. "Offering" means any advertisement, inducement, solicitation, or attempt to encourage any person to acquire a time share, other than as security for an obligation. <sup>as defined in the Florida Statutes</sup> An advertisement in a newspaper or other periodical of general circulation, or in any broadcast medium to the general public, of a time share in property not located in this state, is not an offering if the advertisement states that an offering may be made only in compliance with the law of the jurisdiction in which the property is located.

Sec. 11. "Person" means a natural person, corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, association, joint venture or other legal or commercial entity.

Sec. 12. "Project" means real property, subject to a project instrument, containing more than one unit. A project may include units that are not time-share units.

✓ Sec. 13. "Project instrument" means one or more [recordable] documents, by whatever name denominated, applying to the whole of a project and containing restrictions or covenants regulating the use, occupancy or disposition of units in a project, including any amendments to the document but excluding any law, ordinance or governmental regulation.

✓ Sec. 14. "Purchaser" means any person, other than a developer or lender, who purchases a time share. (who by means of a voluntary transfer acquires an interest in a time share other than as security for an obligation.)

✓ Sec. 15. "Public Offering Statement" means the permit to offer to sell, and sell, as required by Section <sup>39</sup> 38.

Sec. 16. "Sale" includes a lease, assignment or other transaction designed to convey an interest in a time share other than as security for an obligation.  
*Not related to time share*

✓ Sec. 17. "Sales representative" means a person who, on behalf of a developer, sells or offers to sell a time share to a purchaser.

Sec. 18. "Time share" means a time-share estate or a time-share license.

Sec. 19. "Time-share estate" means a right to occupy a unit or independent parcel or any of several units or independent parcels during 5 or more separated time periods over a period of at least 5 years, including renewal options, coupled with a ~~freehold~~ estate or an estate for years in a time-share property or a specified portion thereof.

Sec. 20. "Time-share expenses" means expenditures, fees, charges or liabilities:

1. Incurred with respect to the time shares by or on behalf of all time-share owners in one time-share property; and
2. Imposed on the time-share units by the entity governing a project of which the time-share property is a part, together with any allocations to reserves, but excluding purchase money payable for time shares.

Sec. 21. "Time-share instrument" means one or more documents, by whatever name denominated, creating or regulating time shares. *See no. 21*

✓ Sec. 22. "Time-share license" means a right to occupy a unit or independent parcel or any of several units or independent parcels during [five] 5 or more separated time periods over a period of [more than 3] at least 5 years, including renewal options, not coupled with a freehold estate or an estate for years.

✓ Sec. 23. "Time-share owner" means a person who is an owner or co-owner of a time share other than as security for an obligation.

Sec. 24. "Time-share parcel" means any independent parcel in which time shares exist.

Sec. 25. "Time-share property" means one or more units or independent parcels subject to the same time-share instrument, together with any other real estate or rights therein appurtenant to those units.

Sec. 26. "Time-share unit" means a unit in which time shares exist.

Sec. 27. "Unit" means that portion of a project which is designated for separate use.

✓ *Except as otherwise provided in subsection 28.4*  
Sec. 28. 1. <sup>offenses</sup> this chapter applies to all time shares created in units and independent parcels within this state:

(a) On or after July 1, 1981; and

(b) Before July 1, 1981, with respect to events and circumstances which occur on or after July 1, 1981.

2. Nothing in this chapter affects the validity of, or rights and obligations created by, provisions of any time-share instrument, document transferring an estate or interest in real property, or contract which existed on July 1, 1981.

3. The time-share instrument of any time-share property created before July 1, 1981, may be amended to accomplish any result permitted by this chapter if the amendment is adopted in conformity with the applicable law and with the procedures and requirements specified by the instrument. If the amendment grants to any person the rights permitted by this chapter, all correlative obligations, liabilities and restrictions of this chapter also apply to that person.

✓  
4. [This chapter does not apply to time shares in property located outside this state.] <sup>Provision</sup> ~~Any project for which a Public Offering Statement has been applied and received, prior to the effective date of this chapter, under the provisions of Chapter 119 of N.R.S., does not require registration under this chapter; but, by January 1, 1982, the developer must submit to the division a written addendum to the Public Offering Statement detailing arrangements for management and operation pursuant to section 63 of this chapter, upon which time the division will re-issue a Public Offering Statement under the provisions of, and subject to the jurisdiction of, this chapter.~~ *The fee for the addendum shall be \$250.00*

Sec. 29. Except as provided in this chapter, provisions of this chapter may not be varied by agreement. Rights conferred by this chapter may not be waived. A developer may not act under a power of attorney or use any other device to evade the limitations or prohibitions of this chapter or of any time-share instrument.

Sec. 30. 1. The division may adopt regulations necessary for the carrying out and enforcement of the provisions of this chapter.

2. The division may adopt regulations exempting any project from the provisions of this chapter if it finds that enforcement of those provisions with respect to the project is not necessary in the public interest and for the protection of time-share owners and prospective purchasers.

Sec. 31. The division may employ legal counsel, investigators and other professional consultants necessary to the discharge of its duties under this chapter.

Sec. 32. For any proceeding held pursuant to a provision of this chapter, the administrator may appoint a hearing officer from the staff of the department who shall act as his agent and conduct any hearing or investigation which may be conducted by the administrator pursuant to this chapter.

Sec. 33. The administrator or his hearing officer may:

1. Take testimony and other evidence concerning all matters within the jurisdiction of the division pursuant to this chapter;
2. Administer oaths;
3. Certify to all official acts;
4. For cause, issue subpoenas for the attendance of witnesses and the production of books and papers.

Sec. 34. 1. Process issued by the administrator extends to all parts of the state and may be served by any person authorized to serve process of courts of record.

2. A person who serves any process is entitled to receive compensation allowed by the administrator. This compensation may not exceed the fees allowed to a sheriff for similar service.



Each witness who appears by order of the administrator is entitled to receive for his attendance the same fees and mileage allowed by law to a witness in civil cases, which amount must be paid by the party at whose request the witness was subpoenaed.

Sec. 35. 1. The district court in the county in which a hearing is to be held may compel the attendance of witnesses, the giving of testimony and the production of books and papers as requested by any subpoena issued by the administrator.

2. If a witness refuses to attend, testify or produce any papers required by a subpoena, the administrator may report to the district court in the county in which the hearing is pending by petition, setting forth that:

(a) Due notice has been given of the time and place of attendance of the witness or the production of the books and papers;

(b) The witness has been subpoenaed in the manner prescribed in this chapter;

(c) The witness has failed and refused to attend or produce the papers required by subpoena before the administrator in the cause or proceeding named in the subpoena or has refused to answer questions propounded to him in the course of the hearing, and asking an order of the court compelling the witness to attend and testify or produce the books or papers before the administrator.

3. The court, upon petition of the administrator, may enter an order directing the witness to appear before the court at a time and place to be fixed by the court in the order. The time fixed must not be more than 10 days after the date of the order. The order must command the respondent to show cause why he has not attended, testified or produced the books or papers before the administrator. A certified copy of the order must be served upon the witness. If it appears to the court that the subpoena was regularly issued by the administrator, the court may enter an order that the witness appear before the administrator at the time and place fixed in the order and testify or produce the required books or papers. If the witness fails or refuses to obey the order, the witness may be held in contempt of court.

Sec. 36. 1. The administrator may, in any hearing before him, cause the depositions of witnesses to be taken in the manner prescribed by the Nevada

of Civil Procedure for like depositions in civil actions in a district court of this state and, to that end, may compel the attendance of witnesses and the production of books and papers.

2. The clerk of the district court in the county in which any hearing is held shall, upon the application of the administrator, issue commissions or letters rogatory to other states for the taking of evidence therein for use in any proceedings before the administrator.

3. Any party to any hearing before the administrator may compel the attendance of witnesses in his behalf at the hearing, or upon deposition, upon making request for a subpoena to the administrator and designating the name and address of the person or persons sought to be compelled to attend and testify.

✓  
4. The administrator shall classify as confidential certain records and information obtained by the division when such matters are trade secrets, including, but not limited to, lists of prospective purchasers and lists of purchasers with whom a sale has been consummated. This power is subject to the limitations and protective measures of NRS 49.325.

Sec. 37. All money received by the division pursuant to this chapter must be deposited in the state general fund. Money for the support of the division in the carrying out of its duties pursuant to this chapter must be provided by direct legislative appropriation and be paid out as other claims against the state are paid.

Sec. 38. Any developer proposing to offer or sell in this state time shares in a project or independent parcel which is intended to have more than 12 time shares shall submit to the division an application in writing which contains:

1. The name and address of each person who owns or controls an interest of 10 percent or more in the project.

2. The name, principal occupation and address of each officer, director, partner, owner, associate or trustee of the developer.

3. The legal description of the property involved in the project.

4. A statement of the condition of title to the project, particularly *opinion of counsel on title in prior* including all blanket encumbrances thereon, together with payment terms and any

incidents of acceleration of the encumbrances. For the purposes of this subsection, "blanket encumbrance" means a deed of trust, mortgage, judgment, option to purchase, contract to sell, lien, security agreement, financing statement or a trust agreement affecting real or personal property comprising more than one interest within a project. The term does not include any lien or other encumbrance arising as the result of any tax.

5. A statement of the terms and conditions on which it is intended to dispose of the time shares, together with copies of the instruments which will be delivered to a purchaser to evidence his interest in the project and of the contracts and other agreements which a purchaser will be required to agree to or sign.

6. A statement of the provisions, if any, that have been made for public utilities in the proposed project, including water, electricity, gas, telephone and sewerage facilities.

7. A statement of the use or uses for which the proposed project will be offered.

8. A statement of the provisions, if any, limiting the use or occupancy of the units in the project.

9. A general description of the units, including the developer's schedule of commencement and completion of all buildings, units and amenities or, if completed, a statement that they have been completed.

10. As to all units offered by the developer in the project:

- (a) The types and number of units;
- (b) Identification of units in which time shares have been created; and
- (c) The estimated number of units in which time shares may be created.

11. A statement or reasonable estimate, if applicable, of the amount of indebtedness which has been or is proposed to be incurred by an existing or proposed special district, taxing area or assessment district within the boundaries of which the project, or any part thereof, is located, which is to pay for the construction or installation of any improvement or to furnish

community or recreational facilities to the project, and which is to be obtained by ad valorem tax, by assessment or by a special assessment or tax upon the project or any part thereof.

12. If applicable, any current budget and a projected budget for the time shares for 1 year after the date of the first sale to a purchaser. The budget must include at least:

(a) A statement of the amount or a statement that there is no amount included in the budget as a reserve for repairs and replacement;

✓ (b) The projected liability for time-share expenses, if any, by category of expenditures for each time share;

(c) The projected liability for time-share expenses for all time shares; and

(d) A statement of any services not reflected in the budget which the developer provides or expenses that it pays, and whether the developer has provided financial assurances.

13. Any initial or special fee due from the purchaser at time of sale, together with a description of the purpose and method of calculating the fee.

14. A description of any financing offered by the developer.

15. A statement of any pending suits material to the project or the developer of which the developer has knowledge.

16. Any restraints or alienation of any number or portion of any time shares.

17. A description of the insurance coverage or a statement that there is no insurance coverage provided for the benefit of time-share owners.

18. Any current or expected fees or charges to be paid by time-share owners for the use of any facilities related to the project.

19. The extent to which financial arrangements have been provided for the completion of all promised improvements, if such arrangements have been made.

20. Such other information as the developer may desire to present.

21. A completed application for a public offering statement in such form and containing such additional information as the division may require.

22. Any governmental restriction which would prohibit reconstruction of the project in the event of condemnation or destruction which would limit the size or character of the project.

23. The fees prescribed by this chapter.

TRAC 11 →

Sec. 39. 1. The division shall, before issuing any public offering statement <sup>or amended ~~statement~~</sup> under this chapter to any developer, fully investigate all information placed before it as may be required pursuant to this chapter and, if in the judgment of the division it is necessary, shall inspect the property which is the subject of the application. All reasonable expenses incurred by the division in carrying out such an investigation or inspection must be paid by the applicant, and no [license] permit may be issued until these expenses have been fully paid.

2. Payments received by the division pursuant to this section must be deposited in an investigative account. The administrator shall use this account to pay the reasonable expenses of agents and employees of the division in making the investigation, inspections or reinspections under this section for which the payments were received. The administrator may advance money for such expenses when appropriate.

3. Each expenditure from the investigative account must be audited, allowed and paid as other claims against the state are paid.

Sec. 40. 1. The administrator shall make an examination of the application <sup>original</sup> ~~and~~ and shall, unless there are grounds for denial, issue to the developer a public offering statement authorizing the sale or lease or the offer for sale or lease in this state of time shares in the project. The public offering statement must contain the data obtained in accordance with section [37] 38 of this act and other information which the administrator determines is necessary to carry out the purposes of this chapter. The administrator may publish the public offering statement.

*Handwritten notes:*  
The administrator  
may publish the public offering  
statement.

2. The administrator may deny a statement if he finds that:

The developer has failed to comply with any of the provisions of this  
ser.

(b) The sale of the estates or licenses would constitute misrepresentation,  
deceit or fraud.

(c) The developer is unable to deliver the title or other interest  
contracted for.

(d) The developer has failed to show that the time shares can be used for  
the purpose for which they are offered.

(e) The developer has failed to provide in the contract or other writing  
the use or uses for which the time shares are offered, together with any  
covenants or conditions relative to them.

(f) Provisions for management or other services pertaining to common  
facilities in the offering are unsatisfactory.

(c) →  
Sec. 41. 1. If the administrator finds that grounds for denial exist, he  
shall issue an order so stating to the developer not later than 30 days after he  
received the application.

2. If the administrator issues an order of denial, the developer may appeal  
to the director who shall, within 5 days after receiving the appeal, determine  
whether grounds for denial exist. If the director finds that grounds for denial  
exist, he shall confirm the denial.

3. If the director confirms the denial, the developer may request a  
hearing. The director shall appoint a hearing officer who shall conduct a  
hearing within 30 days after the director received the appeal and either confirm  
the denial or order a public offering statement issued.

Sec. 42. If it appears to the administrator that an application or any  
amendment thereto is on its face incomplete or inaccurate in any material  
respect, the administrator shall so advise the developer within 30 days after  
the filing of the application or the amendment. Notification suspends the  
effective date of the application or the amendment until 30 days after the  
developer files the additional information which the administrator requires.  
Any developer who receives a notice pursuant to this section may request a

and the hearing must be held within 20 days after the request is  
lived by the administrator.

✓ Sec. 43. 1. The administrator may issue an order directing a developer to  
cease engaging in activities for which the developer [is not licensed] has not  
received a permit under this chapter. *See also...*

✓ 2. No [unlicensed] developer who has not received a permit and who has  
violated any of the provisions of this chapter may engage in any activity regu-  
lated by this chapter after receiving an order in writing from the administrator  
directing him to cease doing so and stating that, in the opinion of the  
administrator, the activity has not been licensed.

✓ 3. Within 30 days after receiving such an order, a person may file a  
verified petition with the administrator for a hearing, alleging that the order  
precludes him from engaging in a substantial portion of his business [as a  
licensee] under this chapter.

4. The administrator shall, within 10 days after receiving the petition,  
bring an action in a district court of the State of Nevada in the county in  
which the activity is occurring to enjoin the person from continuing that  
activity pending the completion of hearings as prescribed by this chapter. The  
administrator's order to cease must be rescinded upon the entering of a decision  
by the court or 10 days after the administrator receives the petition unless the  
administrator brings an action within that time.

Sec. 44. 1. Within 30 days after receiving an order directing him to cease  
an activity, a developer may file a verified petition with the administrator for  
a hearing before the administrator. The petition does not require an allegation  
that the administrator's order precludes the developer from engaging in a  
substantial portion of a business as a licensee under this chapter.

2. The administrator shall hold a hearing within 30 days after the petition  
has been filed, unless the party requesting the hearing requests postponement.  
*3 days per was due*

3. If, after a request for a hearing, the administrator does not hold a  
hearing within 30 days or does not render a decision within 45 days after  
submission of the matter, the order expires. *used if postponed*

Sec. 45. 1. Whenever the administrator believes that a person has violated any order, regulation, license, permit, decision, demand or requirement, or any of the provisions of this chapter, he may bring an action in the district court in the county in which the person resides or maintains his principal place of business or, if the person resides outside the state, in any court of competent jurisdiction within or outside the state, against the person to enjoin him from continuing the violation.

2. The administrator may intervene in any action involving a project or a time share if intervention is necessary in the public interest and for the protection of purchasers.

Sec. 46. If the time-share owners are to be permitted or required to participate in any program for the exchange of occupancy rights among themselves or with the owners of time shares in other projects, or both, the public offering statement or a supplement delivered with the statement must fully and accurately disclose information about the program including, but not limited to, the terms, conditions and costs.

Sec. 47. 1. Any purchase of a time share is voidable by either party thereto without penalty for 3 days after <sup>the date</sup> the date of purchase or the day on which the purchaser receives the public offering statement, whichever is later.

2. If either party elects to cancel a contract pursuant to this section, he may do so by delivering notice thereof to the other party in person or by mailing notice by prepaid United States mail to the other party.

3. The developer shall immediately return all payments which he has received, and the purchaser shall return all materials which he has received in good condition, reasonable wear and tear excepted. If the materials are not returned in good condition, reasonable wear and tear excepted, the developer may deduct the reasonable cost of the materials or the cost of repairing them, whichever is less, and return the balance to the purchaser.

Sec. 48. 1. Any project for which a public offering statement has been applied for and received does not require registration under chapter 90 or chapter 119 of NRS or any other state law which requires the preparation of a public offering statement or substantially similar document for distribution to purchasers.



2. A time share is not a security for the purposes of chapter 90 of NRS solely because the price at which the owner may sell or exchange the time share is not restricted by the time-share instrument.

Sec. 49. A public offering statement need not be delivered to a purchaser in the case of:

1. Any transfer of a time share by any time-share owner other than the developer; *or his agent*
2. Any disposition pursuant to court order;
3. Disposition by a government or an agency of government;
4. A foreclosure or deed in lieu of foreclosure;
5. Disposition of a time share in a project situated wholly outside this state, if all solicitations, negotiations and contracts took place outside this state and the contract was executed outside this state;

6. A gratuitous transfer of a time share;

7. Group reservations made for 15 or more people as a single transaction between <sup>agent</sup> a hotel and travel agent or travel groups for hotel accommodations, where deposits are made and held for more than 3 years in advance.

Sec. 50. The developer shall request the administrator to amend or supplement the public offering statement within 15 days after any material change in the information required by section (37) 38 of this act. *any buyer*

Sec. 51. The public offering statement required to be provided to a purchaser by this chapter must be delivered to and reviewed with each purchaser by the developer or sales representative before or at the time of sale of any (1) time share. The developer shall obtain from the purchaser a signed receipt for the public offering statement and keep the receipt and copies of all documents relating to the purchase or file for at least 3 years after the date of sale. These records are subject to inspection by the division.

Sec. 52. No officer or employee of the division or any association, firm or corporation with which an officer or employee is associated may act as a sales representative of a project.

Sec. 53. The developer is responsible for the acts of each sales representative and any other person whom he employs or engages to represent him if the acts are performed within the scope of the employment or engagement.

Unless *he knew or should have known of the acts of his outside sales rep.*

Sec. 54. A developer may not:

*out* 1. Refer to the division or to any officer or employee thereof in offering or selling a time share; or

2. Make any representation that the time-share property, unit or independent parcel has been inspected, approved or otherwise passed upon by the division or any other official, department or employee of the state. *Other than appears within the approved opinion statement.*

*see TP. New York State Division of Real Estate Services*

Sec. 55. The owner, publisher, licensee or operator of any newspaper, magazine, television or radio broadcasting station or network of stations or the agents or employees of any such owner, publisher, licensee or operator of such a newspaper, magazine, station or network of stations are not liable under this chapter for any advertising of any time share carried in the newspaper, magazine or by the television or radio broadcasting station or network of stations, nor are any of them liable under this chapter for the contents of any advertisement.

Sec. 56. 1. Except as expressly modified by this chapter, a time-share estate:

(a) Which confers possession during a potentially infinite number of separated periods of time is an estate in fee simple and has the character and incidents of an estate in fee simple at common law.

(b) Which confers possession during 5 or more separate periods of time over a finite number of years which equals 5 or more, including options to renew, is an estate for a term of years and has the character and incidents of an estate for a term of years at common law.

2. Each time-share estate constitutes for all purposes a separate estate in real property.

Sec. 57. 1. Each time-share (estate) project must be (separately) assessed (and taxed) as one property.

2. Notices of assessments and bills for taxes must be furnished to the (manager of the time-share property, if any, or otherwise to each owner of a

time share) resident agent or management agent for the association of time share owners. [A manager is not] The association of time share owners shall be liable for the taxes on a time-share estate project.

3. The aggregate assessed valuation of the time-share estates in a time-share property must not exceed the valuation of a physically similar property not divided into time shares, and the assessed valuation of a property must not be increased because it is used for time-share licenses.

Sec. 58. A document which transfers or encumbers a time-share estate may not be rejected for recording because of the nature or duration of that estate.

*Exempt as provided in (2)(b) 2*

Sec. 59. A building code or a zoning, subdivision or other ordinance or regulation may not prohibit the creation of time shares or impose any requirement upon a time-share property which it would not impose upon a similar development under a different form of ownership(.); except that the foregoing provisions shall not prohibit local governments from enacting business license regulations regarding time shares or from requiring that time share projects obtain a conditional use permit from the appropriate zoning authorities prior to locating time share projects in a district that is primarily zoned for residential use.

*Mel...  
...  
...  
...  
...*

Sec. 60. 1. A time-share license:

*city*

(a) Is a contractual right to occupy premises described in the license at times stated. The contractual right ceases to be effective if the property in which the license otherwise confers a right is sold upon foreclosure of a mortgage or pursuant to a power of sale created by a deed of trust.

(b) Is not a recordable interest. A county recorder may not index a time-share license in a real estate index or with deeds and other conveyances unless the recorder maintains only one series of books constituting his official records.

(c) Does not create a lien or security interest in the property in which the license confers a right, and is not entitled to any priority in any foreclosure, bankruptcy or other proceeding involving the property.

2. Each sales representative or other person who offers to sell a time-share license shall disclose the provisions of subsection 1 in:

- check*
- (a) The offering;
  - (b) Each instrument which creates a time-share license; and
  - (c) As required by regulations adopted by the division.

*cut*

Sec. 61. Time shares may be created in any unit unless expressly prohibited by the project instruments.

Sec. 62. A time-share instrument which creates more than 12 time shares in a time-share property must contain or provide for:

*trash*

1. A legally sufficient description of the time-share property and the name or other identification of the project, if any, within which it is situated;
2. The name of the county or counties in which the time-share property is situated;
3. Identification of time periods by letter, name, number or a combination of letters, names and numbers;
4. The liability for time-share expenses and any voting rights assigned to each time share, and, where applicable, to each unit in which time shares are not created;
5. If additional units or independent parcels may become part of the time-share property, the method of making them a part of the property and the formula for allocation and reallocation of the liabilities for time-share expenses and of voting rights;
6. Any restrictions on the use, occupancy or alteration of units or the alienation of time shares;
7. The ownership interest, if any, in personal property and provisions for care and replacement;
8. In the case of time-share licenses, the period for which the units affected are committed to those licenses and exactly what occurs in relation to those units at the end of the period if the period is not potentially infinite; and
9. Any requirements for amendments of the time-share instrument. The time-share instrument may provide for any other matters the developer deems

appropriate.

*Amendment require  
to be made*

Sec. 63. A time-share instrument must prescribe in detail reasonable arrangements for the management and operation of the time-share property and for the maintenance, repair and furnishing of units, which may include, but need not, be limited to provisions for the following:

1. Creation of an association of time-share owners, if such an association is to exist.
2. Adoption of bylaws for organizing and operating the association, if such an association is to exist.
3. Payment of costs and expenses of operating the time-share property and maintaining the units.
4. Employment and termination of employment of the managing agent, if one is employed.
5. Preparation and dissemination to the time-share owners of an annual budget and of operating statements and other financial information concerning the time-share property.
6. Adoption of standards and rules of conduct for the use and occupancy of units by the time-share owners.
7. Collection of assessments from owners to defray the expenses of management of the time-share property, maintenance of the units and reserves for replacement of items that become lost or unusable.
8. Comprehensive general liability insurance for death, bodily injury and property damage arising out of or in connection with the use of units by time-share owners, their guests and other users.
9. Methods, if any, for providing compensating periods of use or monetary compensation to time-share owners if a unit cannot be made available for the period to which the owner is entitled by schedule or by confirmed reservation.
10. Procedures for imposing a monetary penalty or suspension of time-share owner's rights and privileges in the time-share property for failure of that owner to comply with provisions of the time-share instruments or the rules of the association with respect to the use of the units.

11. Employment of attorneys, accountants and other professional persons, as necessary, to assist in the management of the time-share property.

Sec. 64. 1. A time-share instrument may provide for a period during which the developer or a managing agent selected by the developer may manage the time-share property.

2. If the time-share instrument provides for such a period, it may include provisions for:

(a) Termination of that period by action of the association.

(b) Termination of contracts for goods and services for the time-share property or for units within it which were entered into during that period if such contracts were made.

*set* (c) <sup>1 must provide</sup> regular accounting by the developer of the association, if any, as to all matters that affect the time-share property.

Sec. 65. No judicial action for partition of a unit may be undertaken except as may be permitted by the time-share instrument.

Sec. 66. If a lien other than a deed of trust or mortgage becomes effective against more than one time-share estate, any time-share owner is entitled to a release of his time-share estate from the lien upon payment of his proportionate liability for the lien in accordance with liability for time-share expense unless he or his predecessor in title agreed otherwise with the lienor. After payment, the managing entity may not assess or have a lien against that time-share estate for any portion of the time-share expenses incurred in connection with that lien.

Sec. 67. The division shall collect the following fees[.]:

1. For each application for a public offering statement, \$250.
2. For each time share in the project to which an application applies in excess of 50, \$5.
3. For each application for an amendment to a public offering statement, \$250.

The division may not collect more than \$1,500 for time shares pursuant to subsection 2 for any one application.

*Public offering statement*

Sec. 68. 1. Where any part of the [application], when that part became effective, <sup>is in the application</sup> contained an untrue statement of a material fact or omitted to state a material fact <sup>to be stated</sup> required to be stated therein, any person who purchases a time share covered by the application from the developer during the time that the application remained uncorrected may recover his damages from the developer in any court of competent jurisdiction unless he knew of the untruth or omission.

*Sec 68*

2. Any developer or sales representative who sells a time share in violation of this chapter or by means of a public offering statement which contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein[,] is liable to the purchaser of the time share for his damages.

3. The amount recoverable under this section may not exceed the sum of the purchase price of the time share and reasonable appraiser's costs, court costs and attorney's fees. <sup>and reasonable appraiser's costs, court costs and attorney's fees.</sup>

Sec. 69. 1. [Except as provided in subsection 2,] any person[,] who violates a provision of this chapter is guilty of a gross misdemeanor[,] and, if a partnership, association or corporation, shall be punished by a fine of not more than \$10,000 for each offense.

~~Sec. 69. 1. Any person who~~

(a) Sells or attempts to sell in this state any time share by means of intentional misrepresentation, deceit or fraud; or

(b) Obtains or attempts to obtain a public offering statement from the division by means of intentional misrepresentation, deceit or fraud[,] is guilty of a gross misdemeanor.

3. Any officer or agent of a corporation or member or agent of a partnership or association, who personally participates in or is accessory to any violation of this chapter by the partnership, association or corporation is guilty of a gross misdemeanor.

Sec. 70. If any provisions of this chapter, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect

other provisions or applications of this chapter which can be given effect  
without the invalid provisions or application, and, to this end, the provis  
of this chapter are severable.

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EXHIBIT D

NRS 463.380 - Annual state license fees on games.

If this statute is amended to allow for proration of license fees on all new locations commencing operation during the calendar year, the estimated loss of revenue would be \$154,000. This figure is based on an average covering the last three years.

NOTE: Although this is a State license fee, it is distributed back to the 17 counties equally as provided in NRS 463.320.

April 30, 1981

1872

(REPRINTED WITH ADOPTED AMENDMENTS)  
SECOND REPRINT

**S. B. 527**

SENATE BILL NO. 527—COMMITTEE ON JUDICIARY

APRIL 9, 1981

Referred to Committee on Judiciary

SUMMARY—Makes various changes to the laws regulating gaming.  
(BDR 41-757)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to gaming; specifying additional employees who must obtain work permits and providing for summary suspension of those permits; establishing a procedure for recording a lien for a deficiency determination; granting a privilege to licensees for communications required by law to be made to the board or commission; making various other changes to the laws regulating gaming; providing penalties; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 463 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 19, inclusive, of this act.  
3 SEC. 2. "*Affiliated company*" means a subsidiary company, holding  
4 company, intermediate company or any other form of business organiza-  
5 tion that:  
6 1. *Controls, is controlled by or is under common control with a cor-*  
7 *porate licensee; and*  
8 2. *Is involved in gaming activities in this state or involved in the*  
9 *ownership of property in this state upon which gaming is conducted.*  
10 SEC. 3. "*Gaming employee*" means any person connected directly  
11 with the operation of a gaming establishment licensed to conduct any  
12 game, 16 or more slot machines, a horse race book, sports pool or pari-  
13 mutuel wagering, including:  
14 1. *Boxmen;*  
15 2. *Cashiers;*  
16 3. *Change personnel;*  
17 4. *Counting room personnel;*  
18 5. *Dealers;*  
19 6. *Employees of manufacturers or distributors of gaming equipment*  
20 *within this state whose duties are directly involved with the manufacture,*  
21 *repair or distribution of gaming equipment;*

1 7. Employees of operators of slot routes who have keys for slot  
2 machines or who accept and transport revenue from the slot drop;

3 8. Floormen;

4 9. Hosts or other persons empowered to extend credit or compli-  
5 mentary services;

6 10. Keno runners;

7 11. Keno writers;

8 12. Machine mechanics;

9 13. Odds makers and line setters;

10 14. Security personnel;

11 15. Shift or pit bosses;

12 16. Skills;

13 17. Supervisor or managers; and

14 18. Ticket writers.

15 "Gaming employee" does not include bartenders, cocktail waitresses or  
16 other persons engaged in preparing or serving food or beverages.

17 SEC. 4. "Nonrestricted license" or "nonrestricted operation" means a  
18 state gaming license for, or an operation consisting of, 16 or more slot  
19 machines or a license for or operation of any number of slot machines  
20 together with any other game, gaming device, race book or sports pool at  
21 one establishment.

22 SEC. 5. "Restricted license" or "restricted operation" means a state  
23 gaming license for, or an operation consisting of, not more than 15 slot  
24 machines and no other game or gaming device at the establishment.

25 SEC. 6. "Temporary work permit" means a work permit which is  
26 valid only for a period not to exceed 90 days from its date of issue and  
27 is not renewable.

28 SEC. 7. "Work permit" means any card, certificate or permit issued  
29 by the board or by a county or city licensing authority, whether denom-  
30 inated as a work permit, registration card or otherwise, authorizing the  
31 employment of the holder as a gaming employee. A document issued by  
32 any governmental authority for any employment other than gaming is  
33 not a valid work permit for the purposes of this chapter.

34 SEC. 8. 1. The board shall investigate the qualifications of each  
35 applicant under this chapter before any license is issued or any registra-  
36 tion, finding of suitability or approval of acts or transactions for which  
37 commission approval is required or permission is granted, and shall con-  
38 tinue to observe the conduct of all licensees and other persons having a  
39 material involvement directly or indirectly with a licensed gaming opera-  
40 tion or registered holding company to ensure that licenses are not issued  
41 or held by, nor is there any material involvement directly or indirectly  
42 with a licensed gaming operation or registered holding company by  
43 unqualified, disqualified or unsuitable persons, or persons whose opera-  
44 tions are conducted in an unsuitable manner or in unsuitable or prohib-  
45 ited places or locations.

46 2. The board has full and absolute power and authority to recom-  
47 mend the denial of any application, the limitation, conditioning or  
48 restriction of any license, registration, finding of suitability or approval,  
49 the suspension or revocation of any license, registration, finding of suit-  
50 ability or approval or the imposition of a fine upon any person licensed,

1 registered, found suitable or approved for any cause deemed reasonable  
2 by the board.

3 3. The commission has full and absolute power and authority to  
4 deny any application or limit, condition, restrict, revoke or suspend any  
5 license, registration, finding of suitability or approval, or fine any person  
6 licensed, registered, found suitable or approved, for any cause deemed  
7 reasonable by the commission.

8 SEC. 9. 1. It is unlawful for any person to:

9 (a) Lend, let, lease or otherwise deliver or furnish any equipment of  
10 any gambling game, including any slot machine, for any interest, per-  
11 centage or share of the money or property played, under guise of any  
12 agreement whatever, without having first procured a state gaming license  
13 for it.

14 (b) Lend, let, lease or otherwise deliver or furnish, except by a bona  
15 fide sale or capital lease, any slot machine under guise of any agreement  
16 whereby any consideration is paid or is payable for the right to possess or  
17 use that slot machine, whether the consideration is measured by a per-  
18 centage of the revenue derived from the machine or by a fixed fee or  
19 otherwise, without having first procured a state gaming license for the  
20 slot machine.

21 (c) Furnish services or property, real or personal, on a contract, lease  
22 or license basis, pursuant to which that person receives payments based  
23 on earnings or profits or otherwise from any gambling game, including  
24 any slot machine, without having first procured a state gaming license.

25 2. The provisions of subsection 1 do not apply to any person:

26 (a) Whose payments are a fixed sum determined in advance on a bona  
27 fide basis for the furnishing of services or property other than a slot  
28 machine.

29 (b) Who furnishes services or property under a bona fide rental agree-  
30 ment or security agreement for gaming equipment.

31 (c) Which is a wholly owned subsidiary of:

32 (1) A corporation or limited partnership holding a state gaming  
33 license; or

34 (2) A holding company or intermediary company, or publicly traded  
35 corporation, which has registered pursuant to NRS 463.585 or 463.635  
36 and which has fully complied with the laws applicable to it as such.

37 (d) Who is licensed as a distributor and who rents or leases any equip-  
38 ment of any gambling game including any slot machine, under a bona  
39 fide agreement where the payments are a fixed sum determined in  
40 advance and not determined as a percentage of the revenue derived from  
41 the equipment or slot machine.

42 Receipts or rentals or charges for real property, personal property or  
43 services do not lose their character as payments of a fixed sum or as bona  
44 fide because of contract, lease or license provisions for adjustments in  
45 charges, rentals or fees on account of changes in taxes or assessments,  
46 cost-of-living index escalations, expansions or improvement of facilities,  
47 or changes in services supplied; and receipts of percentage rentals or per-  
48 centage charges between a corporate or limited partnership licensee and  
49 the entities enumerated in paragraph (c) are permitted under this subsec-  
50 tion.

1 3. The board may require any person exempted by the provisions of  
2 subsection 2 or paragraph (b) of subsection 1 to provide such information  
3 as it may require to perform its investigative duties.

4 4. The board and the commission may require a finding of suitability  
5 or the licensing of any person who:

6 (a) Owns any interest in the premises of a licensed establishment or  
7 owns any interest in real property used by a licensed establishment  
8 whether he leases the property directly to the licensee or through an inter-  
9 mediary.

10 (b) Repairs, rebuilds or modifies any gaming device.

11 If the commission finds the person to be unsuitable, it may require the  
12 termination of the arrangement. Any agreement between a licensee and  
13 a person described in paragraph (a) or (b) of this subsection shall be  
14 deemed to include a provision for its termination without liability on the  
15 part of the licensee upon a finding by the commission that the person is  
16 unsuitable. Failure expressly to include that condition in the agreement  
17 is not a defense in any action brought pursuant to this section to ter-  
18minate the agreement. If the application is not presented to the board  
19 within 30 days following demand or the unsuitable association is not  
20 terminated, the commission may pursue any remedy or combination of  
21 remedies provided in this chapter.

22 SEC. 10. 1. The commission may determine the suitability, or may  
23 require the licensing, of any person who furnishes services or property  
24 to a state gaming licensee under any arrangement pursuant to which the  
25 person receives payments based on earnings, profits or receipts from  
26 gaming. The commission may require any such person to comply with  
27 the requirements of this chapter and with the regulations of the com-  
28mission. If the commission determines that any such person is unsuita-  
29ble, it may require the arrangement to be terminated.

30 2. If the premises of a licensed gaming establishment are directly or  
31 indirectly owned or under the control of the licensee therein, or of any  
32 person controlling, controlled by, or under common control with the  
33 licensee, the commission may, upon recommendation of the board,  
34 require the application of any person for a determination of suitability  
35 to be associated with a gaming enterprise if the person:

36 (a) Does business on the premises of the licensed gaming establishment;

37 (b) Does business with the licensed gaming establishment as a junket  
38 representative or ticket purveyor; or

39 (c) Provides any goods or services to the licensed gaming establishment  
40 for a compensation which the board finds to be grossly disproportionate  
41 to the value of the goods or services.

42 3. If the commission determines that the person is unsuitable to be  
43 associated with a gaming enterprise, the association must be terminated.  
44 Any agreement which entitles a business other than gaming to be  
45 conducted on the premises, or entitles a person other than gaming to con-  
46 duct business with the licensed gaming establishment as set forth in para-  
47 graph (b) or (c) of subsection 2, is subject to termination upon a finding  
48 of unsuitability of the person associated therewith. Every such agreement  
49 must be deemed to include a provision for its termination without liability  
50 on the part of the licensee upon a finding by the commission that the

1 person associated therewith is unsuitable to be associated with a gaming  
 2 enterprise. Failure expressly to include that condition in the agreement  
 3 is not a defense in any action brought pursuant to this section to termi-  
 4 nate the agreement. If the application is not presented to the board  
 5 within 30 days following demand or the unsuitable association is not  
 6 terminated, the commission may pursue any remedy or combination of  
 7 remedies provided in this chapter.

8 SEC. 11. 1. As used in this section:

9 (a) "Governing body" includes the governing body of a political sub-  
 10 division of this state and every authority composed of representatives of  
 11 those bodies.

12 (b) "Public transportation facility" means an airport, marina, bus ter-  
 13 minal or train station owned and operated by a governing body.

14 2. The commission may exempt a governing body, which leases a  
 15 portion of a public transportation facility for the operation of slot  
 16 machines only, from the provisions of NRS 463.160 and 463.170, sec-  
 17 tions 9 and 10 of this act, and the regulations of the commission relating  
 18 to gaming if:

19 (a) The lessee who is operating the slot machines complies with all  
 20 applicable federal, state and local licensing requirements; and

21 (b) The terms of the lease provide for the immediate termination of  
 22 the lease upon the revocation of any license necessary to operate the  
 23 slot machines.

24 3. The commission may grant, deny, limit, condition, suspend or  
 25 revoke any exemption or any application for an exemption.

26 4. The grant of an exemption under this section does not create any  
 27 vested rights.

28 SEC. 12. 1. Upon the expiration of 30 days after the service of  
 29 notice of a deficiency determination, the amount of license fees or taxes  
 30 due, together with all interest and penalties, constitutes a lien on any  
 31 right, title or interest in all real and personal property where the gaming  
 32 establishment is located, or that is directly connected with gaming, which  
 33 is in the state and owned by the person against whom the determination  
 34 has been made unless he files a petition for a redetermination which  
 35 complies with the provisions of NRS 463.3883.

36 2. If a proper petition for a redetermination is filed, any amount due  
 37 pursuant to a final order or decision upon the petition for redetermination  
 38 constitutes a lien on all such property within the state owned by the  
 39 debtor upon service of the final order or decision.

40 3. The filing of a petition for judicial review does not affect the lien  
 41 or stay any action for the enforcement of the lien. If the amount due is  
 42 modified upon review, the commission shall record a notice of the modifi-  
 43 cation of the amount of the lien.

44 4. A debtor continues to be responsible for a deficiency determination  
 45 although he is no longer licensed pursuant to this chapter.

46 5. A lien created pursuant to this section is perfected upon the  
 47 recording of a notice of the lien with the secretary of state and the county  
 48 recorder of the county within which the establishment subject to the lien  
 49 is located. The lien has priority over any other lien except a previously

1 recorded lien and continues for 5 years from the date it is recorded unless  
2 it is sooner discharged.

3 6. Within 5 years after the recording of the lien or within 5 years  
4 after its most recent extension, the lien may be extended by recording a  
5 notice that it remains unsatisfied with the secretary of state and the  
6 county recorder of the county within which the establishment subject to  
7 the lien is located. Upon this recording, the existence of the lien is  
8 extended 5 years unless sooner released or otherwise discharged.

9 7. The lien is discharged upon:

10 (a) Payment or cancellation of the underlying debt; or

11 (b) The conveyance to the state of property which satisfied the under-  
12 lying debt.

13 SEC. 13. Any information obtained by the board from any licensee,  
14 his employer or agent relating to the termination of a gaming employee is  
15 confidential and must not be disclosed except:

16 1. Such information obtained from the former employer of an appli-  
17 cant for a work permit must be disclosed to the applicant to the extent  
18 necessary to permit him to respond to any objection made by the board to  
19 his application for the permit;

20 2. In the necessary administration of this chapter; or

21 3. Upon the lawful order of a court of competent jurisdiction.

22 SEC. 13.5. Any communication of a licensee which is required by law  
23 or the regulations of the board or commission to be made to the board or  
24 commission or any of their agents or employees is absolutely privileged  
25 and does not impose liability for defamation or constitute a ground for  
26 recovery in any civil action.

27 SEC. 14. 1. The commission may issue an emergency order sus-  
28 pending a person's work permit upon a finding that the suspension is  
29 necessary for the immediate preservation of the public peace, health,  
30 safety, morals, good order or general welfare. The order becomes effec-  
31 tive when served upon the permitholder.

32 2. The emergency order must state the facts upon which the finding  
33 of necessity for the suspension is based. For purposes of this section, the  
34 emergency order shall be deemed a complaint.

35 3. The person whose work permit is summarily suspended:

36 (a) Has a right to a hearing on the order. The commission shall sched-  
37 ule a hearing within 5 days after receipt of the person's notice of  
38 defense.

39 (b) Must file a notice of defense within 30 days after the effective date  
40 of the emergency order. Failure to timely file this notice waives his right to  
41 a hearing before the commission and to judicial review of the final deci-  
42 sion.

43 4. All affirmative defenses must be specifically stated in the notice of  
44 defense and unless an objection is stated to the form or manner of the  
45 order, all objections to the form of the complaint shall be deemed waived.

46 5. Except as otherwise provided in this section, the procedures for a  
47 disciplinary action in NRS 463.312 must be followed.

48 SEC. 15. 1. Any person who operates or maintains in this state any

1 gaming device of a specific model, or which includes a significant modi-  
2 fication, which the board has not approved for testing or for operation.  
3 is subject to disciplinary action by the board or commission.

4 2. The board shall maintain a list of approved gaming devices.

5 3. The commission shall adopt regulations relating to gaming devices  
6 and their significant modification.

7 SEC. 16. All gaming must be conducted with chips or tokens approved  
8 by the board or with the legal tender of the United States.

9 SEC. 17. In calculating gross revenue, any prizes, premiums, draw-  
10 ings, benefits or tickets which are redeemable for money or merchandise  
11 or other promotional allowance, except money or tokens paid at face  
12 value directly to a patron as the result of a specific wager must not be  
13 deducted as losses from winnings.

14 SEC. 18. 1. The commission may:

15 (a) Adopt regulations governing the sale or offering for sale of securi-  
16 ties, by public or other offerings, of any affiliated company of a corporate  
17 licensee.

18 (b) Pursue any remedy or combination of remedies provided in this  
19 chapter for a violation of any regulation adopted pursuant to this section,  
20 but any such violation does not affect the validity of the securities issued.

21 2. As used in this section, unless the context otherwise requires,  
22 "sale" means every contract of sale, contract to sell, disposition or trans-  
23 fer whether or not for value. The term includes any exchange and any  
24 material change in the rights, preferences, privileges or restrictions of or  
25 on outstanding securities.

26 SEC. 19. Every district attorney, sheriff and chief of police shall fur-  
27 nish to the board, on forms prepared by the board, all information  
28 obtained during the course of any substantial investigation or prosecution  
29 of any person if it appears that a violation of any law related to gaming  
30 has occurred.

31 SEC. 20. NRS 463.0101 is hereby amended to read as follows:

32 463.0101 As used in this chapter, the words and terms defined in  
33 NRS 463.0102 to 463.0128, inclusive, and sections 3 to 7, inclusive, of  
34 this act, unless the context otherwise requires, have the meanings ascribed  
35 to them in [such] those sections. [unless a different meaning clearly  
36 appears in the context.]

37 SEC. 21. NRS 463.011 is hereby amended to read as follows:

38 463.011 "Game" or "gambling game" means any banking or per-  
39 centage game played with cards, dice or any mechanical, electromechani-  
40 cal or electronic device or machine for money, property, checks, credit  
41 or any representative of value, including, without limiting the generality  
42 of the foregoing, faro, monte, roulette, keno, bingo, fan-tan, twenty-one,  
43 blackjack, seven-and-a-half, big injun, klondike, craps, poker, chuck-a-  
44 luck, Chinese chuck-a-luck (dai shu), wheel of fortune, chemin de fer,  
45 baccarat, pai gow, beat the banker, panguingui, slot machine, or any  
46 other game or device approved by the commission, but does not include  
47 social games played solely for drinks, or cigars or cigarettes served indi-  
48 vidualy, or games played in private homes or residences for prizes or  
49 games operated by charitable or educational organizations which are  
50 approved by the board pursuant to the provisions of NRS 463.409.



1 SEC. 22. NRS 463.0112 is hereby amended to read as follows:

2 463.0112 "Gaming device" means any mechanical, *electromechani-*  
 3 *cal or electronic* contrivance, component or machine used in connection  
 4 with gaming or any game [.] which affects the result of a wager by deter-  
 5 mining win or loss. The term includes a system for processing information  
 6 which can alter the normal criteria of random selection, which affects the  
 7 operation of any game or which determines the outcome of a game. The  
 8 term does not include a system or device which affects a game solely by  
 9 stopping its operation so that the outcome remains undetermined.

10 SEC. 23. NRS 463.080 is hereby amended to read as follows:

11 463.080 1. [Subject to the provisions of NRS 463.075, the] The  
 12 board, with the approval of the commission, may:

13 (a) Establish, and from time to time alter, such plan of organization as  
 14 it may deem expedient.

15 (b) Acquire such furnishings, equipment, supplies, stationery, books,  
 16 motor vehicles and all other things as it may deem necessary or desira-  
 17 ble in carrying out its functions.

18 (c) Incur such other expenses, within the limit of [funds] money  
 19 available to it, as it may deem necessary.

20 2. Except as otherwise provided in this chapter, all costs of adminis-  
 21 tration incurred by the board [shall] *must* be paid out on claims from  
 22 the state general fund in the same manner as other claims against the  
 23 state are paid.

24 3. The board shall, within the limits of legislative appropriations or  
 25 authorizations, employ and fix the salaries of or contract for the services  
 26 of such professional, technical and operational personnel and consultants  
 27 as the execution of its duties and the operation of the board and com-  
 28 mission may require.

29 4. The members of the board and all the personnel of the board,  
 30 except clerical employees, [shall be] *are* exempt from the provisions of  
 31 chapter 284 of NRS. They [shall be] *are* entitled to such leaves of  
 32 absence as the board prescribes; but such leaves [shall] *must* not be  
 33 of lesser duration than those provided for other state employees pursuant  
 34 to chapter 284 of NRS.

35 5. Clerical employees of the board [shall be] *are* in the classified  
 36 service [pursuant to] *but are exempt from* the provisions of chapter 284  
 37 of NRS [, except] for purposes of removal. [; and they shall] *They are*  
 38 *entitled* to receive an annual salary which [shall] *must* be fixed in accord-  
 39 ance with the pay plan adopted under the provisions of [chapter 284 of  
 40 NRS.] *that chapter.*

41 6. The board and the commission shall, by suitable regulations,  
 42 establish a comprehensive plan governing employment, job classifications  
 43 and performance standards, and retention or discharge of employees to  
 44 assure that termination or other adverse action is not taken against such  
 45 employees except for cause. [Such regulations shall] *The regulations*  
 46 *must* include provisions for hearings in personnel matters and for review  
 47 of adverse actions taken in [such] *those* matters.

48 SEC. 24. NRS 463.095 is hereby amended to read as follows:

49 463.095 The board may employ the services of [experts in the fields  
 50 of corporate organization and management] *such persons as it considers*

1 necessary for the purposes of consultation or investigation. [without the  
2 necessity of their approval by the attorney general and without regard to  
3 their qualification to practice law or any other profession in this state.]

4 SEC. 25. NRS 463.120 is hereby amended to read as follows:

5 463.120 1. The board and the commission shall cause to be made  
6 and kept a record of all proceedings at regular and special meetings of  
7 the board and the commission. [ , which ] *These* records are open to pub-  
8 lic inspection.

9 2. The board shall maintain a file of all applications for licenses  
10 under this chapter, together with a record of all action taken with respect  
11 to [such applications, which] *those applications*. The file and record  
12 are open to public inspection.

13 3. The board and the commission may maintain such other files and  
14 records as they may deem desirable.

15 4. All information and data [required] :

16 (a) *Required* by the board or commission to be furnished to it under  
17 this chapter or which may be otherwise obtained relative to the finances,  
18 earnings or revenue of any applicant or licensee; and

19 (b) *Pertaining to an applicant's criminal record, antecedents and back-*  
20 *ground which have been furnished to or obtained by the board or com-*  
21 *mission from any source,*

22 are confidential and [must not] *may* be revealed in whole or in part  
23 [except as follows:

24 (a) In] *only* in the course of the necessary administration of this  
25 chapter [.

26 (b) Upon] *or upon* the lawful order of a court of competent jurisdic-  
27 tion [.

28 (c) To a duly] , *except that the commission may reveal such infor-*  
29 *mation and data to an authorized agent of any agency of the United*  
30 *States [government] Government, [or of] any state [ , including but not*  
31 *limited to agents of the Federal Bureau of Investigation, the United*  
32 *States Treasury Department or the Internal Revenue Service of the*  
33 *United States or the United States Securities and Exchange Commission]*  
34 *or any political subdivision of this state pursuant to regulations adopted*  
35 *by the commission.*

36 5. [All information and data pertaining to an applicant's criminal  
37 record, antecedents and background, other than financial, furnished to or  
38 obtained by the board or the commission from any source, may be con-  
39 sidered confidential and may be withheld in whole or in part; except that  
40 any information must be released upon lawful order of a court of com-  
41 petent jurisdiction.

42 6.] Notice of the content of any information or data furnished or  
43 released pursuant to [subsections 4 and 5] *subsection 4* may be given to  
44 any applicant or licensee in a manner prescribed by regulations adopted  
45 by the commission.

46 [7.] 6. The files, records reports of the board are open at all times  
47 to inspection by the commission and its [duly] authorized agents.

48 [8.] 7. All files, records, reports and other information pertaining to  
49 gaming matters in the possession of the Nevada tax commission must be

1 made available to the [state gaming control] board and the Nevada  
2 gaming commission as is necessary to the administration of this chapter.

3 SEC. 26. NRS 463.140 is hereby amended to read as follows:

4 463.140 1. The provisions of this chapter with respect to state  
5 gaming licenses and manufacturer's, seller's and distributor's licenses  
6 [shall] *must* be administered by the [state gaming control] board and  
7 the [Nevada gaming] commission, which shall administer them for the  
8 protection of the public and in the public interest in accordance with  
9 the policy of this state.

10 2. [The board shall investigate the qualifications of each applicant  
11 under this chapter before any license is issued or any registration, finding  
12 of suitability or approval of acts or transactions for which commission  
13 approval is required or permission is granted, and shall continue to  
14 observe the conduct of all licensees and other persons having a material  
15 involvement directly or indirectly with a licensed gaming operation or  
16 registered holding company to the end that licenses shall not be issued  
17 to nor held by nor shall there be any material involvement directly or  
18 indirectly with a licensed gaming operation or registered holding com-  
19 pany by unqualified or disqualified persons, unsuitable persons or per-  
20 sons whose operations are conducted in an unsuitable manner or in  
21 unsuitable or prohibited places or locations. The board has full and  
22 absolute power and authority to recommend the denial of any applica-  
23 tion, the limitation, conditioning or restriction of any license, registration,  
24 finding of suitability or approval, the suspension or revocation of any  
25 license, registration, finding of suitability or approval or the imposition  
26 of a fine upon any person licensed, registered, found suitable or approved  
27 for any cause deemed reasonable by the board. The commission has full  
28 and absolute power and authority to deny any application or limit, condi-  
29 tion, restrict, revoke or suspend any license, registration, finding of  
30 suitability or approval, or fine any person licensed, registered, found  
31 suitable or approved, for any cause deemed reasonable by the commis-  
32 sion.

33 3.] The board and the commission and their agents may:

34 (a) Inspect and examine all premises wherein gaming is conducted or  
35 gambling devices or equipment are manufactured, sold or distributed.

36 (b) Inspect all equipment and supplies in, upon or about such prem-  
37 ises.

38 (c) Summarily seize and remove from such premises and impound  
39 any equipment or supplies for the purpose of examination and inspec-  
40 tion.

41 (d) Demand access to and inspect, examine, photocopy and audit all  
42 papers, books and records of applicants and licensees, on their premises,  
43 *or elsewhere as practicable*, and in the presence of the licensee or his  
44 agent, respecting the gross income produced by any gaming business,  
45 and require verification of income, and all other matters affecting the  
46 enforcement of the policy or any of the provisions of this chapter.

47 3. *For the purpose of conducting audits after the cessation of gam-*  
48 *ing by a licensee, the former licensee shall furnish, upon demand of an*  
49 *agent of the board, books, papers and records as necessary to conduct*

1 *the audits. The former licensee shall maintain all books, papers and rec-*  
2 *ords necessary for audits for a period of 1 year after the date of the sur-*  
3 *render or revocation of his gaming license. If the former licensee seeks*  
4 *judicial review of a deficiency determination or files a petition for a*  
5 *redetermination, he must maintain all books, papers and records until a*  
6 *final order is entered on the determination.*

7 4. *The board may investigate, for the purpose of prosecution, any*  
8 *suspected criminal violation of the provisions of this chapter or chapter*  
9 *463B, 464 or 465 of NRS. For the purpose of the administration and*  
10 *enforcement of this chapter and chapters [463,] 463B, 464 and 465*  
11 *of NRS, and of chapter 205 of NRS so far as it involves crimes against*  
12 *the property of gaming licensees, the board, the commission and the*  
13 *executive, supervisory and investigative personnel of both the board and*  
14 *the commission have the powers of a peace officer of [the State of*  
15 *Nevada.] this state.*

16 5. *For the purpose of protecting members of the board and of the*  
17 *commission and their property, and providing security at meetings of*  
18 *the board and of the commission, the employees of the enforcement*  
19 *division of the board have the powers of a peace officer of this state.*

20 [5.] 6. *The board and the commission [or any member thereof*  
21 *shall each have] or any of its members has full power and authority to*  
22 *issue subpoenas and compel the attendance of witnesses at any place within*  
23 *this state, to administer oaths and to require testimony under oath. Any*  
24 *process or notice may be served in the manner provided for service of*  
25 *process and notices in civil actions. The board or the commission may*  
26 *pay such transportation and other expenses of witnesses as it may deem*  
27 *reasonable and proper. Any person making false oath in any matter*  
28 *before either the board or commission is guilty of perjury. The board*  
29 *and commission or any member thereof may appoint hearing examiners*  
30 *who may administer oaths and receive evidence and testimony under*  
31 *oath.*

32 SEC. 27. NRS 463.142 is hereby amended to read as follows:

33 463.142 1. At any time:

34 (a) Within 5 years after any amount of fees, interest, penalties or tax  
35 required to be paid or collected pursuant to the provisions of this chapter  
36 becomes due and payable;

37 (b) Within 5 years after the delinquency of any amount of such fees,  
38 interest, penalties or tax; or

39 (c) Within 3 years after the [commission] board has, within one of  
40 the 5-year periods limited by paragraphs (a) and (b), made a determina-  
41 tion of any fee, interest, penalty or tax pursuant to NRS 463.388, which-  
42 ever period extends the longest,

43 the [commission] board may bring a civil action in the courts of this  
44 state, or any other state, or of the United States, in the name of the State  
45 of Nevada to collect the amount due together with penalties and interest.  
46 An action may be brought even though the person owing the amount is  
47 [not] no longer a gaming licensee under the provisions of this chapter.

48 2. If the action is brought in this state:

49 (a) A writ of attachment may issue, and no bond or affidavit previous  
50 to the issuing of the attachment is required.

1 (b) The records of the [commission] board are prima facie evidence  
2 of the determination of the tax or the amount of the tax, the delinquency  
3 of the amount set forth and compliance by the [commission] board with  
4 all the provisions of this chapter in relation to the computation and  
5 determination of the amounts.

6 SEC. 28. NRS 463.150 is hereby amended to read as follows:

7 463.150 1. The commission [is empowered and] shall, from time  
8 to time, adopt, amend or repeal such regulations, consistent with the  
9 policy, objects and purposes of this chapter as it may deem necessary or  
10 desirable in the public interest in carrying out the policy and provisions of  
11 this chapter.

12 2. [Such regulations shall.] *These regulations must*, without limiting  
13 the general powers herein conferred, include the following:

14 (a) Prescribing the method and form of application which any appli-  
15 cant for a gaming license or for a manufacturer's, seller's or distributor's  
16 license [shall] *must* follow and complete [prior to] *before* consideration  
17 of his application by the board.

18 (b) Prescribing the information to be furnished by any applicant or  
19 licensee concerning [such person's] *his* antecedents, habits, character,  
20 associates, criminal record, business activities and financial affairs, past  
21 or present.

22 (c) *Prescribing the information to be furnished by a licensee relating*  
23 *to his gaming employees.*

24 [(c)] (d) Requiring fingerprinting of an applicant or licensee or  
25 employee of a licensee or other methods of identification.

26 [(d)] (e) Prescribing the manner and procedure of all hearings  
27 conducted by the board or commission or any hearing examiner of the  
28 board or commission, including special rules of evidence applicable  
29 thereto and notices thereof.

30 [(e)] (f) Requiring any applicant to pay all or any part of the fees  
31 and costs of investigation of such applicant as may be determined by  
32 the board.

33 [(f)] (g) Prescribing the manner and method of collection and pay-  
34 ment of fees and issuance of licenses.

35 [(g)] (h) Defining and limiting the area, games and devices per-  
36 mitted, and the method of operation of such games and devices for the  
37 purposes of this chapter.

38 [(h)] (i) Prescribing under what conditions the nonpayment of a  
39 gambling debt by a licensee shall be deemed grounds for revocation or  
40 suspension of his license.

41 [(i)] (j) Governing the manufacture, sale and distribution of gam-  
42 bling devices and equipment.

43 [(j)] (k) Requiring any applicant or licensee to waive any privilege  
44 with respect to any testimony at any hearing or meeting of the board or  
45 commission, except any privilege afforded by the constitutions of the  
46 United States or this state.

47 [(k)] (l) Prescribing the qualifications of, and the conditions under  
48 which, attorneys, accountants and others [shall be] *are* permitted to  
49 practice before the board or commission.

50 SEC. 29. NRS 463.160 is hereby amended to read as follows:

1 463.160 1. It is unlawful for any person, either as owner, lessee or  
2 employee, whether for hire or not, either solely or in conjunction with  
3 others:

4 (a) To deal, operate, carry on, conduct, maintain or expose for play  
5 in the State of Nevada any game or slot machine [as defined in this chap-  
6 ter, or to operate, carry on, conduct or maintain] or any horserace book  
7 or sports pool;

8 (b) To provide or maintain any information service the primary pur-  
9 pose of which is to aid the placing or making of wagers on events of any  
10 kind; or

11 (c) To receive, directly or indirectly, any compensation or reward or  
12 any percentage or share of the money or property played, for keeping,  
13 running or carrying on any game, slot machine, horserace book or sports  
14 pool,

15 without having first procured, and thereafter maintain in effect, all fed-  
16 eral, state, county and municipal gaming licenses as required by statute,  
17 regulation or ordinance or by the governing board of any unincorporated  
18 city or town.

19 2. [It is unlawful for any person to lend, let, lease or otherwise  
20 deliver or furnish any equipment of any gambling game, including any  
21 slot machine, for any interest or any percentage or share of the money or  
22 property played, under guise of any agreement whatever, without having  
23 first procured a state gaming license for it.

24 3. It is unlawful for any person to lend, let, lease or otherwise deliver  
25 or furnish, except by a bona fide sale or capital lease, any slot machine  
26 under guise of any agreement whatever whereby any consideration what-  
27 ever is paid or is payable for the right to possess or use that slot machine,  
28 whether the consideration is measured by a percentage of the revenue  
29 derived from the machine or by a fixed fee or otherwise, without having  
30 first procured a state gaming license for the slot machine.

31 4. It is unlawful for any person to furnish services or property, real  
32 or personal, on a contract, lease or license basis, pursuant to which that  
33 person receives payments based on earnings or profits or otherwise from  
34 any gambling game, including any slot machine, without having first pro-  
35 cured a state gaming license.

36 5.] It is unlawful for any person knowingly to permit any gambling  
37 game, slot machine or gaming device to be conducted, operated, dealt  
38 or carried on in any house or building or other premises owned by him,  
39 in whole or in part, [except] by a person who is *not* licensed [here-  
40 under,] *under this chapter*, or his employee.

41 [6. The provisions of subsections 2, 3 and 4 do not apply to any  
42 person:

43 (a) Whose payments are a fixed sum determined in advance on a  
44 bona fide basis for the furnishing of services or property other than a  
45 slot machine.

46 (b) Who furnishes services or property under a bona fide rental agree-  
47 ment or security agreement for gaming equipment.

48 (c) Which is a wholly owned subsidiary of:

49 (1) A corporation or limited partnership holding a state gaming  
50 license; or

1 (2) A holding company or intermediary company, or publicly  
2 traded corporation, which has registered pursuant to NRS 463.585 or  
3 463.635 and which has fully complied with the laws applicable to it as  
4 such.

5 (d) Who is licensed as a distributor and who rents or leases any equip-  
6 ment of any gambling game including any slot machine, under a bona  
7 fide agreement where the payments are a fixed sum determined in advance  
8 and not determined as a percentage of the revenue derived from the  
9 equipment or slot machine.

10 Receipts or rentals or charges for real property, personal property or  
11 services do not lose their character as payments of a fixed sum or as bona  
12 fide because of contract, lease or license provisions for adjustments in  
13 charges, rentals or fees on account of changes in taxes or assessments,  
14 cost-of-living index escalations, expansions or improvement of facilities,  
15 or changes in services supplied; and receipts of percentage rentals or  
16 percentage charges between a corporate or limited partnership licensee  
17 and the entities enumerated in paragraph (c) are permitted under this  
18 subsection.

19 7. The commission may determine the suitability, or may require the  
20 licensing, of any person who furnishes services or property to a state  
21 gaming licensee under any arrangement pursuant to which the person  
22 receives payments based on earnings, profits or receipts from gaming.  
23 The commission may require any such person to comply with the require-  
24 ments of this chapter and with the regulations of the commission. If the  
25 commission determines that any such person is unsuitable, it may require  
26 the arrangement to be terminated.

27 8. If the premises of a licensed gaming establishment are directly or  
28 indirectly owned or under the control of the licensee therein, or of any  
29 person controlling, controlled by, or under common control with the  
30 licensee, the commission may, upon recommendation of the board,  
31 require the application of any business or person for a determination of  
32 suitability to be associated with a gaming enterprise if the person or busi-  
33 ness:

34 (a) Does business on the premises of the licensed gaming establish-  
35 ment;

36 (b) Does business with the licensed gaming establishment as a junket  
37 representative or ticket purveyor; or

38 (c) Provides any goods or services to the licensed gaming establish-  
39 ment for a compensation which the board finds to be grossly disproportion-  
40 ate to the value of the goods or services.

41 If the commission determines that the business or person is unsuitable to  
42 be associated with a gaming enterprise, the association must be termi-  
43 nated. Any agreement which entitles a business other than gaming to  
44 be conducted on the premises, or entitles a person or business other than  
45 gaming to conduct business with the licensed gaming establishment as  
46 set forth in paragraph (b) or (c) of this subsection, is subject to termi-  
47 nation upon a finding of unsuitability of the business or of any person  
48 associated therewith. Every such agreement must be deemed to include  
49 a provision for its termination without liability on the part of the licensee

1 upon a finding by the commission that the business or any person asso-  
2 ciated therewith is unsuitable to be associated with a gaming enterprise.  
3 Failure expressly to include that condition in the agreement is not a  
4 defense in any action brought pursuant to this section to terminate the  
5 agreement. If the application is not presented to the board within 30  
6 days following demand or the unsuitable association is not terminated,  
7 the commission may pursue any remedy or combination of remedies  
8 provided in this chapter.]

9 SEC. 30. NRS 463.175 is hereby amended to read as follows:

10 463.175 1. As used in this section:

11 (a) "Bank" means a national banking association which has its chief  
12 place of business in this state, a banking corporation formed under the  
13 laws of this state or a trust company formed under the laws of this state  
14 which has its chief place of business in this state.

15 (b) "Fiduciary" means an executor, an administrator, a special admin-  
16 istrator, a trustee of an inter vivos trust, a trustee of a testamentary trust,  
17 an escrow agent, a depository or any combination thereof.

18 2. The commission may, selectively or by general regulation, at any  
19 time and from time to time, exempt a bank acting as a fiduciary from all  
20 or any portion of the requirements of NRS 463.160, 463.170 [and] ,  
21 463.490 to 463.645, inclusive, and sections 10 and 11 of this act, and  
22 from the regulations [promulgated] adopted thereunder.

23 3. The commission may, upon the recommendation of the board or  
24 upon its own undertaking, grant, deny, limit, condition, restrict, revoke  
25 or suspend any exemption or application for exemption pursuant to sub-  
26 section 2 for any reasonable cause. [which the commission considers rea-  
27 sonable.]

28 4. An exemption granted pursuant to subsection 2 is a revocable  
29 privilege, and no person may acquire any vested rights therein or there-  
30 under.

31 SEC. 31. NRS 463.210 is hereby amended to read as follows:

32 463.210 1. Within a reasonable time after filing of an application  
33 and such supplemental information as the board may require, the board  
34 shall commence its investigation of the applicant and shall conduct such  
35 proceedings in accordance with applicable regulations as it may deem  
36 necessary.

37 2. If a person has applied for a position which cannot be held pend-  
38 ing licensure or approval by the commission, [The] the board shall  
39 [make] use its best efforts to enter its order [, either recommending  
40 approval or denial of an] concerning the application [;] not longer than  
41 [90 days] 9 months after the application and supporting data are com-  
42 pleted and filed with the board. [In the event] If denial of an application  
43 is recommended, the board shall prepare and file with the commission its  
44 written reasons upon which the order is based.

45 3. The board shall have full and absolute power and authority to  
46 recommend denial of any application for any reasonable cause. [deemed  
47 reasonable by the board.]

48 4. A recommendation of denial of an application [shall be] is with-  
49 out prejudice to a new and different application if made in conformity  
50 to regulations applicable to such situations.



1 SEC. 32. NRS 463.220 is hereby amended to read as follows:

2 463.220 1. [After final order approving an application, the board  
3 will present its recommendation] *The board shall present its final order*  
4 *upon an application* to the commission at the next meeting of the com  
5 mission.

6 2. The commission may, after considering the recommendation of the  
7 board, issue to the applicant or applicants named, as [individuals,  
8 *natural persons*, and to the licensed gaming establishment, as a business  
9 entity, under the name or style therein designated, a state gaming license  
10 or deny the same. The commission may limit such license or place such  
11 conditions thereon as it may deem necessary in the public interest. The  
12 commission may, if satisfied of the necessity of such action, issue a pro  
13 bationary license. No state gaming license [shall] *may* be assigned either  
14 in whole or in part.

15 3. The commission may limit or place such conditions as it may  
16 deem necessary in the public interest upon any registration, finding of  
17 suitability or approval for which application has been made.

18 4. After final order of the [state gaming control] board recommend  
19 ing denial of an application, the commission, after considering the recom  
20 mendation of the board, may:

21 (a) Deny the application;

22 (b) Remand the matter to the board for such further investigation and  
23 reconsideration as the commission may order; or

24 (c) By unanimous vote of the members present, grant the application  
25 for a license, registration, finding of suitability or approval.

26 *For the purposes of this section, a tie vote of the board upon an applica*  
27 *tion does not constitute a recommendation of denial of the application.*

28 5. If the commission is not satisfied that an applicant approved by  
29 the [state gaming control] board is qualified to be licensed [hereunder,  
30 *under this chapter*, the commission may cause to be made such investiga  
31 tion into and conduct such hearings concerning the qualifications of the  
32 applicant in accordance with its regulations as it may deem necessary.

33 6. If the commission desires further investigation be made or to con  
34 duct such hearings, it shall, within 30 days after presentation of the  
35 recommendation of the board so notify the applicant and set a date for  
36 hearing, if a hearing is requested by the applicant. Final action by the  
37 commission [shall] *must* be taken within 120 days after the recommen  
38 dation of the board has been presented to the commission. Failure of  
39 the commission to take action within [such 120-day period] *120 days*  
40 shall be deemed to constitute approval of [such] *the* applicant by the  
41 commission, and a license [shall] *must* be issued forthwith upon com  
42 pliance by the applicant with the provisions of subsection [7 of this  
43 section.] 8.

44 [6.] 7. The commission [shall have] *has* full and absolute power  
45 and authority to deny any application for any cause [deemed reason  
46 able by such commission. In the event] *it deems reasonable. If an applica*  
47 *tion is denied, the commission shall prepare and file its written*  
48 *decision upon which its order denying [such] the application is based.*

49 [7.] 8. If satisfied that an applicant is eligible to receive a state  
50 gaming license, and upon tender of all license fees and taxes as required

1 by law and regulation of the commission and such bond as the commis-  
2 sion may require for the payment of license fees and taxes and the faith-  
3 ful performance of all requirements imposed by law or regulation or the  
4 conditions of the license, the commission [will] shall issue to the appli-  
5 cant or applicants named, under the name or style designated, such  
6 license as may be appropriate or as is provided by law.

7 9. The commission shall fix the amount of the bond to be required  
8 under [this] subsection 8 at no more than the total amount of license  
9 fees and taxes estimated to become due from the licensee [prior to]  
10 before his full compliance with the requirements of subsection 3 of NRS  
11 463.370. The bond so furnished may be applied by the commission to  
12 the payment of any unpaid liability of the licensee under this chapter.  
13 The bond shall be furnished in cash or negotiable securities. If furnished  
14 in negotiable securities, the principal [shall] must be placed without  
15 restriction at the disposal of the commission, but any income [shall]  
16 must inure to the benefit of the licensee.

17 SEC. 33. NRS 463.270 is hereby amended to read as follows:

18 463.270 1. Subject to the power of the commission to deny, revoke,  
19 suspend, condition or limit licenses, any state license in force may be  
20 renewed by the commission for the next succeeding license period upon  
21 proper application for renewal and payment of state license fees and  
22 taxes as required by law and the regulations of the commission.

23 2. All state gaming licenses [shall become] are subject to renewal  
24 on the 1st day of each January and all quarterly state gaming licenses on  
25 the 1st day of each calendar quarter thereafter.

26 3. Application for renewal [shall] must be filed with the commission  
27 and all state license fees and taxes required by law [shall] , including  
28 without limitation NRS 463.370, 463.373 to 463.385, inclusive, 463-  
29 401, 463.660 and 464.040, must be paid to the commission on or before  
30 the dates respectively provided by law for each [such] fee or tax.

31 4. Application for renewal of licenses for slot machines only [shall]  
32 must be made by the operators of the locations where such machines are  
33 situated.

34 5. Any person failing to pay any state license fees or taxes due at  
35 the times respectively provided shall pay in addition to such license fees  
36 or taxes a penalty of not less than [\\$25] \$50 or 25 percent of the  
37 [gross] amount due, whichever is the greater, but in no case in excess  
38 of \$1,000. [where the fee is based on gross revenue and \$800 in all  
39 other cases, which penalty shall] The penalty must be collected as are  
40 other charges, license fees and penalties under this chapter.

41 6. Upon renewal of any state license, the commission shall issue an  
42 appropriate renewal certificate or validating device or sticker, which  
43 [shall] must be attached to each state gaming license so renewed.

44 7. Any person who operates, carries on or exposes for play any  
45 gambling game, gaming device or slot machine or who manufactures, sells  
46 or distributes any gaming device, equipment, material or machine used in  
47 gaming, after his license becomes subject to renewal, and thereafter fails  
48 to apply for renewal as [herein provided,] provided in this section, is  
49 guilty of a misdemeanor [;] and, in addition to the penalties provided by  
50 law, [shall be] is liable to the State of Nevada for all license fees, taxes

1 and penalties which would have been due and payable upon application  
2 for renewal. [as herein provided.]

3 8. If any licensee or other person fails to renew his license a  
4 [herein provided] provided in this section the commission may order the  
5 immediate closure of all gaming activity of the licensee until [such time  
6 as] the license [has been] is renewed by the payment of the necessary  
7 fees, taxes, interest and any penalties. Failure to renew a license within  
8 30 days after the date required by this chapter shall be deemed a sur-  
9 render of the license.

10 SEC. 34. NRS 463.335 is hereby amended to read as follows:

11 463.335 1. [As used in this section:

12 (a) "Gaming employee" means any person connected directly with  
13 the operation of a gaming establishment licensed to conduct any game,  
14 16 or more slot machines, a horse race book, sports pool or pari-mutuel  
15 wagering, including:

- 16 (1) Boxmen;
- 17 (2) Cashiers;
- 18 (3) Change personnel;
- 19 (4) Counting room personnel;
- 20 (5) Dealers;
- 21 (6) Floormen;
- 22 (7) Hosts or other persons empowered to extend credit or compli-  
23 mentary services;
- 24 (8) Keno runners;
- 25 (9) Keno writers;
- 26 (10) Machine mechanics;
- 27 (11) Odds makers and line setters;
- 28 (12) Security personnel;
- 29 (13) Shift or pit bosses;
- 30 (14) Shifts;
- 31 (15) Supervisors or managers; and
- 32 (16) Ticket writers.

33 "Gaming employee" does not include bartenders, cocktail waitresses or  
34 other persons engaged in preparing or serving food or beverages.

35 (b) "Temporary work permit" means a work permit which is valid  
36 only for a period not to exceed 90 days from its date of issue and is not  
37 renewable.

38 (c) "Work permit" means any card, certificate or permit issued by the  
39 board or by a county or city licensing authority, whether denominated as  
40 a work permit, registration card or otherwise, authorizing the employment  
41 of the holder as a gaming employee. A document issued by any authority  
42 for any employment other than gaming is not a valid work permit for the  
43 purposes of this chapter.

44 2.] The legislature finds that, to protect and promote the health,  
45 safety, morals, good order and general welfare of the inhabitants of the  
46 State of Nevada and to carry out the policy declared in NRS 463.130, it  
47 is necessary that the board:

48 (a) Ascertain and keep itself informed of the identity, prior activities  
49 and present location of all gaming employees in the State of Nevada; and

50 (b) Maintain confidential records of such information.

1 [3.] 2. No person may be employed as a gaming employee unless  
2 he is the holder of:

3 (a) A valid work permit issued in accordance with the applicable ordi-  
4 nances or regulations of the county or city in which his duties are per-  
5 formed and the provisions of this chapter; or

6 (b) A work permit issued by the board, if a work permit is not  
7 required by either the county or the city.

8 A work permit issued to a gaming employee must have clearly imprinted  
9 thereon a statement that it is valid for gaming purposes only.

10 [4.] 3. Whenever any person applies for the issuance or renewal  
11 of a work permit, the county or city officer or employee to whom the  
12 application is made shall within 24 hours mail or deliver a copy thereof  
13 to the board, and may at the discretion of the county or city licensing  
14 authority issue a temporary work permit. If within 90 days after receipt  
15 by the board of the copy of the application, the board has not notified  
16 the county or city licensing authority of any objection, the authority  
17 may issue, renew or deny a work permit to the applicant. Any holder  
18 of a work permit must obtain renewal of the permit from the issuing  
19 agency within 10 days following any change of place of employment.

20 [5.] 4. If the board within the 90-day period notifies the county or  
21 city licensing authority that the board objects to the granting of a work  
22 permit to the applicant, the authority shall deny the work permit and  
23 shall immediately revoke and repossess any temporary work permit  
24 which it may have issued.

25 [6.] 5. Application for a work permit, valid wherever a work per-  
26 mit is not required by any county or city licensing authority, may be  
27 made to the board, and may be granted or denied for any cause deemed  
28 reasonable by the board.

29 [7.] 6. Any person whose application for a work permit has been  
30 denied because of an objection by the board or whose application has  
31 been denied by the board may, not later than 60 days after receiving  
32 notice of the denial or objection, apply to the board for a hearing. A  
33 failure to apply for a hearing within [the 60-day period] 60 days shall be  
34 deemed to be an admission that the denial or objection is well founded  
35 and precludes administrative or judicial review. At the hearing, the board  
36 or any designated member of the board or an examiner appointed by the  
37 board shall take any testimony deemed necessary. After the hearing the  
38 board shall review the testimony taken and any other evidence, and shall  
39 within 30 days from the date of the hearing announce its decision sustain-  
40 ing or reversing the denial of the work permit or the objection to issuance  
41 of a work permit. The board may object to issuance of a work permit or  
42 may refuse to issue a work permit for any cause deemed reasonable by  
43 the board. The board may object or refuse if the applicant has:

44 (a) Failed to disclose, misstated or otherwise attempted to mislead the  
45 board with respect to any material fact contained in the application for  
46 the issuance or renewal of a work permit;

47 (b) Knowingly failed to comply with the provisions of *this chapter or*  
48 *chapters* [463,] 463B, 464 or 465 of NRS or the regulations of the  
49 [Nevada gaming] commission at a place of previous employment;

50 (c) Committed, attempted or conspired to commit any crime of moral

1 turpitude, embezzlement or larceny against his employer or any gaming  
2 licensee, or any violation of any law pertaining to gaming, or any other  
3 crime which is inimical to the declared policy of this state concerning  
4 gaming;

5 (d) Been identified in the published reports of any federal or state  
6 legislative or executive body as being a member or associate of organized  
7 crime, or as being of notorious and unsavory reputation;

8 (e) Been placed and remains in the constructive custody of any fed-  
9 eral, state or municipal law enforcement authority; or

10 (f) Had a work permit revoked or committed any act which is a  
11 ground for the revocation of a work permit or would have been a ground  
12 for revoking his work permit if he had then held a work permit.

13 [8.] 7. Any applicant aggrieved by the decision of the board may,  
14 within 15 days after the announcement of the decision, apply in writing  
15 to the commission for review of the decision. Review is limited to the  
16 record of the proceedings before the board. The commission may sustain  
17 or reverse the board's decision. The decision of the commission is subject  
18 to judicial review pursuant to NRS 463.315.

19 [9.] 8. All records acquired or compiled by the board or commis-  
20 sion relating to any application made pursuant to this section and all lists  
21 of persons to whom work permits have been issued or denied and all  
22 records of the names or identity of persons engaged in the gaming indus-  
23 try in this state are confidential and must not be disclosed except in the  
24 proper administration of this chapter or to an authorized law enforcement  
25 agency. Any record of the board or commission which shows that the  
26 applicant has been convicted of a crime in another state must show  
27 whether the crime was a misdemeanor, gross misdemeanor, felony or  
28 other class of crime as classified by the state in which the crime was  
29 committed. In a disclosure of the conviction, reference to the classifica-  
30 tion of the crime must be based on the classification in the state where it  
31 was committed.

32 [10.] 9. A work permit expires unless renewed within 10 days  
33 after a change of place of employment or if the holder thereof is not  
34 employed as a gaming employee within the jurisdiction of the issuing  
35 authority for [a period of] more than 90 days.

36 Sec. 35. NRS 463.337 is hereby amended to read as follows:

37 463.337 1. If any gaming employee [as defined in NRS 463.335]  
38 is convicted of [a violation of NRS 465.070 to 465.085, inclusive,] any  
39 violation of this chapter or chapter 463B, 464 or 465 of NRS, or if in  
40 investigating an alleged violation of this chapter by any licensee the  
41 commission finds that a gaming employee employed by the licensee has  
42 been guilty of cheating, the commission shall after a hearing as provided  
43 in NRS 463.310 and 463.312:

44 (a) If the gaming employee holds a work permit issued by the board,  
45 revoke it.

46 (b) If the gaming employee holds a work permit issued by a county  
47 or city licensing authority, notify such authority to revoke it, and the  
48 county or city licensing authority shall revoke it.

49 2. The commission may revoke a work permit issued by the board  
50 or, if issued by a county or city licensing authority, notify the authority

1 to revoke it, if the commission finds after a hearing as provided in NRS  
2 463.310 and 463.312 that the gaming employee has failed to disclose,  
3 misstated or otherwise misled the board in respect to any fact contained  
4 within any application for a work permit or, subsequent to being issued a  
5 work permit:

6 (a) Committed, attempted or conspired to do any of the acts prohib-  
7 ited by [NRS 465.070 to 465.085, inclusive;] *this chapter or chapter*  
8 *463B, 464 or 465 of NRS;*

9 (b) Knowingly possessed or permitted to remain in or upon any  
10 licensed premises any cards, dice, mechanical device or any other cheat-  
11 ing device whatever, the use of which is prohibited by statute or ordi-  
12 nance;

13 (c) Concealed or refused to disclose any material fact in any investi-  
14 gation by the board;

15 (d) Committed, attempted or conspired to commit larceny or embez-  
16 zlement against a gaming licensee or upon the premises of a licensed  
17 gaming establishment;

18 (e) Been convicted in any jurisdiction other than Nevada of any  
19 offense involving or relating to gambling;

20 (f) Accepted employment without prior commission approval in a  
21 position for which he could be required to be licensed under this chapter  
22 after having been denied a license for a reason involving personal  
23 unsuitability or after failing to apply for licensing when requested to do  
24 so by the commission;

25 (g) Been refused the issuance of any license, permit or approval to  
26 engage in or be involved with gaming or pari-mutuel wagering in any  
27 jurisdiction other than Nevada, or had any such license, permit or  
28 approval revoked or suspended;

29 (h) Been prohibited under color of governmental authority from being  
30 present upon the premises of any gaming establishment or any establish-  
31 ment where pari-mutuel wagering is conducted for any reason relating to  
32 improper gambling activities or any illegal act; [or]

33 (i) Contumaciously defied any legislative investigative committee or  
34 other officially constituted bodies acting on behalf of the United States or  
35 any state, county or municipality which seeks to investigate crimes relat-  
36 ing to gaming, corruption of public officials, or any organized criminal  
37 activities [.] ; or

38 (j) *Been convicted of any felony or gross misdemeanor, other than one*  
39 *constituting a violation of this chapter or chapter 463B, 464 or 465 of*  
40 *NRS.*

41 3. A work permit must not be issued by any authority in this state  
42 to a person whose work permit has previously been revoked pursuant to  
43 this section, or to whom the issuance or renewal of a work permit has  
44 been denied, except with the unanimous approval of the commission  
45 members.

46 4. A gaming employee whose work card has been revoked pursuant  
47 to this section is entitled to judicial review of the commission's action in  
48 the manner prescribed in NRS 463.315.

49 5. Nothing in this section limits or prohibits the enforcement of NRS  
50 463.165, 463.560, 463.595, 463.637 or 463.645.

1        SEC. 36. NRS 463.343 is hereby amended to read as follows:

2        463.343 1. The board or commission or any applicant, licensee, per-  
3        son found suitable, holding company, intermediary company or publicly  
4        traded corporation which is registered with the commission may obtain a  
5        judicial determination of any question of construction or validity arising  
6        under this chapter or any regulation of the commission by bringing an  
7        action for a declaratory judgment in the First Judicial District Court of  
8        the State of Nevada in and for Carson City, or in the district court of the  
9        district in which the plaintiff resides or does business, in accordance with  
10       the provisions of chapter 30 of NRS.

11       2. When an action is brought by a person other than the board or  
12       commission, the commission must be made a party to the action and  
13       the attorney general must be served with a copy of the complaint and is  
14       entitled to appear in the action.

15       3. Statutes and regulations reviewed pursuant to this section must  
16       be construed in a manner consistent with the declared policy of the  
17       state.

18       4. The filing of a complaint for judicial determination under this  
19       section does not stay enforcement of any commission or board action.  
20       The board or commission may grant a stay upon appropriate terms.

21       5. In any proceeding brought under this section, the district court  
22       shall not grant any injunctive relief or relief based upon any other  
23       extraordinary common law writ to:

24       (a) Any applicant for licensing, finding of suitability or registration;

25       (b) Any person who has been ordered by the board or commission to  
26       submit his application for licensing, finding of suitability or registration;

27       [or]

28       (c) Any person seeking judicial review of an action of the commission  
29       which is subject to the provisions of NRS 463.315 [.] ; or

30       (d) Any person who is adversely affected by the appointment of a  
31       supervisor pursuant to chapter 463B of NRS.

32       SEC. 37. NRS 463.350 is hereby amended to read as follows:

33       463.350 1. A person under the age of 21 years shall not:

34       (a) Play, or be allowed to play, any licensed game or slot machine.

35       (b) Place wagers with or collect winning wagers from any licensed  
36       horse race book, sports pool or pari-mutuel operator.

37       (c) Loiter, or be permitted to loiter, in or about any room or premises  
38       wherein any licensed game, horse race book, sports pool or pari-mutuel  
39       wagering is operated or conducted.

40       (d) Be employed as a gaming employee [as defined by paragraph (a)  
41       of subsection 1 of NRS 463.335.] except in a counting room.

42       2. Any licensee, employee, dealer or other person who violates or  
43       permits the violation of any of the provisions of this section and any  
44       person, under 21 years of age, who violates any of the provisions of this  
45       section is guilty of a misdemeanor.

46       3. In any prosecution or other proceeding for the violation of any of  
47       the provisions of this section, it is no excuse for the licensee, employee,  
48       dealer or other person to plead that he believed the person to be 21 years  
49       old or over.

50       SEC. 38. NRS 463.360 is hereby amended to read as follows:

1 463.360 1. Conviction by a court of competent jurisdiction of a  
2 person for a violation of, an attempt to violate, or a conspiracy to vio-  
3 late any of the provisions of this chapter or of chapter 463B, 464 or 465  
4 of NRS may act as an immediate revocation of all licenses which have  
5 been issued to the violator, and, in addition, the court may, upon appli-  
6 cation of the district attorney of the county or of the commission, order  
7 that no new or additional license under this chapter be issued to such  
8 violator, or be issued to any person for the room or premises in which  
9 such violation occurred, for [a period of 1 year from] 1 year after the  
10 date of such revocation.

11 2. Any person who willfully fails to report, pay or truthfully account  
12 for and pay over any license fee or tax imposed by the provisions of this  
13 chapter, or willfully attempts in any manner to evade or defeat any such  
14 license fee, tax or payment thereof shall be punished by imprisonment  
15 in the state prison for not less than 1 year nor more than 6 years, or by  
16 a fine of not more than \$5,000, or by both fine and imprisonment.

17 3. Except as provided in subsection 4, any person who willfully vio-  
18 lates, attempts to violate, or conspires to violate any of the provisions of  
19 subsection 1 of NRS 463.160 shall be punished by imprisonment in the  
20 state prison for not less than 1 year nor more than 20 years, by a fine of  
21 not more than \$50,000, or by both fine and imprisonment.

22 4. A licensee who puts additional games or slot machines into play  
23 or displays additional games or slot machines in a public area without  
24 first obtaining all required licenses and approval is subject only to the  
25 penalties provided in NRS 463.270 and 463.310 and in any applicable  
26 ordinance of the county, city or town.

27 5. The violation of any of the provisions of this chapter, the penalty  
28 for which is not specifically fixed in this chapter, is a gross misdemeanor.

29 SEC. 39. NRS 463.370 is hereby amended to read as follows:

30 463.370 1. Except as provided in NRS 463.373, before issuing a  
31 state gaming license, the commission shall charge and collect from each  
32 applicant a license fee based upon all the gross revenue of [such] the  
33 applicant as follows:

34 Three percent of all the gross revenue of [such] the applicant which  
35 does not exceed \$150,000 per quarter year; and also

36 Four percent of all the gross revenue of each applicant which  
37 exceeds \$150,000 per quarter year and does not exceed \$400,-  
38 000 per quarter year; and also

39 Five and one-half percent of all the gross revenue of [such] each  
40 applicant which exceeds \$400,000 per quarter year.

41 2. Unless the licensee is operating under a license issued for less than  
42 a full calendar quarter, the commission shall charge and collect the fee  
43 prescribed in subsection 1, based upon the gross revenue for the preced-  
44 ing calendar quarter, on or before the last day of the first month of the  
45 calendar quarter for which the license is issued.

46 3. When a licensee is operating under a license issued for less than a  
47 full calendar quarter, the commission shall charge and collect the fee  
48 prescribed in subsection 1, based on the gross revenue received during  
49 that quarter, on or before the last day of the first month of the following  
50 calendar quarter of operation. The payment of the fee due for the first



1 full calendar quarter of operation based on the gross revenue derived  
2 from gambling pursuant to this section shall be accompanied by the pay-  
3 ment of a fee in like amount for the next full calendar quarter. There-  
4 after, each quarterly license fee [shall] *must* be paid in advance based  
5 on the gross revenue of the preceding quarter. Any deposit held by the  
6 commission on July 1, 1969, [shall] *must* be treated as [such] *an*  
7 advance payment.

8 4. All revenue received from any game or gaming device which is  
9 leased for operation on the premises of the licensee-owner to a person  
10 other than the owner thereof, or located in an area or space on such  
11 premises which is leased by the licensee-owner to any such person,  
12 [shall] *must* be attributed to [such] *the* owner for the purposes of this  
13 section and [shall] *must* be counted as part of the gross revenue of the  
14 owner. The lessee [shall be] *is* liable to the owner for his proportionate  
15 share of such license fees.

16 5. If the amount of license fees required to be reported and paid pur-  
17 suant to this section is later determined to be greater or less than the  
18 amount actually reported and paid by the licensee, the commission shall:

19 (a) Charge and collect the additional license fees determined to be  
20 due, with interest thereon until paid; or

21 (b) Refund any overpayment, with interest thereon, to the licensee.  
22 Interest [shall] *must* be computed at the rate of [7 percent per annum]  
23 *1 percent per month* from the first day of the first month following either  
24 the due date of the additional license fees or the date of overpayment  
25 until paid.

26 6. *Except as provided in NRS 463.386, the amount of the fee pre-*  
27 *scribed in subsection 1 must not be prorated.*

28 SEC. 40. NRS 463.373 is hereby amended to read as follows:

29 463.373 1. Before issuing a state gaming license to an applicant  
30 for [the] *a restricted* operation, [of not more than 15 slot machines  
31 and no other game or gaming device,] the commission shall charge and  
32 collect from [such] *the* applicant a license fee of \$25 for each slot  
33 machine for each quarter year.

34 2. The commission shall charge and collect the fee prescribed in sub-  
35 section 1:

36 (a) On or before the last day of the last month in a calendar quarter,  
37 for the ensuing calendar quarter, from a licensee whose operation is  
38 continuing.

39 (b) In advance from a licensee who begins operation or puts addi-  
40 tional slot machines into play during a calendar quarter.

41 3. Except as provided in NRS 463.386, no proration of the fee pre-  
42 scribed in subsection 1 may be allowed for any reason.

43 4. The operator of the location where slot machines are situated shall  
44 pay the fee prescribed in subsection 1 upon the total number of slot  
45 machines situated in [such] *that* location, whether [such] *the* machines  
46 are owned by one or more licensee-owners.

47 SEC. 41. NRS 463.375 is hereby amended to read as follows:

48 463.375 1. In addition to any other state gaming license fees pro-  
49 vided for in this chapter, before issuing a state gaming license to an

1 applicant for [the operation of 16 or more slot machines or for the oper-  
2 ation of any number of slot machines together with any other game or  
3 gaming device,] a *nonrestricted operation*, the commission shall charge  
4 and collect from [such] the applicant a license fee of \$40 for each slot  
5 machine for each calendar year.

6 2. The commission shall charge and collect the fee prescribed in sub-  
7 section 1, at the rate of \$10 for each slot machine for each calendar  
8 quarter:

9 (a) On or before the last day of the last month in a calendar quarter,  
10 for the ensuing calendar quarter, from a licensee whose operation is  
11 continuing.

12 (b) In advance from a licensee who begins operation or puts addi-  
13 tional slot machines into play during a calendar quarter.

14 3. Except as provided in NRS 463.386, no proration of the quarterly  
15 amount prescribed in subsection 2 may be allowed for any reason.

16 4. The operator of the location where slot machines are situated  
17 shall pay the fee prescribed in subsection 1 upon the total number of slot  
18 machines situated in [such] that location, whether [such] the machines  
19 are owned by one or more licensee-owners.

20 SEC. 42. NRS 463.380 is hereby amended to read as follows:

21 463.380 1. In addition to any other state gaming license fees pro-  
22 vided for in this chapter, the commission shall, before issuing a state  
23 gaming license, charge and collect in advance from each applicant a  
24 license fee to be determined on the following basis:

25 Those establishments operating or to operate one game, the sum  
26 of \$100.

27 Those establishments operating or to operate two games, the sum  
28 of \$200.

29 Those establishments operating or to operate three games, the sum  
30 of \$400.

31 Those establishments operating or to operate four games, the sum  
32 of \$750.

33 Those establishments operating or to operate five games, the sum  
34 of \$1,750.

35 Those establishments operating or to operate six or seven games, the  
36 sum of \$3,000.

37 Those establishments operating or to operate eight to ten games,  
38 inclusive, the sum of \$6,000.

39 Those establishments operating or to operate eleven to sixteen  
40 games, the sum of \$1,000 for each game so operating or to  
41 operate.

42 Those establishments operating or to operate more than sixteen  
43 games, the sum of \$1,000 for each game to and including six-  
44 teen games and the sum of \$200 for each game in excess of  
45 sixteen games so operating or to operate.

46 2. In computing the number of games operated or to be operated by  
47 an applicant under this section, a license authorizing the receiving of bets  
48 or wagers on horse races held without the State of Nevada, or on sporting  
49 events by any system or method of wagering other than the system known

1 as the pari-mutuel method of wagering, shall be [construed as and]  
2 deemed a game within the meaning of this section.

3 3. All licenses [shall] *must* be issued for the calendar year beginning  
4 January 1 and expiring December 31. [and, regardless of the date of  
5 application or date of issuance of the license, the fees to be charged and  
6 collected under the provisions of this section shall be those fees herein  
7 fixed as annual license fees.] If the operation of the licensee is continu-  
8 ing, the commission shall charge and collect the fee prescribed in sub-  
9 section 1 on or before December 31 for the ensuing calendar year. *If the*  
10 *operation is new or has been temporarily closed with the approval of the*  
11 *board, the commission shall prorate the license fee on a monthly basis.*  
12 If any licensee desires to enlarge his operations during the calendar year,  
13 he [shall,] *must*, after his application is approved, be charged the full  
14 annual fees for the number of games for which he desires a license under  
15 this section, and [shall be] *is* entitled to credit thereon for the annual fee  
16 he may have previously paid under this section for the same calendar year  
17 for a lesser number of games.

18 4. Card games, that is, stud or draw poker, bridge, whist, solo, low  
19 ball, and panguingui for money, and slot machines, when not utilized as  
20 an adjunct to or a unit of any banking, percentage or mechanical device  
21 or machine, shall not be construed as a gambling game under the provi-  
22 sions of this section.

23 5. All games operated or conducted in one room or a group of  
24 rooms in the same or contiguous building [shall] *must* be construed as  
25 one operation hereunder and the license to be paid [shall] *must* be  
26 determined on the aggregate number of games in each room or group of  
27 rooms in the same or contiguous building.

28 6. [The license fees to be paid hereunder shall be designated as  
29 annual fees, regardless of the date of application or issuance of license.]  
30 *Except as provided in this section and NRS 463.386, the amount of the*  
31 *fee specified in subsection 1 must not be prorated.*

32 SEC. 43. NRS 463.383 is hereby amended to read as follows:

33 463.383 1. In addition to any other state gaming license fees pro-  
34 vided for in this chapter, the commission shall, before issuing a state  
35 gaming license, charge and collect from each applicant a quarterly license  
36 fee to be determined on the basis of the following annual rates:

- 37 (a) From establishments operating or to operate ten games or less:  
38 Those establishments operating or to operate one game, the sum of  
39 \$50.  
40 Those establishments operating or to operate two games, the sum of  
41 \$100.  
42 Those establishments operating or to operate three games, the sum  
43 of \$200.  
44 Those establishments operating or to operate four games, the sum  
45 of \$375.  
46 Those establishments operating or to operate five games, the sum  
47 of \$875.  
48 Those establishments operating or to operate six or seven games, the  
49 sum of \$1,500.

1 Those establishments operating or to operate eight to ten games,  
2 inclusive, the sum of \$3,000.

3 (b) From establishments operating or to operate more than ten  
4 games:

5 (1) For each game up to and including 16 games, the sum of \$500.

6 (2) For each game from 17 to 26 games, inclusive, the sum of  
7 \$4,800.

8 (3) For each game from 27 to 35 games, inclusive, the sum of  
9 \$2,800.

10 (4) For each game more than 35 games, the sum of \$100.

11 2. The commission shall charge and collect the fee prescribed in sub-  
12 section 1, at the rate of one-fourth of the prescribed annual rate for each  
13 calendar quarter:

14 (a) On or before the last day of the last month in a calendar quarter,  
15 for the ensuing calendar quarter, from a licensee whose operation is  
16 continuing.

17 (b) In advance from a licensee who begins operation or puts addi-  
18 tional games into play during a calendar quarter.

19 3. Except as provided in NRS 463.386, no proration of the quarterly  
20 amount prescribed in subsection 2 may be allowed for any reason.

21 4. In computing the number of games operated or to be operated by  
22 an applicant under this section, a license authorizing the receiving of  
23 bets or wagers on horse races held without the State of Nevada or on  
24 sporting events by any system or method of wagering other than the  
25 system known as the pari-mutuel method of wagering, shall be [con-  
26 strued as and] deemed a game within the meaning of this section.

27 5. Card games, that is, stud or draw poker, bridge, whist, solo, low  
28 ball, and panguingui for money, and slot machines, when not utilized as  
29 an adjunct to or a unit of any banking, percentage or mechanical device  
30 or machine, shall not be construed as a gambling game under the provi-  
31 sions of this section.

32 6. All games operated or conducted in one room or a group of rooms  
33 in the same or contiguous building [shall] *must* be construed as one  
34 operation hereunder and the license to be paid [shall] *must* be deter-  
35 mined on the aggregate number of games in each room or group of  
36 rooms in the same or contiguous building.

37 SEC. 44. NRS 463.386 is hereby amended to read as follows:

38 463.386 1. [If the securities of a corporate licensee are or become  
39 publicly held or publicly traded, the gaming operations of that corpora-  
40 tion may be transferred to a wholly owned subsidiary corporation, if  
41 the subsidiary corporation applies for and obtains a license.

42 2. If the commission approves the issuance of a license to the  
43 wholly owned subsidiary corporation, all prepaid state gaming taxes  
44 and fees which are credited to the account of the parent corporation  
45 must be transferred and credited to the account of the subsidiary.

46 3. If a corporate gaming licensee is merged with another corpora-  
47 tion, at least 80 percent of which is owned by shareholders of the former  
48 corporate licensee, and which is thereafter licensed at the same location  
49 within 30 days following the merger, then for the purposes of NRS 463.-  
50 370, 463.373, 463.375, 463.380, 463.383 and 463.385, and for those

1 purposes only, the gaming license of the merged corporate licensee shall  
2 be deemed to have been transferred to the surviving corporation and the  
3 previously licensed operation shall be deemed to be a continuing operation  
4 under the license of the surviving corporation.

5 4. If a corporation gaming licensee is dissolved, and the parent corporation  
6 of the dissolved corporation or a subsidiary corporation of the  
7 parent corporation, 80 percent of which is owned by the parent corporation,  
8 is licensed at the same location within 30 days following the dissolution,  
9 then for the purposes of NRS 463.370, 463.373, 463.375,  
10 463.380, 463.383 and 463.385, and for those purposes only, the gaming  
11 license of the dissolved corporate licensee shall be deemed to have been  
12 transferred to the parent corporation or subsidiary corporation of the  
13 parent corporation and the previously licensed operation shall be deemed  
14 to be a continuing operation under the other corporate license.

15 5. If a corporate gaming licensee or a gaming licensee which is a  
16 partnership is reorganized pursuant to a plan of reorganization approved  
17 by the commission, and a limited partnership is the surviving entity and  
18 is licensed at the same location within 30 days after the effective date of  
19 the plan, then for the purposes of NRS 463.370, 463.373, 463.375,  
20 463.380, 463.383 and 463.385, and for those purposes only, the gaming  
21 license of the former corporate licensee is deemed to have been transferred  
22 to the limited partnership and the previously licensed operation is  
23 deemed to be a continuing operation under the limited partnership.] *If*  
24 *the commission approves the issuance of a license, at the same location,*  
25 *within 30 days following a change described in subsection 2, for the purposes*  
26 *of NRS 463.370 and 463.373 to 463.385, inclusive, the gaming*  
27 *license shall be deemed transferred and the previously licensed operation*  
28 *shall be deemed a continuing operation.*

29 2. *Credit must be granted for prepaid license fees as described in subsection 1 if:*

30  
31 *(a) The securities of a corporate gaming licensee are or become publicly held or publicly traded and the gaming operations of that corporation are transferred to a wholly owned subsidiary corporation;*

32  
33 *(b) A corporate gaming licensee is merged with another corporation which is the surviving entity and at least 80 percent of the surviving entity is owned by shareholders of the former licensee;*

34  
35 *(c) A corporate gaming licensee is dissolved, and the parent corporation of the dissolved corporation or a subsidiary corporation of the parent corporation, at least 80 percent of which is owned by the parent corporation, becomes the gaming licensee;*

36  
37 *(d) A corporate gaming licensee or a gaming licensee which is a partnership is reorganized pursuant to a plan of reorganization approved by the commission, and a limited partnership is the surviving entity;*

38  
39 *(e) The assets of a gaming licensee who is a sole proprietorship are transferred to a corporation and at least 80 percent of the stock of the corporation is held by the former sole proprietor;*

40  
41 *(f) A corporate gaming licensee is dissolved and the assets of the gaming establishment are transferred to a sole proprietorship in which the sole proprietor owned at least 80 percent of the stock of the former corporation;*

1 (g) *Where a licensed gaming partnership is dissolved and the assets*  
2 *of the gaming establishment are transferred to a sole proprietorship in*  
3 *which the sole proprietor owned at least 80 percent of the former part-*  
4 *nership interests; or*

5 (h) *Where the assets of a gaming licensee who is a sole proprietorship*  
6 *are transferred to a partnership in which 80 percent of the ownership of*  
7 *the partnership interests are held by the former sole proprietor.*

8 3. *Except as provided in this section, no credit or refund of fees or*  
9 *taxes may be made because a gaming establishment ceases operation.*

10 SEC. 45. NRS 463.387 is hereby amended to read as follows:

11 463.387 1. State gaming license fees or taxes erroneously collected  
12 may be refunded, upon the approval of the commission, as other claims  
13 against the state are paid.

14 2. Within 90 days after the mailing of the notice of the commission's  
15 action upon a claim for refund filed pursuant to this chapter, the claim-  
16 ant may bring an action against the commission on the grounds set forth  
17 in the claim in any court of competent jurisdiction for the recovery of the  
18 whole or any part of the amount with respect to which the claim has been  
19 disallowed.

20 3. Failure to bring an action within the time specified in subsection  
21 2 constitutes a waiver of any demand against the state on account of  
22 alleged overpayments.

23 4. If the commission fails to mail its notice of action on a claim  
24 within 6 months after the claim is filed, the claimant may consider the  
25 claim disallowed and bring an action against the commission on the  
26 grounds set forth in the claim for the recovery of the whole or any part  
27 of the amount claimed as an overpayment.

28 5. In any case where a refund is granted, interest [shall] *must* be  
29 allowed at the rate of [7 percent per annum] *1 percent per month* upon  
30 the amount found to have been illegally collected from the date of pay-  
31 ment of the amount to the date the refund is paid.

32 6. Notwithstanding the provisions of NRS 353.115, any claim for  
33 refund of state gaming license fees or taxes paid in excess of the amount  
34 required to be reported and paid, [shall] *must* be filed with the com-  
35 mission within 5 years after the date of overpayment and not thereafter.

36 7. *The provisions of this chapter must not be construed to permit the*  
37 *proration of state gaming taxes or license fees for purposes of a refund.*

38 SEC. 46. NRS 463.388 is hereby amended to read as follows:

39 463.388 1. If the [commission] *board* is not satisfied with the report  
40 of the state license fees or taxes required to be paid to the state pursuant  
41 to this chapter by any person, it may compute and determine the amount  
42 required to be paid upon the basis of the facts contained in the report  
43 or upon the basis of an audit conducted by the board or upon the basis  
44 of any information within its possession or that may come into its pos-  
45 session, or any combination of the methods described in this subsection.

46 2. If any person fails to make a report of the state license fees or  
47 taxes as required by this chapter, the [commission] *board* shall make  
48 an estimate of the amount of taxes or fees determined to be due pursuant  
49 to the provisions of this chapter. The estimate [shall] *must* be made for  
50 the period or periods in respect to which the person failed to make a

1 report and shall be based upon any information which is in the *board's*  
2 *or* commission's possession or which may come into its possession. Upon  
3 the basis of this estimate, the [commission] *board* shall compute and  
4 determine the amount required to be paid to the state, including penalties  
5 and interest.

6 3. In making a determination, the [commission] *board* may offset  
7 overpayments and interest due thereon against underpayments and interest  
8 or penalties due thereon for the audit period.

9 4. If overpayments and interest thereon exceed underpayments,  
10 penalties and interest thereon, [such excess shall] *the excess must be*  
11 refunded to the licensee except where otherwise expressly provided.

12 SEC. 47. NRS 463.3881 is hereby amended to read as follows:

13 463.3881 1. The [commission] *board* shall give written notice of  
14 its determination pursuant to NRS 463.388 to the licensee or other person  
15 responsible for the payment of the license fee or tax.

16 2. The notice may be served by sending it by certified mail,  
17 addressed to the licensee or other person at the licensed location as it  
18 appears in the records of the commission.

19 3. Except in the case of fraud or intent to evade the payment of any  
20 fee or tax imposed by this chapter every notice of a deficiency determination  
21 [shall] *must* be mailed within 5 years after the last day of the  
22 calendar month following the quarterly period in which the deficiency  
23 occurred or within 5 years after the report is filed by the licensee, which-  
24 ever period expires later.

25 4. If, before the expiration of the time prescribed in this section for  
26 the mailing of a notice of deficiency determination, the licensee has con-  
27 sented in writing to the mailing of the notice after such time, the notice  
28 may be mailed at any time prior to the expiration of the period agreed  
29 upon. The period so agreed upon may be extended by subsequent agree-  
30 ments in writing before the expiration of the period previously agreed  
31 upon.

32 SEC. 48. NRS 463.3883 is hereby amended to read as follows:

33 463.3883 1. Any person against whom a determination is made pur-  
34 suant to NRS 463.388 may petition the commission for a redetermination  
35 within 30 days after service upon the person of notice thereof. If a  
36 petition for redetermination is not filed within 30 days, the determination  
37 becomes final at the expiration of the period.

38 2. If a petition for redetermination is filed within the 30-day period,  
39 the commission shall reconsider the determination and, if the person has  
40 so requested in his petition, shall grant the person a hearing.

41 3. Any order or decision of the commission upon a petition for  
42 redetermination is final 10 days after service upon the petitioner.

43 4. Any person against whom [a redetermination] *an order or deci-*  
44 *sion* has become final may within [1 year after the date of redetermina-  
45 tion] *60 days after it becomes final* petition for judicial review. [of the  
46 redetermination.]

47 SEC. 49. NRS 463.400 is hereby amended to read as follows:

48 463.400 Any person who willfully fails to report, pay or truthfully  
49 account for and pay over the license fees imposed by NRS 463.370,  
50 463.373 [, 463.375, 463.380, 463.383] *to 463.385, inclusive,* and

1 463.390, or willfully attempts in any manner to evade or defeat any  
2 such tax or payment thereof, or any licensee who puts additional games  
3 [or slot machines] into play without authority of the commission to do  
4 so or any licensee who fails to remit any license fee provided for by  
5 this chapter when due [shall] *is* in addition to the amount due [be]  
6 liable for a penalty of the amount of the license fee evaded or not paid,  
7 collected or paid over. [, which penalty shall] *The penalty must be*  
8 assessed and collected in the same manner as are other charges, license  
9 fees and penalties under this chapter.

10 SEC. 50. NRS 463.403 is hereby amended to read as follows:

11 463.403 1. Every person required to pay the tax imposed by NRS  
12 463.401 shall file with the commission quarterly, on or before the last  
13 day of the month succeeding each calendar quarter, a report showing  
14 the amount of all taxable receipts for [such] *that* calendar quarter.

15 2. Each report must be accompanied by the amount of tax which is  
16 due for the period covered by the report.

17 3. If the amount of tax required to be reported and paid pursuant to  
18 NRS 463.401 is later determined to be greater or less than the amount  
19 actually reported and paid by the licensee, the commission shall:

20 (a) Charge and collect the additional tax determined to be due, with  
21 interest thereon until paid; or

22 (b) Refund any overpayment to the person entitled thereto under this  
23 chapter, with interest thereon.

24 Interest is computed at the rate of [7 percent per annum] *1 percent per*  
25 *month* from the first day of the first month following either the due date  
26 of the additional tax or the date of overpayment until paid.

27 4. Any person who fails to pay the tax provided for in NRS 463.401  
28 on or before the last day of the month succeeding each calendar quarter  
29 shall pay in addition to [such] *the* tax a penalty of [\$25] *\$50* or 25  
30 percent of the [gross] amount due, whichever is greater, but in no case  
31 can the penalty exceed \$1,000. The commission shall collect the penalty  
32 in the same manner as other charges and penalties are collected under  
33 this chapter.

34 SEC. 51. NRS 463.405 is hereby amended to read as follows:

35 463.405 1. Every person *required to pay or conducting activities*  
36 subject to the tax imposed by NRS 463.401 shall keep accurate and  
37 detailed records of all receipts from admission, food, merchandise or  
38 refreshment for [a period of] not less than 5 years from the date of  
39 sale.

40 2. All records required to be maintained by subsection 1 must be  
41 made available [at all reasonable times] to the *board and the* com-  
42 mission for the purpose of audit and investigation.

43 3. *Any agreement that is entered into, modified or extended after*  
44 *June 30, 1981, for the lease, assignment or transfer of any premises*  
45 *upon which any activity subject to the casino entertainment tax is, or*  
46 *hereafter may be, conducted shall be deemed to include a provision*  
47 *that the licensee required to pay the tax must be allowed access to, upon*  
48 *demand, all books, records and financial papers held by the lessee,*  
49 *assignee or transferee which must be kept pursuant to subsection 1.*

50 SEC. 52. NRS 463.406 is hereby amended to read as follows:



1 463.406 1. Any licensee who willfully fails to report, pay or truth-  
2 fully account for the tax imposed by NRS 463.401 [shall:

3 1. Be liable to] is:

4 (a) Liable for a penalty in the amount of the tax evaded or not paid,  
5 to be assessed and collected in the same manner as other charges, taxes,  
6 licenses and penalties under this chapter; and

7 [2. Be subject, in the discretion of the commission,] (b) Subject to  
8 the revocation of his gaming license [.] by the commission.

9 2. Any person conducting activities subject to the tax imposed by  
10 NRS 463.401 who fails to maintain or disclose his records pursuant to  
11 subsection 3 of NRS 463.405, is liable to the licensee for any penalty  
12 paid by the licensee for late payment or nonpayment of the tax caused  
13 by the failure to maintain or disclose records.

14 SEC. 53. NRS 463.480 is hereby amended to read as follows:

15 463.480 Any person, firm, association or corporation, or any of  
16 their officers or agents, violating any of the provisions of NRS 463.430  
17 to [463.470,] 463.460, inclusive, shall be [guilty of a felony, and upon  
18 conviction thereof shall be] punished by a fine of not more than \$5,000,  
19 or by imprisonment in the state prison for not less than 1 year nor  
20 more than 6 years, or by both fine and imprisonment.

21 SEC. 54. NRS 463.482 is hereby amended to read as follows:

22 463.482 As used in NRS 463.160 to 463.170, inclusive, 463.386  
23 and 463.482 to 463.645, inclusive, and sections 9 and 10 of this act,  
24 unless the context otherwise requires, the words and terms defined in  
25 NRS 463.483 to 463.488, inclusive, and section 2 of this act, have the  
26 meanings ascribed to them in those sections. [, unless the context other-  
27 wise requires.]

28 SEC. 55. NRS 463.645 is hereby amended to read as follows:

29 463.645 If any person who is required by or pursuant to this chapter  
30 to be licensed or found suitable because of his connection with a cor-  
31 porate licensee, holding company or intermediary company, including  
32 a publicly traded corporation, fails to apply for a license or a finding  
33 of suitability after being requested to do so by the commission or is  
34 denied a license or a finding of suitability, [because of a lack of good  
35 character, honesty or integrity.] or if his license or finding of suitability  
36 is revoked, the corporate licensee, holding company, intermediary com-  
37 pany or any person who directly or indirectly controls, is controlled by  
38 or is under common control with the corporate licensee, holding com-  
39 pany or intermediary company shall not, after receipt of written notice  
40 from the commission:

41 1. Pay him any remuneration for any service relating to the activities  
42 of a corporate licensee, except for amounts due for services rendered  
43 before the date of receipt of notice of such action by the commission.  
44 Any contract or agreement for personal services or the conduct of  
45 any activity at a licensed gaming establishment between a former  
46 employee whose employment was terminated because of failure to  
47 apply for a license or a finding of suitability, denial of a license or finding  
48 of suitability, [because of a lack of good character, honesty or integrity,]

1 or revocation of a license or a finding of suitability, or any business enter-  
 2 prise under the control of that employee and the corporate licensee, hold-  
 3 ing or intermediary company or registered publicly traded corporation is  
 4 subject to termination. Every such agreement shall be deemed to  
 5 include a provision for its termination without liability on the part of  
 6 the licensee upon a finding by the commission that the business or  
 7 any person associated therewith is unsuitable to be associated with a gam-  
 8 ing enterprise. Failure expressly to include such a condition in the agree-  
 9 ment is not a defense in any action brought pursuant to this section to  
 10 terminate the agreement.

11 2. Enter into any contract or agreement with him or with a busi-  
 12 ness organization under his control which involves the operations of a  
 13 corporate licensee, without the prior approval of the commission.

14 3. Employ him in any position involving the activities of a corporate  
 15 licensee without prior approval of the commission.

16 SEC. 56. NRS 463.650 is hereby amended to read as follows:

17 463.650 1. Except as provided in [subsection 2,] subsections 2  
 18 and 3, it is unlawful for any person, either as owner, lessee or employee,  
 19 whether for hire or not, to operate, carry on, conduct or maintain in  
 20 the State of Nevada any form of manufacture, selling or distribution of  
 21 any gaming device [, equipment, material or machine used in gambling]  
 22 without having first procured [a license for such manufacture, selling or  
 23 distribution as provided in this section and NRS 463.660.] and main-  
 24 tained all required federal, state, county and municipal licenses.

25 2. A lessor who specifically acquires equipment for a capital lease  
 26 [transaction] is not required to be licensed under this section or NRS  
 27 463.660. [Any person whom the commission determines to be a suitable  
 28 person to receive a license under the provisions of this section and NRS  
 29 463.660, having due consideration for the proper protection of the public  
 30 health, safety, morals, good order and general welfare of the inhabitants  
 31 of the State of Nevada, may be issued a manufacturer's or distributor's  
 32 license. The burden of proving his qualification to receive or hold any  
 33 license under this section and NRS 463.660 shall be at all times on the  
 34 applicant or licensee.]

35 3. *The holder of a state gaming license may, within 2 years of cessa-  
 36 tion of business or upon specific approval by the board, dispose of by  
 37 sale in a manner approved by the board, any or all of his gaming devices,  
 38 including slot machines, without a distributor's license. In cases of bank-  
 39 ruptcy of a state gaming licensee or foreclosure of a lien by a bank or  
 40 other person holding a security interest for which gaming devices are  
 41 security in whole or in part for the lien, the board may authorize the  
 42 disposition of the gaming devices without requiring a distributor's  
 43 license.*

44 4. *Any person whom the commission determines to be a suitable  
 45 person to receive a license under the provisions of this section and NRS  
 46 463.660 may be issued a manufacturer's or distributor's license. The  
 47 burden of proving his qualification to receive or hold a license under this  
 48 section and NRS 463.660 is at all times on the applicant or licensee.*

49 5. *Every person who must be licensed pursuant to this section is*

1 *subject to the provisions of NRS 463.482 to 463.645, inclusive, unless*  
 2 *exempted from those provisions by the commission.*

3 6. *The commission may exempt, for any purpose, a manufacturer,*  
 4 *seller or distributor from the provisions of NRS 463.482 to 463.645,*  
 5 *inclusive, if the commission determines that the exemption is consistent*  
 6 *with the purposes of this chapter.*

7 SEC. 57. NRS 463.670 is hereby amended to read as follows:

8 463.670 1. The legislature finds and declares as facts:

9 (a) That the inspection of [electronic and mechanical devices and  
 10 all other equipment and materials used in gambling] *gaming devices* is  
 11 essential to carry out the provisions of this chapter; and

12 (b) That [such] inspection [is greatly facilitated in the case of such  
 13 devices, equipment and materials] *of gaming devices* manufactured  
 14 within this state *is greatly facilitated* by the opportunity to inspect  
 15 components [prior to] *before assembly and to examine the methods of*  
 16 *manufacture.*

17 2. The board may inspect every *gaming device* [or machine used  
 18 in gambling and all other equipment or materials which are] *which is*  
 19 *manufactured, sold or distributed:*

20 (a) For use in this state, before the *gaming device* [, equipment or  
 21 materials are] *is put into play.*

22 (b) In this state for use outside this state, before the *gaming device*  
 23 [, equipment or materials are] *is shipped out of this state.*

24 3. *The board may inspect every gaming device which is offered for*  
 25 *play within this state by a licensee.*

26 4. In addition to all other fees and charges imposed by this chapter,  
 27 the board may determine, charge and collect an inspection fee from each  
 28 manufacturer, seller or distributor which [shall] *must not exceed the*  
 29 *actual cost of inspection and investigation.*

30 SEC. 58. NRS 463.680 is hereby amended to read as follows:

31 463.680 For the purposes of NRS 463.690 to 463.720, inclusive:

32 1. "Foreign gaming" means any gaming operations outside this state.

33 2. "Licensee" means a person who:

34 (a) Is licensed or required to be licensed pursuant to NRS 463.160  
 35 [.] *or section 9 or 10 of this act;*

36 (b) Is or is required to be licensed, registered or found suitable pur-  
 37 suant to NRS 463.482 to 463.645, inclusive; or

38 (c) Directly or through one or more intermediaries controls, is con-  
 39 trolled by or is under common control with a person described in para-  
 40 graph (a) or (b).

41 SEC. 59. NRS 464.010 is hereby amended to read as follows:

42 464.010 1. It [shall be unlawful after July 1, 1949,] *is unlawful for*  
 43 *any person, firm, association or corporation, either as owner, lessee or*  
 44 *employee, whether for hire or not, to operate, carry on, conduct or*  
 45 *maintain in the State of Nevada, any form of wagering under the system*  
 46 *known as the pari-mutuel method of wagering on any racing or sporting*  
 47 *event, except horse racing and dog racing, without having first procured*  
 48 *[a license for the same as provided in this chapter.*

49 2. No alien or any person except a citizen of the United States  
 50 shall be issued a license, or shall directly or indirectly own, operate or

1 control any game or device so licensed.] *and maintained all required*  
2 *federal, state, county and municipal licenses.*

3 [3.] 2. Where any other state license is required to conduct a  
4 racing or sporting event [such] that license must first be procured  
5 before pari-mutuel betting may be licensed in connection therewith.

6 SEC. 60. NRS 464.040 is hereby amended to read as follows:

7 464.040 1. The commission deducted from pari-mutuels by any  
8 licensee licensed under the provisions of this chapter must not exceed 18  
9 percent of the gross amount of money handled in each pari-mutuel pool  
10 operated by him during the period of the license.

11 2. Each licensee shall pay to the Nevada gaming commission *quarterly*  
12 *on or before the last day of the first month of the following quarter*  
13 *of operation* for the use of the State of Nevada a tax at the rate of 3  
14 percent on the total amount of money wagered on any racing or sport-  
15 ing event except horse racing and dog racing.

16 3. The licensee may deduct odd cents less than 10 cents per dollar  
17 in paying bets.

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

22 5. *Any person failing to pay the tax imposed by this section at the*  
23 *time required shall pay, in addition to the tax, a penalty of not less than*  
24 *\$50 or 25 percent of the amount due, whichever is greater, but not to*  
25 *exceed \$1,000. This penalty must be collected as are other charges, fees*  
26 *and penalties under this chapter and chapter 463 of NRS.*

27 SEC. 61. NRS 465.030 is hereby amended to read as follows:

28 465.030 Any person who keeps, exhibits or has in his possession  
29 any cards, tables, checks, wheels, slot machines or gambling devices of  
30 any nature used or kept for the purpose of playing any of the games men-  
31 tioned in NRS 463.160, *or section 9 or 10 of this act*, or aids, assists or  
32 permits others to do the same, is guilty of a misdemeanor.

33 SEC. 62. NRS 465.040 is hereby amended to read as follows:

34 465.040 1. Whenever [it comes to the knowledge of] any sheriff,  
35 constable, police or other peace officer *has probable cause to believe* that  
36 any person has in his possession any cards, tables, checks, balls, wheels,  
37 slot machines or *other* gambling devices of any nature or kind used or  
38 kept for the purpose of playing any of the games mentioned in NRS  
39 463.160, *or section 9 or 10 of this act*, or that any [cards, tables, checks,  
40 balls, wheels, slot machines or] *of those* gambling devices used or kept  
41 for such purposes may be found in any place, [such] *the* sheriff, con-  
42 stable, police or other peace officer shall seize and take [such cards,  
43 tables, balls, wheels, slot machines or other] *the* gambling devices [and  
44 convey the same] before a magistrate of the county in which [such  
45 devices shall be] *they were* found.

46 2. It is lawful for officers in executing the duties imposed upon them  
47 by this section to break open doors for the purpose of obtaining posses-  
48 sion of any such gambling devices.

49 3. The magistrate shall inquire of such witnesses as he shall sum-  
50 mon, or as may appear before him [in that behalf, touching] , *regarding*

1 the nature of [such] the gambling devices, and if the magistrate deter-  
2 mines that [the same] they are used or kept for the purpose of being  
3 used at any game or games of chance described in NRS 463.160, or  
4 section 9 or 10 of this act, he shall order the [same] devices destroyed.

5 4. All person having [such] possession of any of the [articles]  
6 devices described in subsection 1 [shall be conveyed] must be taken  
7 before a magistrate of such county and held or committed for appearance  
8 to answer any complaint which may be [preferred] brought against them  
9 for violation of NRS 465.030.

10 SEC. 63. NRS 169.125 is hereby amended to read as follows:

11 169.125 "Peace officer" includes:

12 1. The bailiff of the supreme court and bailiffs of the district courts,  
13 justices' courts and municipal courts;

14 2. Sheriffs of counties and of metropolitan police departments and  
15 their deputies;

16 3. Constables and their deputies when carrying out their official  
17 duties [.] ;

18 4. Personnel of the Nevada highway patrol when exercising the police  
19 powers specified in NRS 481.150 and 481.180;

20 5. The inspector or field agents of the motor carrier division of the  
21 department of motor vehicles when exercising the police powers specified  
22 in NRS 481.049;

23 6. Members of and all inspectors employed by the public service  
24 commission of Nevada when exercising those enforcement powers conferred  
25 by chapters 704 to 706, inclusive, of NRS;

26 7. Marshals and policemen of cities and towns;

27 8. Parole and probation officers;

28 9. Special investigators employed by the office of any district attorney  
29 or the attorney general;

30 10. Arson investigators for fire departments specially designated by  
31 the appointing authority;

32 11. Members of the University of Nevada System police department;

33 12. The state fire marshal and his assistant and deputies;

34 13. The brand inspectors of the state department of agriculture  
35 when exercising the enforcement powers conferred in chapter 565 of  
36 NRS;

37 14. Arson investigators for the state forester firewarden specially  
38 designated by the appointing authority;

39 15. The deputy director, superintendents, correctional officers and  
40 other employees of the department of prisons when carrying out any  
41 duties prescribed by the director of the department of prisons;

42 16. Division of state parks employees designated by the adminis-  
43 trator of the division of state parks in the state department of conserva-  
44 tion and natural resources when exercising police powers specified in  
45 NRS 407.065;

46 17. Security officers employed by the board of trustees of any school  
47 district;

48 18. The executive, supervisory and investigative personnel of the  
49 Nevada gaming commission and the state gaming control board when  
50 exercising the enforcement powers specified in NRS 463.140 or section

1 8 of this act or when investigating a violation of a provision of chapter  
2 205 of NRS in the form of a crime against the property of a gaming  
3 licensee;

4 19. The director, division chiefs, investigators, agents and other  
5 sworn personnel of the department of law enforcement assistance;

6 20. Field dealer inspectors of the vehicle compliance and enforce-  
7 ment section of the registration division of the department of motor  
8 vehicles when exercising the police powers specified in NRS 481.048;

9 21. Vehicle emission control officers of the vehicle emission control  
10 section of the registration division of the department of motor vehicles  
11 when exercising the police powers specified in NRS 481.0481;

12 22. The personnel of the Nevada department of wildlife when exer-  
13 cising those enforcement powers conferred by Title 45 and chapter 488  
14 of NRS;

15 23. Security officers of the legislature of the State of Nevada when  
16 carrying out duties prescribed by the legislative commission;

17 24. Group supervisors of the Nevada girls training center and the  
18 Nevada youth training center when carrying out any duties prescribed  
19 by the superintendents of their respective institutions;

20 25. Security officers employed by a city or county when carrying  
21 out duties prescribed by ordinance; and

22 26. Security officers of the buildings and grounds division of the  
23 department of general services when carrying out duties prescribed by  
24 the director of the department of general services.

25 SEC. 64. Chapter 179 of NRS is hereby amended by adding thereto  
26 a new section which shall read as follows:

27 *The state gaming control board and Nevada gaming commission and*  
28 *their employees, agents and representatives may inquire into and inspect*  
29 *any records sealed pursuant to NRS 179.245 or 179.255, if the event or*  
30 *conviction was related to gaming, for purposes of determining the suit-*  
31 *ability or qualifications of any person to hold a state gaming license, man-*  
32 *ufacturer's, seller's or distributor's license or gaming work permit pursuant*  
33 *to chapter 463 of NRS. Events and convictions, if any, which are the sub-*  
34 *ject of an order sealing records may form the basis for recommendation,*  
35 *denial or revocation of those licenses or work permits.*

36 SEC. 65. NRS 179.285 is hereby amended to read as follows:

37 179.285 [If] *Except as provided in section 64 of this act, if the*  
38 *court orders the records sealed pursuant to NRS 179.245 or 179.255,*  
39 *all proceedings recounted in the record are deemed never to have*  
40 *occurred, and such person may properly answer accordingly to any*  
41 *inquiry concerning the arrest, conviction or acquittal and the events*  
42 *and proceedings relating to the arrest, conviction or acquittal.*

43 SEC. 66. NRS 179.295 is hereby amended to read as follows:

44 179.295 1. The person who is the subject of the records which are  
45 sealed pursuant to NRS 179.245 or 179.255 may petition the district  
46 court to permit inspection of the records by a person named in the  
47 petition, and the district court may order such inspection. Except as pro-  
48 vided in subsection 2 [.,] and section 64 of this act, the court may not  
49 order the inspection of the records under any other circumstances.

50 2. Where a person has been arrested and the charges dismissed and

1 the records of [such] the arrest have been sealed, the court may order  
2 the inspection of the record by the district attorney upon a showing that  
3 as a result of newly discovered evidence, [such] the person has been  
4 arrested for the same or similar offense and that there is sufficient evi-  
5 dence reasonably to conclude that [such person] he will stand trial for  
6 the offense.

7 3. The court may, upon the application of a district attorney or an  
8 attorney representing a defendant in a criminal action, order an inspec-  
9 tion of such records for the purpose of obtaining information relating to  
10 persons who were involved in the incident recorded.

11 SEC. 67. NRS 483.340 is hereby amended to read as follows:

12 483.340 1. The department shall (upon payment of the required  
13 fee) issue to every applicant qualifying therefor a driver's license indicat-  
14 ing the type or class of vehicles the licensee may drive, which license  
15 shall bear thereon a distinguishing number assigned to the licensee, the  
16 full name, date of birth, residence address, and a brief description of the  
17 licensee, and a space upon which the licensee shall write his usual signa-  
18 ture with pen and ink immediately upon receipt of the license. No license  
19 [shall be] is valid until it has been so signed by the licensee.

20 2. The department may issue a driver's license for identification  
21 purposes only for use by officers of local police and sheriffs' depart-  
22 ments [and] , agents of the investigation and narcotics division of the  
23 department of law enforcement assistance while engaged in special  
24 undercover narcotics or prostitution investigations [.] and agents of the  
25 state gaming control board while engaged in investigations pursuant to  
26 NRS 463.140. No such license may be issued for use by any federal  
27 agent or investigator under any circumstances. An application for such  
28 a license [shall] must be made through the head of the police or sheriff's  
29 department [or] , the chief of the investigation and narcotics division [.]  
30 or the chairman of the state gaming control board. Such a license [shall  
31 be] is exempt from the fees required by NRS 483.410. The department,  
32 by regulation, shall provide for the cancellation of any such driver's  
33 license upon the completion of the special investigation for which it was  
34 issued.

35 3. Information pertaining to the issuance of a driver's license under  
36 subsection 2 is confidential.

37 4. It is unlawful for any person to use a driver's license issued under  
38 subsection 2 for any purpose other than the special investigation for  
39 which it was issued.

40 5. A person may attach to his driver's license any document which  
41 identifies him as a donor of all or part of his body pursuant to NRS  
42 451.500 to 451.585, inclusive.

43 SEC. 68. NRS 463.075, 463.333 and 463.470 are hereby repealed.