

# FOR E W O R D

## By Governor Brian Sandoval

Welcome to the 2011 edition of *Nevada Gaming Lawyer*.

Nevada stunned the world eighty years ago when the 1931 Legislature, with Governor Fred Balzar's approval, legalized "wide-open" gambling in our state. As other states and countries turned their attention to this bold move, Nevada instantly took the lead in the development of the gaming industry. Through careful attention to gaming regulation and the innovation of exciting new gaming devices, we have maintained our undisputed status as the leader in the world's gaming economy for eight decades.

Since I completed my term as Chairman of the Nevada Gaming Commission, the gaming entertainment industry has expanded in new and unforeseen ways. Competitive forces demand a new approach from our regulatory infrastructure. In an increasingly competitive and global economy, we must maintain Nevada's status as "the" place for gaming innovation.

Twenty-first century demands mandate that we provide a flexible environment for the technological resources that are the underpinning of modern gaming devices.

Earlier this year, as Nevada's Governor, I asked the leadership of our gaming regulatory bodies to begin to process statutory and regulatory changes that sensibly reflect the modernization of the industry. I am pleased to report to the readers of *Nevada Gaming Lawyer* that many of those changes were made during the 2011 session of the Nevada Legislature. When it comes to the regulation of legalized gaming, Nevada is once again leading the way through the rapid technological advances that can be both opportunity and concern for the gaming economy. In the months ahead, we can expect our latest modernization efforts to continue as the regulatory bodies begin to execute the products of the 2011 session. Three bills, in particular, will have their attention.

The first gaming bill that I signed was Senate Bill 218, which passed both houses without dissent. Proposed by Nevada's Gaming Control Board, this legislation is a fine example of bipartisan

cooperation for the good of our state's premier industry. Among its many provisions are those that authorize the Gaming Commission to regulate the operation of hosting centers and the licensing of service providers. The registration of hosting centers will allow gaming technology equipment to be located at a site other than the premises of a gaming establishment. The licensing of service providers will create a new level of regulation below full licensing for those who assist a nonrestricted licensee with cash access, hardware, interactive gaming, software, or wagering instruments. This legislation also provides for the registration (rather than licensing) of limited partners with a five percent or less ownership interest in a partnership that holds a gaming license and clarifies the illegal utilization of devices designed to assist with the strategy of or betting on certain games. It clarifies the live entertainment tax and revises the Gaming Commission's procedures concerning the adoption or amendment of regulations. I encourage you to read this bill at your earliest opportunity.

Another measure I signed is Assembly Bill 294, which was introduced by Assemblyman and attorney William Horne and concerns mobile gaming devices. Essentially, the legislation authorizes casinos to issue handheld devices to gamblers who are then allowed to take games back to their hotel rooms or other areas of the casino property. Of course, technology will be used to guard against under-age gambling. This type of gaming is an exciting new venture for Nevada, and once again, we are the leading innovator for the rest of the industry.

As I'm sure every reader is aware, the issue of internet gaming also surfaced this session. From Nevada's status as the worldwide trend-setter in gaming regulation and enforcement, we should control the emerging online poker industry by creating an operating framework that ensures both that our gaming industry is competitive and that our regulatory structure serves as a model of integrity and innovation. For these reasons, I supported the efforts of the Legislature in taking the first steps to create Nevada's online poker regulatory framework.



As the 2011 Legislature processed this issue, I reminded the members of several important policy points. I discouraged the passage of a bill that might facilitate the legalization of online poker before the federal ban is lifted as well as the passage of any legislation that might hinder efforts to remove that ban. I am pleased that the legislation that they ultimately sent for my signature (Assembly Bill 258) did not create disharmony between state and federal laws on this issue.

Maintaining the State's status as a regulatory leader is not accomplished simply by ensuring that we remain consonant with the federal government's actions in this area. It is important, too, that we apply the same substantive regulatory standards to online poker

companies that we do to traditional gaming institutions. I asked the Legislature to ensure that online poker companies be licensed in accordance with the same standards we apply for traditional nonrestricted gaming companies.

The preservation of our regulatory integrity is not my only concern. It is essential to the growth of our economy that we maintain a competitive gaming market; consequently, it is my belief that it is not in Nevada's best interest to facilitate a competitive advantage to *any* gaming company, traditional or online. Legislation on the subject of online poker represents the first steps on new ground. It is important that we begin from

equal footing. I am pleased to report to the readers of *Nevada Gaming Lawyer* that, again in a spirit of bipartisan concern for this important aspect of Nevada's economy, the Legislature acted wisely on legislation concerning online gaming. And on the day I signed it, I remarked to my staff that historians will one day look back to the approval of this legislation as a turning point in our state's gaming history.

Nevada has experienced several distinct periods of gaming modernization since 1931, and we have now embarked on the latest one. I am convinced that our legislative and regulatory actions will continue to move Nevada's premier industry forward and continue to enhance Nevada's reputation as the gold standard in the worldwide gaming economy. **NGL**