

(Reprinted with amendments adopted on April 25, 2011)

FIRST REPRINT

A.B. 258

ASSEMBLY BILL NO. 258—COMMITTEE ON JUDICIARY

MARCH 10, 2011

Referred to Committee on Judiciary

SUMMARY—Enacts provisions governing the licensing and operation of interactive gaming. (BDR 41-657)

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

~

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

AN ACT relating to gaming; requiring the Nevada Gaming Commission to adopt regulations relating to the licensing and operation of interactive gaming; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law authorizes certain gaming establishments to obtain a license to
2 operate interactive gaming. (NRS 463.750) This bill requires the Nevada Gaming
3 Commission to establish by regulation certain provisions authorizing the licensing
4 and operation of interactive gaming under certain circumstances. This bill further
5 provides that a license to operate interactive gaming does not become effective
6 until: (1) the passage of federal legislation authorizing interactive gaming; or (2)
7 the United States Department of Justice notifies the Commission or the State
8 Gaming Control Board that interactive gaming is permissible under federal law.

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 7, inclusive, of this
3 act.

4 **Sec. 2.** *The Legislature hereby finds and declares that:*

5 *1. The State of Nevada leads the nation in gaming regulation*
6 *and enforcement, such that the State of Nevada is uniquely*
7 *positioned to develop an effective and comprehensive regulatory*
8 *structure related to interactive gaming.*

9 *2. A comprehensive regulatory structure, coupled with strict*
10 *licensing standards, will ensure the protection of consumers,*



* A B 2 5 8 R 1 *

1 *prevent fraud, guard against underage and problem gambling and*
2 *aid in law enforcement efforts.*

3 *3. To provide for licensed and regulated interactive gaming*
4 *and to prepare for possible federal legislation, the State of Nevada*
5 *must develop the necessary structure for licensure, regulation and*
6 *enforcement.*

7 **Sec. 3.** (Deleted by amendment.)

8 **Sec. 4.** (Deleted by amendment.)

9 **Sec. 5.** (Deleted by amendment.)

10 **Sec. 6.** (Deleted by amendment.)

11 **Sec. 7.** (Deleted by amendment.)

12 **Sec. 8.** (Deleted by amendment.)

13 **Sec. 9.** (Deleted by amendment.)

14 **Sec. 10.** (Deleted by amendment.)

15 **Sec. 11.** NRS 463.160 is hereby amended to read as follows:

16 463.160 1. Except as otherwise provided in subsection 4 and
17 NRS 463.172, it is unlawful for any person, either as owner, lessee
18 or employee, whether for hire or not, either solely or in conjunction
19 with others:

20 (a) To deal, operate, carry on, conduct, maintain or expose for
21 play in the State of Nevada any gambling game, gaming device,
22 inter-casino linked system, mobile gaming system, slot machine,
23 race book or sports pool;

24 (b) To provide or maintain any information service;

25 (c) To operate a gaming salon; ~~for~~

26 (d) To receive, directly or indirectly, any compensation or
27 reward or any percentage or share of the money or property played,
28 for keeping, running or carrying on any gambling game, slot
29 machine, gaming device, mobile gaming system, race book or sports
30 pool ~~;~~; *or*

31 *(e) To operate, carry on, conduct, maintain or expose for play*
32 *in or from the State of Nevada any interactive gaming system,*

33 *without having first procured, and thereafter maintaining in*
34 *effect, all federal, state, county and municipal gaming licenses as*
35 *required by statute, regulation or ordinance or by the governing*
36 *board of any unincorporated town.*

37 2. The licensure of an operator of an inter-casino linked system
38 is not required if:

39 (a) A gaming licensee is operating an inter-casino linked system
40 on the premises of an affiliated licensee; or

41 (b) An operator of a slot machine route is operating an inter-
42 casino linked system consisting of slot machines only.

43 3. Except as otherwise provided in subsection 4, it is unlawful
44 for any person knowingly to permit any gambling game, slot
45 machine, gaming device, inter-casino linked system, mobile gaming



1 system, race book or sports pool to be conducted, operated, dealt or
2 carried on in any house or building or other premises owned by the
3 person, in whole or in part, by a person who is not licensed pursuant
4 to this chapter, or that person's employee.

5 4. The Commission may, by regulation, authorize a person to
6 own or lease gaming devices for the limited purpose of display or
7 use in the person's private residence without procuring a state
8 gaming license.

9 5. As used in this section, "affiliated licensee" has the meaning
10 ascribed to it in NRS 463.430.

11 **Sec. 12.** NRS 463.750 is hereby amended to read as follows:

12 463.750 1. Except as otherwise provided in subsections 2 and
13 3, the Commission ~~may~~ shall with the advice and assistance of
14 the Board, adopt regulations governing the licensing and operation
15 of interactive gaming.

16 2. The Commission may not adopt regulations governing the
17 licensing and operation of interactive gaming until the Commission
18 first determines that:

19 (a) ~~Interactive gaming can be operated in compliance with all~~
20 ~~applicable laws;~~

21 ~~(b)~~ Interactive gaming systems are secure and reliable, and
22 provide reasonable assurance that players will be of lawful age and
23 communicating only from jurisdictions where it is lawful to make
24 such communications; and

25 ~~(c)~~ (b) Such regulations are consistent with the public policy
26 of the State to foster the stability and success of gaming.

27 3. The regulations adopted by the Commission pursuant to this
28 section must:

29 (a) Establish the investigation fees for:

30 (1) A license to operate interactive gaming;

31 (2) A license for a manufacturer of interactive gaming
32 systems; and

33 (3) A license for a manufacturer of equipment associated
34 with interactive gaming.

35 (b) Provide that:

36 (1) A person must hold a license for a manufacturer of
37 interactive gaming systems to supply or provide any interactive
38 gaming system, including, without limitation, any piece of
39 proprietary software or hardware; and

40 (2) A person may be required by the Commission to hold a
41 license for a manufacturer of equipment associated with interactive
42 gaming.

43 (c) Set forth standards for the suitability of a person to be
44 licensed as a manufacturer of interactive gaming systems or



1 manufacturer of equipment associated with interactive gaming that
2 are as stringent as the standards for a nonrestricted license.

3 (d) Provide that gross revenue received by an establishment
4 from the operation of interactive gaming is subject to the same
5 license fee provisions of NRS 463.370 as the games and gaming
6 devices of the establishment.

7 (e) Set forth standards for the location and security of the
8 computer system and for approval of hardware and software used in
9 connection with interactive gaming.

10 (f) Define "equipment associated with interactive gaming,"
11 "interactive gaming system," "manufacturer of equipment
12 associated with interactive gaming," "manufacturer of interactive
13 gaming systems," "operate interactive gaming" and "proprietary
14 hardware and software" as the terms are used in this chapter.

15 ***(g) Provide that any license to operate interactive gaming does
16 not become effective until:***

17 ***(1) A federal law authorizing interactive gaming is enacted;***

18 ***or***

19 ***(2) The United States Department of Justice notifies the
20 Board or Commission in writing that it is permissible under
21 federal law to operate interactive gaming.***

22 4. Except as otherwise provided in ~~[subsection 5.]~~ ***subsections
23 5 and 6,*** the Commission shall not approve a license for an
24 establishment to operate interactive gaming unless:

25 (a) In a county whose population is 400,000 or more, the
26 establishment is a resort hotel that holds a nonrestricted license to
27 operate games and gaming devices.

28 (b) In a county whose population is more than 40,000 but less
29 than 400,000, the establishment is a resort hotel that holds a
30 nonrestricted license to operate games and gaming devices or the
31 establishment:

32 (1) Holds a nonrestricted license for the operation of games
33 and gaming devices;

34 (2) Has more than 120 rooms available for sleeping
35 accommodations in the same county;

36 (3) Has at least one bar with permanent seating capacity for
37 more than 30 patrons that serves alcoholic beverages sold by the
38 drink for consumption on the premises;

39 (4) Has at least one restaurant with permanent seating
40 capacity for more than 60 patrons that is open to the public 24 hours
41 each day and 7 days each week; and

42 (5) Has a gaming area that is at least 18,000 square feet in
43 area with at least 1,600 slot machines, 40 table games, and a sports
44 book and race pool.



1 (c) In all other counties, the establishment is a resort hotel that
2 holds a nonrestricted license to operate games and gaming devices
3 or the establishment:

4 (1) Has held a nonrestricted license for the operation of
5 games and gaming devices for at least 5 years before the date of its
6 application for a license to operate interactive gaming;

7 (2) Meets the definition of group 1 licensee as set forth in the
8 regulations of the Commission on the date of its application for a
9 license to operate interactive gaming; and

10 (3) Operates either:

11 (I) More than 50 rooms for sleeping accommodations in
12 connection therewith; or

13 (II) More than 50 gaming devices in connection
14 therewith.

15 5. The Commission may:

16 (a) Issue a license to operate interactive gaming to an affiliate of
17 an establishment if:

18 (1) The establishment satisfies the applicable requirements
19 set forth in subsection 4; ~~and~~

20 (2) The affiliate is located in the same county as the
21 establishment; and

22 *(3) The establishment has held a nonrestricted license for*
23 *at least 5 years before the date on which the application is filed;*
24 *and*

25 (b) Require an affiliate that receives a license pursuant to this
26 subsection to comply with any applicable provision of this chapter.

27 6. *The Commission may issue a license to operate interactive*
28 *gaming to an applicant that meets any qualifications established*
29 *by federal law regulating the licensure of interactive gaming.*

30 7. It is unlawful for any person, either as owner, lessee or
31 employee, whether for hire or not, either solely or in conjunction
32 with others, to operate interactive gaming:

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

35 (b) Unless the person first procures, and thereafter maintains in
36 effect, all appropriate licenses as required by the regulations adopted
37 by the Commission pursuant to this section.

38 ~~7-~~ 8. A person who violates subsection ~~6-~~ 7 is guilty of a
39 category B felony and shall be punished by imprisonment in the
40 state prison for a minimum term of not less than 1 year and a
41 maximum term of not more than 10 years or by a fine of not more
42 than \$50,000, or both.

43 **Sec. 13.** (Deleted by amendment.)

44 **Sec. 14.** (Deleted by amendment.)



1 **Sec. 15.** This act becomes effective upon passage and
2 approval.

⑩



* A B 2 5 8 R 1 *