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SENATE BILL NO. 431—COMMITTEE ON JUDICIARY

MARCH 24, 2003

Referred to Committee on Judiciary

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

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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

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AN ACT relating to gaming; providing that a license to conduct live game broadcasts may be issued to a resort hotel holding a nonrestricted license; providing for the collection of certain fees 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



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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:

- 1     **Section 1.** Chapter 463 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 13, inclusive, of this  
3 act.
- 4     **Sec. 2.** *As used in sections 2 to 13, inclusive, of this act,*  
5 *unless the context otherwise requires, the words and terms defined*  
6 *in sections 3 to 6, inclusive, of this act have the meanings ascribed*  
7 *to them in those sections.*
- 8     **Sec. 3.** *“Authorized jurisdiction” means a jurisdiction*  
9 *outside this state which has been administratively approved by the*  
10 *Board to receive a live game broadcast.*
- 11     **Sec. 4.** *“Authorized user” means a person administratively*  
12 *approved by the Board to receive and display a live game*  
13 *broadcast in an authorized jurisdiction for the benefit of the*  
14 *customers of the person.*
- 15     **Sec. 5.** *“Licensed franchise holder” means a person licensed*  
16 *to conduct live game broadcasts pursuant to section 7 of this act.*
- 17     **Sec. 6.** *“Live game broadcast” means the audio and video*  
18 *transmission of a gambling game that is furnished to an*  
19 *authorized user as it occurs at the establishment of a licensed*  
20 *franchise holder.*
- 21     **Sec. 7.** *1. A resort hotel which holds a nonrestricted license*  
22 *to operate games and gaming devices may apply to the Board for a*  
23 *license to conduct live game broadcasts. The application must:*  
24     *(a) Be submitted on a form approved by the Board; and*  
25     *(b) Include an application fee in the amount of \$250,000.*  
26     **2.** *Before issuing a license to conduct live game broadcasts,*  
27 *the Board shall:*  
28     *(a) Investigate the qualifications of the applicant;*  
29     *(b) Determine the suitability of the applicant;*  
30     *(c) Set forth any restrictions placed on the license; and*  
31     *(d) Charge and collect an initial licensing fee in the amount of*  
32 *\$20,000,000 for a 2-year period that begins on the date the license*  
33 *is issued.*  
34     **3.** *Before renewing a license issued pursuant to this section,*  
35 *but in no case later than 2 years after the anniversary of the initial*  
36 *issuance, the Board shall charge and collect a renewal fee in the*  
37 *amount of \$10,000,000 for the renewal of the license for the*  
38 *immediately following 1-year period and for every year thereafter.*



1       4. *In addition to the initial licensing fee or annual renewal*  
2 *fee, if the revenue of the licensed franchise holder for a calendar*  
3 *year exceeds \$200,000,000, the licensed franchise holder shall pay*  
4 *to the Board a revenue fee equal to 5 percent of any revenue that*  
5 *exceeds \$200,000,000 for the calendar year.*

6       **Sec. 8.** 1. *A licensed franchise holder shall, not later than*  
7 *30 days after issuance of the license to conduct live game*  
8 *broadcasts, deposit with the Board and thereafter maintain a*  
9 *refundable revolving fund in the amount of \$25,000 to pay the*  
10 *expenses of investigation by the Board of the licensed franchise*  
11 *holder's compliance with all applicable laws and regulations*  
12 *pertaining to live game broadcasts. The Commission may in a*  
13 *particular case increase or decrease the required amount of the*  
14 *revolving fund, but the Board or Commission shall not require a*  
15 *licensed franchise holder to establish more than one such*  
16 *revolving fund. Upon the termination of all actual participation by*  
17 *the licensed franchise holder in conducting live game broadcasts,*  
18 *the Board shall refund the remaining balance in the licensed*  
19 *franchise holder's revolving fund.*

20       2. *Before conducting any live game broadcast, a licensed*  
21 *franchise holder shall provide to the Board such information*  
22 *pertaining to the dissemination of the live game broadcast as the*  
23 *Board may request.*

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

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

29       (b) *Govern the issuance of a license to conduct live game*  
30 *broadcasts.*

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

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

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

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

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

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

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



1           (2) *Disseminators shall create and maintain records that*  
2 *are necessary to assure compliance.*  
3           (3) *Any discrepancy must be submitted to the Chairman of*  
4 *the Board immediately upon discovery, with sufficient detail to*  
5 *identify the event, date and time.*  
6           (g) *Require that all information pertaining to live game*  
7 *broadcasts be made available to the Board and Commission at all*  
8 *times.*  
9           (h) *May be necessary for the orderly administration of sections*  
10 *2 to 13, inclusive, of this act and for the protection of the public*  
11 *and in the public interest.*  
12        2. *The Commission may not adopt regulations governing the*  
13 *dissemination of live game broadcasts until the Commission first*  
14 *determines that:*  
15        (a) *Live game broadcasts can be operated in compliance with*  
16 *all applicable laws;*  
17        (b) *Live game broadcasts are secure and reliable;*  
18        (c) *There are reasonable assurances that a person viewing the*  
19 *live game broadcast will be of lawful age and viewing only from*  
20 *an authorized jurisdiction; and*  
21        (d) *Such regulations are consistent with the public policy of*  
22 *the State to foster the stability and success of gaming.*  
23        **Sec. 10. 1. It is unlawful for any person, either as owner,**  
24 **lessee or employee, whether for hire or not, either solely or in**  
25 **conjunction with others, to conduct live game broadcasts:**  
26        (a) *Until the Commission adopts regulations pursuant to this*  
27 *section; and*  
28        (b) *Unless the person first procures, and thereafter maintains*  
29 *in effect, all appropriate licenses as required by sections 2 to 13,*  
30 *inclusive, of this act and the regulations adopted by the*  
31 *Commission.*  
32        2. *A person who violates subsection 1 is guilty of a category B*  
33 *felony and shall be punished by imprisonment in the state prison*  
34 *for a minimum term of not less than 1 year and a maximum term*  
35 *of not more than 10 years or by a fine of not more than \$50,000,*  
36 *or both.*  
37        **Sec. 11. 1. Live game broadcasts may only be disseminated**  
38 **by a person who is licensed as a disseminator pursuant to**  
39 **NRS 463.430.**  
40        2. *A live game broadcast may only be disseminated by*  
41 *satellite through the use of a scrambled, encrypted or coded signal*  
42 *that must not be easily unscrambled, deciphered or decoded by*  
43 *anyone other than the authorized user.*  
44        3. *Before disseminating live game broadcasts to an*  
45 *authorized user, the disseminator shall:*



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

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

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

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

17 (a) Outside the venue of an authorized user; or

18 (b) To any person within this state.

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

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

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

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

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

37 463.0165 "License" means a gaming license, a manufacturer's  
38 or distributor's license, a license issued to a disseminator of  
39 information concerning racing, *a license issued to conduct live*  
40 *game broadcasts* or a license issued to an operator of an off-track  
41 pari-mutuel system.

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

43 463.0171 "Licensee" means any person to whom a valid  
44 gaming license, manufacturer's or distributor's license, license for  
45 the operation of an off-track pari-mutuel system, *license to conduct*



- 1 *live game broadcasts* or license for dissemination of information
- 2 concerning racing has been issued.

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