

Big casinos want legislators to curtail slot arcades, sports betting kiosks

By Anjeanette Damon, Las Vegas Sun

CARSON CITY – Nevada’s biggest gaming companies went to the Legislature on Wednesday to ask lawmakers to protect them from strip mall slot machine parlors and barroom sports betting kiosks.

It’s a Goliath vs. David image.

But the big gamers say they need legislative intervention now to protect the state’s largest industry from a looming rock between the eyes.

Through a series of administrative decisions, the Nevada Gaming Control Board has allowed sports betting kiosks to creep into restricted gaming license establishments – taverns, slot parlors, sports bars.

Of the \$170 million in sports pool win last year, the kiosks accounted for \$600,000 – less than a third of a percent.

But that dollar figure should grow over time, and the Nevada Resort Association doesn’t want restricted license establishments to benefit.

“We’ve heard over the last few days: ‘What’s the harm, it’s only a \$600,000 handle. We only have a few kiosks. We’re not hurting them,’” lobbyist Pete Ernaut told the Senate Judiciary Committee on Wednesday.

“Think about that for a second. You think these people go into this building to only drive \$600,000 worth of sports book handle? Their entire business model is based on the

proliferation of kiosks.”

Senate Bill 416 brought forward by the Nevada Resort Association calls into question the Legislature’s role as either field-leveler or industry protector.

It does two things aimed at restricted license establishments:

- Outlaws sports betting kiosks – and other sports betting activities;
- Implements new standards for “slot arcades” such as Dotty’s, which offer slot play but little other business activity.

Establishments such as Dotty’s proliferated in the wake of the statewide indoor smoking ban. One opened recently in Stateline. Critics argue they take advantage of restricted licenses available to businesses such as taverns, gas stations and grocery stores that want to offer slot machines as an ancillary activity to their main business.

Restrictions proposed by the Nevada Resort Association go beyond those passed by the Nevada Gaming Commission in 2011. They would require slot arcades to embed slot machines in standard bars, build larger kitchen and restaurant areas and take away the ability for slot arcades to apply for a waiver.

The NRA fully admits that its proposed legislation is protectionist. Ernaut argued protecting gaming is not just the Legislature’s job, but should be its highest priority.

“Protection of this industry: There can’t be a higher priority of this body than getting the No. 1 industry in this state right,” Ernaut said.

He stressed that Nevada law is designed to prevent competition among non-restricted licensees – the big casinos that are required, among other things, to build 200 hotel rooms – and the smaller restricted license operations that don’t need any comparable capital investment.

But tavern owners, bookmakers and kiosk companies scoffed at the idea their small slice of the market could pose a threat to Nevada's casino resorts – both big and small.

“It doesn't exist,” Joe Asher of William Hill, which operates 82 kiosks in Nevada, said of the contention kiosks are eating into the bottom lines of bigger casinos. “There is not one single shred of evidence that it does exist.”

In an ironic twist, kiosk sports betting evolved within what is supposed to be the state's most regulated industry without any specific approval by the Nevada Gaming Commission.

Instead, the Gaming Control Board administratively approved the emerging technology step-by-step – from kiosks used simply as an information tool all the way to accepting wagers – under a provision that allows the board oversight over ancillary equipment.

Neither lawmakers nor gaming commissioners have had a say in whether taverns and other restricted licensees should be allowed to operate as sports books.

But is the Nevada Legislature really being asked to step in between Goliath and David?

The companies running small gaming operations aren't exactly small companies.

William Hill is, according to the company's website, “the world's largest bookmaker,” employing more than 17,000 in eight countries.

Golden Gaming is Nevada's largest slot route operator, with 8,500 machines in more than 600 locations. It also is the state's largest tavern operator and owns three casinos in Pahrump.

Still, Golden is a far cry from the multinational corporations running casino resorts on the Las Vegas Strip.

On the other hand, the emerging kiosk industry plays an important role in Nevada's economy, its lobbyists argued.

"When you become successful, you wind up on someone's radar screen, and when you're on the radar screen, you wind up here (at the Legislature) with people trying to stifle competition," said Sean Higgins, lobbyist for Golden Gaming. "I guess the message is, 'Be successful, but not too successful. Because if you're too successful, we'll try to push you back down.'"

Asher brought a human prop with him.

"Mark Keller, will you stand up please?" Asher said midway through his testimony. From the audience, Keller obliged. "This is a real kiosk man. He has a family. He has 3-year-old. If you kill kiosks, you take this man's job away."