

**REVISED PROPOSED REGULATION OF THE
NEVADA GAMING COMMISSION**

LCB File No. R029-21

April 12, 2022

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

AUTHORITY: §§ 1 and 2, NRS 368A.140.

A REGULATION relating to taxation; revising certain requirements for reports submitted by the internal auditors of licensed gaming establishments; eliminating certain requirements relating to the statement or display of the admission charge to a facility where live entertainment is provided at a licensed gaming establishment; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law imposes a tax on the charge for admission to a facility where live entertainment is provided. (NRS 368A.200) Existing regulations require the internal auditor for certain licensed gaming establishments that provide live entertainment to report to the Nevada Gaming Control Board regarding instances of noncompliance with the requirements for entertainment by the licensed gaming establishment. (NAC 368A.510) **Section 1** of this regulation removes the requirement for the internal auditor to submit two copies of each such report.

Assembly Bill No. 7 of the 2021 Legislative Session removed a requirement for: (1) each ticket for admission to a facility where live entertainment is provided to show on its face the admission charge; or (2) the seller of the admission to prominently display a notice disclosing the admission charge at the box office or other place where the charge is made. (Section 21.5 of Assembly Bill No. 7, chapter 509, Statutes of Nevada 2021, at page 3394) **Section 2** of this regulation eliminates certain requirements relating to the statement or display of the admission charge for live entertainment that is provided at a facility at a licensed gaming establishment.

Section 1. NAC 368A.510 is hereby amended to read as follows:

368A.510 1. Each:

(a) Group I licensee that provides live entertainment shall:

(1) Include in its system of internal control, submitted pursuant to Regulation 6.090 of the Nevada Gaming Commission, a description of the procedures adopted by the licensee to comply with NAC 368A.300 to 368A.540, inclusive; and

(2) Comply with that system of internal control and any minimum standards for internal control for entertainment adopted by the Chair pursuant to Regulation 6.090 of the Nevada Gaming Commission.

(b) Group II licensee that provides live entertainment and each taxpayer that holds a restricted license shall comply with any procedures for internal control for entertainment adopted by the Chair pursuant to Regulation 6.100 of the Nevada Gaming Commission.

↳ Except as otherwise approved in writing by the Chair, a taxpayer shall not carry out any procedures for internal control that deviate from any standards or procedures for internal control for entertainment adopted and published by the Chair.

2. Each group I licensee that provides live entertainment shall direct its independent accountant to perform observations, examinations of documents and inquiries of employees, using any applicable guidelines, checklists and other criteria established by the Chair, to determine compliance with the requirements for entertainment. The independent accountant shall report his or her findings as part of the report required by subsection 9 of Regulation 6.090 of the Nevada Gaming Commission.

3. The internal auditor of each group I licensee that provides live entertainment shall:

(a) Using any applicable guidelines, checklists and other criteria established by the Chair, perform observations, examinations of documents and inquiries of employees to determine compliance with the requirements for entertainment.

(b) Submit to the Board within 120 days after the last day of the first 6 months of the business year of the licensee ~~two copies of~~ a report by the internal auditor summarizing all instances of noncompliance with the requirements for entertainment during the first 6 months of the business year of the licensee and any applicable responses by the management of the licensee, including any work required to be performed during the reporting period and any additional procedures that were performed.

(c) Submit to the Board within 150 days after the end of the business year of the licensee ~~two copies of~~ a report by the internal auditor summarizing all instances of noncompliance with the requirements for entertainment during the final 6 months of the business year of the licensee and any applicable responses by the management of the licensee, including any work required to be performed during the reporting period and any additional procedures that were performed.

4. As used in this section:

(a) “Group I licensee” and “group II licensee” have the meanings ascribed to those terms in Regulation 6.010 of the Nevada Gaming Commission.

(b) “Requirements for entertainment” means the provisions of chapter 368A of NRS, NAC 368A.300 to 368A.540, inclusive, and any minimum standards for internal control for entertainment adopted by the Chair.

Sec. 2. NAC 368A.460 is hereby repealed.

TEXT OF REPEALED SECTION

**368A.460 Statement of admission charge shown on ticket or displayed at box office:
Required disclosure; payment of tax based on admission charge shown or displayed;
receipt substitutes for ticket. (NRS 368A.140)**

1. The statement of the admission charge required to be shown or displayed pursuant to subsection 3 of NRS 368A.200 must disclose the amount of the admission charge to be paid by the patron to enter, or have access to, the facility where the live entertainment is provided, excluding the amount of the tax imposed by NRS 368A.200.

2. The taxpayer shall pay the tax imposed by NRS 368A.200 based on the admission charge shown or displayed pursuant to subsection 3 of NRS 368A.200.

3. For the purposes of this section and subsection 3 of NRS 368A.200, if a ticket for admission to facility where live entertainment is provided is not issued to a patron, a receipt documenting the purchase of an admission to such a facility substitutes for a ticket.