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ADDITIONAL AMENDMENT TO S. B. 431
[Proposed by Sam McMullen]

1. Add a definition of "revenue" [in relation to Section 7(4) relating to the revenue override as an additional licensing fee] to include any and all payments to the franchise holder from the authorized user for the use or reception of the live game broadcast, whether directly or indirectly, with no reduction for any expense or deduction whatsoever.

Judiciary

2/3s Vote Required - §§ 7.8

SUMMARY -- Enacts provisions governing live game broadcasts. (BDR 41-1174)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: No.

AN ACT relating to gaming; providing that a license to ~~conduct~~transmit live game broadcasts ~~may be issued to~~from a resort hotel holding a nonrestricted license , may be issued to a licensed franchise holder; providing for the collection of certain fees from the licensed franchise holder relating to live game broadcasts; requiring a licensed franchise holder to establish and maintain a refundable revolving fund to pay the expenses relating to the investigation of the licensed franchise holder's compliance with all applicable laws and regulations pertaining to live game broadcasts; authorizing the Nevada Gaming Commission to adopt regulations governing the licensing and operation of live game broadcasts if the Commission first makes certain determinations; prohibiting a person from conducting live game broadcasts until the Commission adopts regulations and unless the person procures and maintains all licenses required pursuant to the provisions of this act and the regulations adopted by the Commission; providing that only a licensed disseminator may disseminate live game broadcasts via satellite; prescribing the duties of a disseminator in disseminating live game broadcasts; requiring a person authorized to receive live game broadcasts to procure all licenses and approvals from the jurisdiction in

which the person is located and to establish procedures pertaining to live game broadcasts; authorizing the State Gaming Control Board to suspend the dissemination of live game broadcasts to certain authorized users without prior notice or hearing under certain circumstances; 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. Chapter 463 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this act.

Sec. 2. *As used in sections 2 to 13, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this act have the meanings ascribed to them in those sections.*



Sec. 3. *“Authorized jurisdiction” means a jurisdiction outside this state which has been administratively approved by the Board to receive a live game broadcast.*

Sec. 4. *“Authorized user” means a person administratively approved by the Board to receive and display a live game broadcast in an authorized jurisdiction for the benefit of the customers of the person.*

Sec. 5. *“Licensed franchise holder” means a person licensed to conduct produce and transmit the live game broadcasts from the premises of a nonrestricted licensee to an authorized jurisdiction, pursuant to section 7 of this act.*

Sec. 6. "Live game broadcast" means the audio and video transmission of a gambling game that is furnished to an authorized user as it occurs at the ~~establishment of a licensed franchise holder.~~ a licensed nonrestricted gaming establishment.

Sec. 7. 1. A person may apply to become a licensed franchise holder to produce and transmit a live game broadcast from a resort hotel which holds a nonrestricted license to operate games and gaming devices may apply to the Board for a license to conduct live game broadcasts. license. The application must:

- (a) Be submitted on a form approved by the Board; and
 - (b) Include ~~an~~ ^{THE APPROPRIATE} application fee 
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2. Before issuing a license to conduct live game broadcasts, the Board shall:

- (a) Investigate the qualifications of the applicant;
- (b) Determine the suitability of the applicant; ^{PURSUANT TO THE STANDARDS SET FORTH IN NRS 463, 160, 463.16 AND 463.170.}
- (c) Set forth any restrictions placed on the license; and
- (d) Charge and collect an initial licensing fee in the amount of \$20,000,000

for a 2-year period that begins on the date the license is issued.

3. Before renewing a license issued pursuant to this section, but in no case later than 2 years after the anniversary of the initial issuance, the Board shall charge and collect a renewal fee in the amount of \$10,000,000 for the renewal of the license for the immediately following 1-year period and for every year thereafter.

4. In addition to the initial licensing fee or annual renewal fee, if the revenue ~~of~~ received by the licensed franchise holder for a calendar year exceeds \$200,000,000,

the licensed franchise holder shall pay to the Board a revenue fee equal to 5 percent of any revenue that exceeds \$200,000,000 for the calendar year.

Sec. 8. 1. A licensed franchise holder shall, not later than 30 days after issuance of the license to conduct live game broadcasts, deposit with the Board and thereafter maintain a refundable revolving fund in the amount of \$25,000 to pay the expenses of investigation by the Board of the licensed franchise holder's compliance with all applicable laws and regulations pertaining to live game broadcasts. The Commission may in a particular case increase or decrease the required amount of the revolving fund, but the Board or Commission shall not require a licensed franchise holder to establish more than one such revolving fund. Upon the termination of all actual participation by the licensed franchise holder in conducting live game broadcasts, the Board shall refund the remaining balance in the licensed franchise holder's revolving fund.

2. Before ~~conducting~~transmitting any live game broadcast, a licensed franchise holder shall provide to the Board such information pertaining to the dissemination of the live game broadcast as the Board may request.

Sec. 9. 1. Except as otherwise provided in subsection 2, the Commission, with the advice and assistance of the Board, shall adopt regulations that:

(a) Ensure that the interests of this state are not unduly jeopardized by the dissemination of live game broadcasts.

(b) Govern the issuance of a license to ~~conduct~~engage in the production and transmission of live game broadcasts.

(c) Set forth standards for the suitability of a jurisdiction to be deemed an authorized jurisdiction. The regulations must provide that for the jurisdiction to be deemed an authorized jurisdiction:

(1) Gaming must be lawful in the jurisdiction; and

(2) Betting and wagering on live game broadcasts must be lawful in the jurisdiction.

(d) Set forth standards for the suitability of a person to be deemed an authorized user.

(e) Establish a proper and adequate procedure by which live game broadcasts may be disseminated.

(f) Establish procedures for monitoring and ensuring that the transmission and reception of live game broadcasts are near simultaneous. The regulations must provide that:

(1) Time displays must be displayed as part of the transmission and the time generated as part of the recording.

(2) Disseminators shall create and maintain records that are necessary to assure compliance.

(3) Any discrepancy must be submitted to the Chairman of the Board immediately upon discovery, with sufficient detail to identify the event, date and time.

(g) Require that all information pertaining to live game broadcasts be made available to the Board and Commission at all times.

(h) May be necessary for the orderly administration of sections 2 to 13, inclusive, of this act and for the protection of the public and in the public interest.

2. *The Commission may not adopt regulations governing the dissemination of live game broadcasts until the Commission first determines that:*

(a) *Live game broadcasts can be operated in compliance with all applicable laws;*

(b) *Live game broadcasts are secure and reliable;*

(c) *There are reasonable assurances that a person viewing the live game broadcast will be of lawful age and viewing only from an authorized jurisdiction; and*

(d) *Such regulations are consistent with the public policy of the State to foster the stability and success of gaming.*

Sec. 10. 1. *It is unlawful for any person, either as owner, lessee or employee, whether for hire or not, either solely or in conjunction with others, to conduct live game broadcasts:*

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

(b) *Unless the person first procures, and thereafter maintains in effect, all appropriate licenses as required by sections 2 to 13, inclusive, of this act and the regulations adopted by the Commission.*

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

Sec. 11. 1. *Live game broadcasts may only be disseminated by a person who is licensed as a disseminator pursuant to NRS 463.430.*

2. *A live game broadcast may only be disseminated by satellite through the use of a scrambled, encrypted or coded signal that must not be easily unscrambled, deciphered or decoded by anyone other than the authorized user.*

3. *Before disseminating live game broadcasts to an authorized user, the disseminator shall:*

(a) *Provide for the encoding of the signals to be transmitted using equipment approved by the Chairman of the Board; and*

(b) *Install and maintain at the location of an authorized user the equipment approved by the Chairman of the Board to decode the signals transmitted.*

4. *Only the Board, the disseminator and any regulatory authority within an authorized jurisdiction may have access to encoding and decoding equipment. The disseminator shall take precautions to prevent unauthorized access to encoding and decoding equipment. Security codes may be changed only as determined by the Chairman of the Board or if required by the regulatory authority in the authorized jurisdiction. The Board must be provided with any such new codes directly from the manufacturer or authorized distributor of the encoding or decoding equipment.*

5. *A disseminator shall not disseminate live game broadcasts:*

(a) *Outside the vanue of an authorized user; or*

(b) *To any person within this state.*

Sec. 12. 1. *An authorized user must obtain all necessary licenses and approvals from the authorized jurisdiction before receiving and displaying a live game broadcast.*

2. *An authorized user must establish comprehensive and effective procedures to ensure that the system for reception and displaying of the live game broadcast is consistent with the policy declared in NRS 463.0129.*

Sec. 13. 1. *The Board may suspend the authorization to disseminate live game broadcasts to an authorized user without prior notice or hearing whenever the Board has reason to believe that the authorized user has violated any applicable provision of law or regulation or for any cause deemed reasonable by the Board or Commission.*

2. *Upon suspension pursuant to subsection 1, the licensed franchise holder may request a hearing before the Commission within 10 days after the suspension to appeal the action by the Board.*

Sec. 14. NRS 463.0165 is hereby amended to read as follows:

463.0165 "License" means a gaming license, a manufacturer's or distributor's license, a license issued to a disseminator of information concerning racing, *a license issued to conduct live game broadcasts* or a license issued to an operator of an off-track pari-mutuel system.

Sec. 15. NRS 463.0171 is hereby amended to read as follows:

463.0171 "Licensee" means any person to whom a valid gaming license, manufacturer's or distributor's license, license for the operation of an off-track pari-mutuel system, *license to conduct live game broadcasts* or license for dissemination of information concerning racing has been issued.