SENATE BI LL 325
43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998 I NTRODUCED BY J OHN ARTHUR SM TH

## AN ACT

RELATI NG TO GAM NG; EXPANDI NG AUTHORI ZED GAM NG PURSUANT TO THE GAM NG CONTROL ACT; AMENDI NG REPEALI NG AND ENACTI NG SECTI ONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEG SLATURE OF THE STATE OF NEW MEXI CO:
Section 1. Section 60-2E-1 NMSA 1978 (bei ng Laws 1997, Chapter 190, Section 3) is amended to read:
"60-2E-1. SHORT TI TLE.-- [ Sections 3 through 63 of this act] Chapter 60, Article 2E NMSA 1978 may be cited as the "Gaming Control Act"."

Section 2. Section 60-2E-3 NMEA 1978 (bei ng Laws 1997, Chapter 190, Section 5) is amended to read:
" 60-2E-3. DEFI NI TI ONS. - - As used in the Gaming Control Act:
A. "administrator" means the executive di rector or
the security di rector;
[A.] B. "affiliate" means a person who, directly or indi rectly through one or more intermedi aries, controls, is controlled by or is under common control with a specified per son;
[B.] C. "affiliated company" means a company that:
(1) controls, is controlled by or is under common control with a company licensee; and
(2) is invol ved in gaming activities or i nvol ved in the ownershi p of property on whi ch gaming is conduct ed;
[C.] D. "applicant" means a person who has applied for a license or for approval of an act or transaction for whi ch approval is requi red or all owed pursuant to the provisi ons of the Gaming Control Act;
[D.] E. "application" means a request for the issuance of a license or for approval of an act or transaction for whi ch approval is requi red or allowed pursuant to the provisi ons of the Gaming Control Act, but "application" does not incl ude a supplement al formor information that may be requi red with the application;
[E.] F. "associ at ed equi prent" means equi pment or a mechani cal, el ectromechani cal or el ectronic contrivance, component or machi ne used in connection with gaming;
[F.] G. "board" means the gaming control board;
H. "casi no game" means a game, i ncl udi ng baccarat, beat the banker, bl ackjack, chemin de fer, chuck-a-l uck, craps, dai shu, fan-tan, faro, keno, kl ondi ke, l otteries, monte, pai gow, pangui ni, pari-mutuel wagering and si mul casting, poker in any form progressi ve forms of casino games, red dog, roul ette, seven and a half, sic bo, twentyone, wheel s of fortune and any ot her dice, table or card game that is pl ayed on associ at ed equi prent and may be si mul at ed for play on a gaming machi ne;
[G.] 1. "certification" means a notice of approval by the board of a person requi red to be certified by the board;
[H.] L. "certified technician" means a person certified by a manuf acturer licensee to repair and service gaming devi ces, but who is prohi bited fromprogramming gaming devi ces;
[Ғ] K. "company" means a corporation, partnershi p , I imited partnershi p , trust, association, joint stock company, joint vent ure, limited liability company or ot her form of busi ness organization that is not a nat ural per son;
[5] L. "distributor" means a person who supplies gaming devi ces to a gaming operator but does not manufacture gaming devi ces;
[K.] M "equity security" means an interest in a
company that is evi denced by:
(1) voting stock or similar security;
(2) a security convertible into voting stock or similar security, with or without consi deration, or a security carrying a warrant or right to subscribe to or purchase voting stock or similar security;
(3) a warrant or right to subscribe to or purchase voting stock or similar security; or
(4) a security having a di rect or indi rect partici pation in the profits of the issuer;
[Ł.] N. "executive di rector" means the chi ef admini strative officer appointed by the board pursuant to [Section 9 of the Gaming Control Act] Section 60-2E-7 NMSA 1978;
[ M-] O. "finding of suitability" means a certification of approval issued by the board permitting a person to be i nvol ved di rectly or indi rectly with a licensee, rel ating onl y to the specified invol vement for which it is made;
[ A.-] P. "game" means an activity in whi ch, upon payment of consideration, a player recei ves a prize or other thing of val ue, the award of whi ch is determined by chance even though accompani ed by some skill; "game" does not incl ude an activity played in a private resi dence in which no person makes money for oper ating the activity except through winnings . 121075. 1
as a pl ayer;
[ O.] Q. "gaming" means offering a game for play; [P.] R. "gaming activity" means any endeavor associ ated with the manuf acture or di stribution of gaming devi ces or the conduct of gaming;
[Q.] S. "gaming devi ce" means associ at ed equi prent or a gaming machi ne and includes a systemfor processing information that can alter the normal criteria of random sel ection that affects the operation of game or determines the out come of a game; "gaming devi ce" does not incl ude a system or devi ce that affects a gare sol el y by stopping its oper ati on so that the out come remai ns undetermined;
[R.] T. "gaming empl oyee" means a person connected di rectly with a gaming activity; "gaming empl oyee" does not i ncl ude:
(1) bartenders, cocktail servers or other persons engaged sol el y in preparing or serving food or bever ages;
(2) secretarial or janitorial personnel ;
(3) stage, sound and I i ght techni ci ans; or
(4) ot her nongaming per sonnel ;
[S.] U. "gaming establ i shment" means the premises on or i n whi ch gaming is conducted;
[ $\mp$-] V. "gaming machi ne" means a mechani cal, el ectromechani cal or el ectroni c contri vance or machi ne that,
upon insertion of a coi $n$, token or similar object, or upon payment of any consi deration, is available to play or operate a game, whether the payof $f$ is made aut omatically fromthe machi ne or in any ot her manner;
[ - -] $\underline{W}$ "gaming oper ator" means a person who conduct s gaming;
[ $\forall$.] X. "hol ding company" means a company that di rectly or indi rectly owns or has the power or right to control a company that is an appl icant or licensee, but a company that does not have a beneficial ownership of more than ten percent of the equity securities of a publicly traded corporation is not a hol ding company;
[W-] Y. "i mmedi ate family" means natural persons who are rel ated to a specified natural person by affinity or consangui nity in the first through the third degree;
[ X .] Z. "independent administrator" means a person who administers an annuity, who is not associ ated in any manner with the gaming oper ator licensee for whi ch the annuity was purchased and is in no way associ ated with the person who will be recei ving the annuity;
[Y] AA. "institutional investor" means a state or federal government pension pl an or a person that meets the requirements of a qualified institutional buyer as defined in Rule 144A of the federal Securities Act of 1933, and is:
(1) a bank as defined in Section 3(a)(6) of
the federal Securities Exchange Act of 1934;
(2) an insurance company as defined in Section 2(a)(17) of the federal I nvest ment Company Act of 1940;
(3) an i nvest ment company regi stered under Section 8 of the federal I nvestment Company Act of 1940;
(4) an i nvest ment advi ser regi stered under Section 203 of the feder al I nvestment Advi sers Act of 1940;
(5) collective trust funds as defined in Section 3(c)(11) of the federal I nvest ment Company Act of 1940;
(6) an empl oyee benefit pl an or pension fund that is subject to the federal Employee Retirement Income Security Act of 1974, excluding an empl oyee benefit plan or pensi on fund sponsored by a publ icly traded corporation regi stered with the board; or
(7) a group comprised entirely of persons specified in Paragraphs (1) through (6) of thi s subsection;
[Z.] BB. "intermedi ary company" means a company that:
(1) is a hol di ng company with respect to a company that is an applicant or I icensee; and
(2) is a subsidiary with respect to any
hol ding company;
[AA.] CC. "key executive" means an executive of a . 121075. 1

I i censee or ot her person having the power to exercise si gni fi cant influence over deci si ons concerning any part of the licensed operations of the licensee or whose compensation exceeds an amount established by the board in a regul ation;
[BB.] DD. "license" means an authorization required by the board for engagi ng in gaming activities;
[EC.] EE. "Iicensee" means a person to whoma val id license has been i ssued;

FF. "I iquor establishment" means a person licensed pursuant to Section 60-6A-3 NMSA 1978 to di spense al cohol ic beverages whose licensed premises as defined in Section 60-3A- 3 NMSA 1978 have per manent seating capacity for no fewer than thirty patrons and who serves beer, wi ne and spirituous liquors;
[PD.-] GG. "manufacturer" means a person who manuf actures, fabricates, assembles, produces, programs or makes modifications to any gaming device for use or play in New Mexi co or for sale, I ease or di stribution outside New Mexi co fromany location within New Mexi co;
[EE.] HH. "net take" means the total of the following, less the total of all cash paid out as losses to wi nni ng patrons and those amounts paid to purchase annuities to fund losses paid to wi nni ng patrons over several years by i ndependent admi ni strat ors:
(1) cash recei ved from patrons for playing a
game;
(2) cash recei ved in payment for credit extended by a licensee to a patron for playing a game; and
(3) compensation recei ved for conducting a game in whi ch the licensee is not a party to a wager;
[FF.] II. "nonprofit organization" means:
(1) a bonafide club that is described in Section 501 (c) (7) of the federal Internal Revenue Code of 1986 and that is exempt from federal income taxation pursuant to Section 501(a) of that code;
[(1)] (2) a bona fide chartered or i ncorporated branch, I odge, order or associ ation [ in existence in New Mexico prior to January 1, 1997] of a fraternal or ganization that is described in Section 501(c)(8) or (10) of the federal Internal Revenue Code of 1986 and that is exempt fromfederal incore taxation pursuant to Section 501(a) of that code; or
[(2)] (3) a bona fide chartered or incorporated post, auxiliary unit or soci ety of, or a trust or foundation for the post or auxiliary unit [ in existence in New Aexico prior to January 1, 1997] of a veterans' organization that is described in Section 501(c)(19) or (23) of the federal I nternal Revenue Code of 1986 and that is exempt fromfederal i ncome taxation pursuant to Section $501(a)$ of that code;
[GG.] 山. "person" means a legal entity;
[ HH.] KK. "premises" means land, together with all buildings, i mprovements and personal property located on the I and;
[H.] LL. "progressive jackpot" means a prize that increases over time or as gaming machi nes that are linked to a progressi ve system are played and upon conditions establ ished by the board may be paid by an annuity;
[H.] MM "progressi ve system" means one or more gaming machi nes linked to one or nore common progressive jackpots;
[KK.] NN. "publicly traded corporation" means a corporation that:
(1) has one or more classes of securities regi stered pursuant to the securities I aws of the United St at es or New Mexi co;
(2) is an issuer subject to the securities I aws of the United States or New Mexi co; or
(3) has one or more classes of securities regi stered or is an issuer pursuant to applicable foreign laws that the board finds provi de protection for institutional i nvestors that is comparable to or greater than the stricter of the securities I aws of the United States or New Mexi co;

OO. "qual ified county" means a class B county:
(1) having a 1995 net taxable val ue of property, as that termis defined in the Property Tax Code, of
over three hundred million dollars $(\$ 300,000,000)$ and having a population as determined by the 1990 federal decenni al census of not more than twenty-five thousand persons and not less than twenty thousand persons;
(2) having a 1995 net taxable val ue of property, as that termis defined in the Property Tax Code, of over three hundred million dollars $(\$ 300,000,000)$ and having a population as determined by the 1990 federal decenni al census of not more than twel ve thousand five hundred persons and not less than twel ve thousand persons; or
(3) having a 1995 net taxable val ue of property, as that termis defined in the Property Tax Code, of under three hundred million dollars $(\$ 300,000,000)$ and having a population as determined by the 1990 federal decennial census of not more than thirteen thousand persons and not less than twel ve thousand five hundred persons;

PP. "resort" means a facility for public lodging with at least one hundred fifty guest roons that has on its premises a permanent affiliated restaurant with banquet or restaurant facilities to accommodate at least one hundred persons si multaneously and is located in a qual ified county; [LL.] QQ. "registration" means a board action that authorizes a company to be a hol ding company with respect to a company that hol ds or applies for a license or that rel ates to ot her persons requi red to be regi stered pursuant to the Gaming . 121075. 1

Control Act;
RR. "security director" means the chi ef security officer appointed by the board pursuant to Section 60-2E-7 NMSA 1978;
[MM-] SS. "subsi di ary" means a company, all or a part of whose outstanding equity securities are owned, subj ect to a power or right of control or hel d, with power to vote, by a hol di ng company or inter medi ary company; and
[AN.] TT. "work permit" means a card, certificate or permit issued by the board, whether denomi nated as a work permit, regi stration card or otherwise, authorizing the empl oyment of the hol der as a gaming empl oyee. "

Section 3. Section 60-2E-5 NMSA 1978 (bei ng Laws 1997, Chapter 190, Section 7) is amended to read:
" 60-2E-5. GAM NG CONTROL BOARD CREATED. -
A. The "gaming control board" is created and consists of five members [ Three mers are] appointed by the governor with the advi ce and consent of the senate [ and to menbers are ex officio: the chai rman of the state racing commission and the chairnma of the board of the New MexicoFottery authority]. All members of the board shall be residents of New Mexico and citizens of the United States. At least one [appointed] menber of the board shall have a minimum of five years of previ ous employment in a supervisory and admi ni strative position in a law enforcement agency; at least . 121075. 1
one [appointed] member of the board shall be a certified publ ic accountant in New Mexi co who has had at least five years of experience in publ ic accountancy; [ and] at least one [appointed] menber of the board shall be an attorney who has been admitted to practice bef ore the supreme court of New Mexi co; and at l east one member of the board shall have had at I east five years of previ ous empl oyment in a top-I evel super vi sory and admi ni strative position in a government al gaming regul at ory agency.
B. The [appointed] menbers of the board shall be appoi nted for terms of five years, except, of the menbers who are first appointed, the menber with [ tawenforcement] gover nment gaming regul ation experience shall be appointed for a term of five years; the member with law enfor cement experi ence shall be appoi nted for a term of four years; the nember who is a certified public accountant shall be appointed for a term of four years; [ and] the member who is an attorney shall be appoi nted for a termof three years; and the remai ni ng member shall be appointed for a term of two years. Thereafter, all members shall be appointed for terms of five years. No person shall serve as a board member for more than two consecutive terms or ten years total.
C. No person appoi nted to the board may be empl oyed in any ot her capacity or shall in any manner recei ve compensation for services rendered to any person or entity
ot her than the board while a menber of the board.
D. A vacancy on the board [ of an appointed mentber] shall be filled within thirty days by appointment by the governor with the advi ce and consent of the senate for the unexpired portion of the termin whi ch the vacancy occurs. A person appoi nted to fill a vacancy shall meet all qual ification requi rements of the office established in this section.
E. The governor shall choose a chai rman annually fromthe board's [ appointed] menbership.
F. No more than three menbers of the board shall be fromthe same political party.
G. The [appointed] members of the board shall be full-time state oficials and shall receive a sal ary set by the governor of no less than sixty thousand dollars $(\$ 60,000)$ annual I $y$.
H. The department of public saf et y shall conduct background investigations of all menbers of the board prior to confirmation by the senate. To assist the department in the background investigation, a prospective board member shall furni sh a disclosure statement to the department on a form provi ded by the department containing that information deemed by the department as necessary for compl etion of a detailed and thorough background investigation. The requi red inf ormation shal I include at least:
(1) a full set of fingerprints made by a law enf or cement agency on forms supplied by the department;
(2) compl ete information and details with respect to the prospective board menber's antecedents, habits, i mmedi ate family, character, criminal record, busi ness activities, financial affairs and business associates covering at I east a ten-year period imedi ately preceding the date of submitting the di scl osure statement;
(3) compl ete di scl osure of any equity interest hel d by the prospective board menber or a menber of his i mmedi ate family in a company that is an applicant or Iicensee or an affiliate, affiliated company, intermedi ary company or hol ding company in respect to an applicant or I i censee; and
(4) the names and addresses of members of the i mmedi ate family of the prospective board menber.
I. No person may be appoi nted or confirmed as a nenber of the board if that person or menber of his immediate family hol ds an equity interest in a company that is an applicant or licensee or an afiliate, affiliated company, i nt er redi ary company or hol ding company in respect to an applicant or licensee.
J. A prospective board menber shall provide assistance and information requested by the department of publ ic safety or the governor and shall cooper ate in any
inquiry or investigation of the prospective board menber's fitness or qual ifications to hol d the office to which he is appoi nted. The senate shall not confirma prospective board nenber if it has reasonable cause to bel ieve that the prospective board member has:
(1) knowi ngly misrepresented or omitted a material fact required in a disclosure statement;
(2) been convicted of a fel ony, a gaming rel ated offense or a crime invol ving fraud, theft or moral turpitude within ten years immedi ately preceding the date of submitting a disclosure statement requi red pursuant to the provi si ons of Subsection H of thi s section;
(3) exhi bited a history of willful di sregard for the gaming laws of this or any other state or the United St at es; or
(4) had a permit or license issued pursuant to the gaming I aws of this or any other state or the United States permanently suspended or revoked for cause.
K. At the time of taking office, each board mentber shall file with the secretary of state a sworn statement that he is not disqualified under the provisions of Subsection l of thi s section."

Section 4. Section 60-2E-7 NMSA 1978 (bei ng Laws 1997, Chapter 190, Section 9) is amended to read:
"60-2E-7. BOARD' S PONERS AND DUTIES. --
A. The board shall i mplement the state's policy on gaming consi stent with the provisions of the Gaming Control Act. It has the duty to fulfill all responsi bilities assigned to it pursuant to that act, and it has all authority necessary to carry out those responsi bilities. It may del egate authority to the executive director, but it retains account ability. The board is an adj unct agency.
B. The board shall:
(1) empl oy the [ executive director] admi ni strat ors;
(2) make the final deci si on on issuance, deni al, suspensi on and revocation of all licenses pursuant to and consistent with the provisions of the Gaming Control Act;
(3) devel op, adopt and promil gate all regul ations necessary to implement and administer the provisi ons of the Gaming Control Act;
(4) conduct itself, or empl oy a hearing officer to conduct, all hearings requi red by the provisions of the Gaming Control Act and other hearings it deens appropriate to fulfill its responsi bilities;
(5) meet at least once each month; and
(6) prepare and submit an annual report in December of each year to the governor and the legi slat ure, covering activities of the board in the most recently compl et ed fiscal year, a summary of gaming activities in the . 121075. 1
state and any recommended changes in or additions to the Iaws rel ating to gaming in the state.
C. The board may:
(1) i mose civil fines not to exceed twentyfive thousand dollars ( $\$ 25,000$ ) for the first vi ol ation and fifty thousand dollars $(\$ 50,000)$ for subsequent vi ol ations of any prohi bitory provisi on of the Gaming Control Act or any prohi bitory provision of a regul ation adopted pursuant to that act ;
(2) conduct investi gations;
(3) subpoena persons and documents to compel access to or the production of documents and records, i ncl uding books and memoranda, in the custody or control of any Iicensee and enforce compliance with the subpoena by district court action;
(4) compel by subpoena the appear ance of empl oyees of a licensee or other persons for the purpose of ascertaining compl iance with provisions of the Gaming Control Act or a regul ation adopted pursuant to its provisions and enf orce compl i ance with the subpoena by di strict court action ;
(5) admi ni ster oaths and take depositions to the same extent and subject to the same limitations as would apply if the deposition were pursuant to di scovery rules in a ci vil action in the district court;
(6) sue and be sued subj ect to the

I imtations of the Tort Cl aim Act;
(7) contract for the provision of goods and services necessary to carry out its responsi bilities;
(8) conduct audits of applicants, licensees and persons affiliated with licensees;
(9) i nspect, examine, photocopy and audit all documents and records of an applicant or licensee rel evant to his gaming activities in the presence of the applicant or I i censee or his agent;
(10) requi re verification of income and all ot her matters pertinent to the gaming activities of an applicant or licensee affecting the enforcement of any provisi on of the Gaming Control Act;
(11) i nspect all places where gaming activities are conducted and inspect all property connected with gaming in those pl aces;
(12) summarily seize, remove and i mound from pl aces inspected any gaming devi ces, property connected with gaming, documents or records for the purpose of examination or i nspect i on;
(13) i nspect, exami ne, photocopy and audi t all documents and records of any affiliate of an applicant or Ii censee [ that the board knows or reasonably suspects is i nvol ved in the financing, operation or management of the appl i cant or licensee. The inspection, examination,
photocopying and audit shall be in the presence of a representative of the affiliate or its agent when practicable; and
(14) except for the powers speci fied in Paragraphs (1), (3) and (4) of this subsection, carry out all or part of the foregoing powers and activities through the executive di rector.
D. The board shall monitor all activity authorized in an Indi an Gaming Compact between the state and an Indi an nation, tribe or pueblo. The board shall appoint the state gaming representative for the purposes of the compact."

Section 5. Section 60-2E-9 NMSA 1978 (bei ng Laws 1997, Chapter 190, Section 11) is amended to read:
" 60-2E-9. [ EXECUTIVE DHECTOR] ADM NI STRATORS- -EMPLOYMENT- - QUALI FI CATI ONS. - -
A. [ The] Two admi ni strators, an executive di rector and a security di rector shall be empl oyed by, report di rectly to and serve at the pleasure of the board.
B. The executive di rector shall have had at least [five] four years of responsible supervisory administrative experience in [a-government ganing regutatory agency] public or busi ness admi ni stration.
[C. The executive di rector shall receive an annual
salary to be set by the board, but not to exceed eighty-five-
thousand dollars $(\$ 85,000)$ per year.]

## C. The security di rector shall have had at least

 five years of responsible supervi sory admini strative experi ence in a law enfor cement agency, have graduated froma I aw enf or cement academy with a mi ni mum of four hundred hours of basic police training and have at least a bachel or's degree from an accredited post-secondary educational institution."Section 6. Section 60-2E-10 NM5A 1978 (bei ng Laws 1997, Chapter 190, Section 12) is repeal ed and a new Section 60-2E-10 NMSA 1978 is enacted to read:
"60-2E-10. [ NEW MATERI AL] EXECUTI VE DI RECTOR- - DUTI ES. --
A. The executive di rector shall:
(1) i mpl ement the polici es of the board that are not assi gned to the security director;
(2) empl oy all personnel of the board, except security personnel, who shall be covered employees pursuant to the provi si ons of the Personnel Act;
(3) take admini strative action by issuing orders and instructions consistent with the Gaming Control Act and regul ations of $t$ he board to ensure implement ation of and compl iance with the provisions of that act and those regul at i ons;
(4) prepare an annual budget for the board for di visions under his di rection and submit it to the board;
(5) coordi nate and cooper ate with the security director at all times to the extent possible in . 121075. 1
matters affecting activities of the board and its personnel ; and
(6) make recommendations to the board of proposed regul ations and any legi slative changes needed to provi de better administration of the Gaming Control Act and fair and efficient regulation of gaming activities in the state.
B. The executive di rect or may:
(1) establish subdi visions of the board as he determines are appropriate to administer the provisions of the Gaming Control Act;
(2) del egate authority to subordi nates as he deens necessary and appropriate, clearly delineating the del egated authority and the limitations on it, if any;
(3) conduct research and studies that will i mprove the operations of the board and the provision of services to the citizens of the state; and
(4) provi de courses of instruction and practical training for employees of the board and other persons invol ved in the activities regul ated by the board with the obj ectives of improving operations of the board and achi evi ng compl iance with the Iaw and regul ations."

Section 7. A new Section 60-2E-10. 1 NMSA 1978 is enacted to read:
"60-2E-10.1. [ NEW MATERI AL] SECURI TY DI RECTOR- - DUTI ES. -. 121075. 1
A. The security di rector shall:
(1) i mplement all policies of the board assi gned to himby the board;
(2) empl oy all security personnel, some of whom shall be desi gnated as New Mexi co peace officers subject to proper certification pursuant to the Law Enforcement Training Act and all of whomshall be covered employees pursuant to the provisions of the Personnel Act;
(3) conduct background investigations of empl oyees of the board and applicants, thei $r$ affiliates and empl oyees as requi red by the board;
(4) prepare an annual budget for the security operations of the board and submit it to the board for approval ;
(5) conduct internal investigations of the board or contract with the attorney general to conduct i nvesti gations of the board after consultation with and approval by a maj ority of the board members;
(6) conduct i nvesti gations of gaming activities and licensees necessary to provi de for the secure operation of gaming activities in the state and the enf or cement of the provi si ons of the Gaming Control Act and its regul ations;
(7) take admi ni strative action by issui ng orders and instructions required for the security of the board . 121075. 1
consistent with the Gaming Control Act and regul ations of the board to ensure implementation of compliance with the provi si ons of that act and those regul ations;
(8) coordi nate and cooper ate with the executive director at all times to the extent possible in security matters affecting activities of the board and its personnel ; and
(9) make recommendations to the board of proposed regul ations and any legi slative changes needed to make the activities of licensees more secure and to provide nore effective and efficient security of the board or the activities licensed pursuant to the provisions of the Gaming Control Act.
B. The security di rector may:
(1) establish units to fulfill his security responsibilities as he determines are appropriate for the secure oper ation of the board, the investigation of gaming activities and licensees and the enforcement of the provisions of the Gaming Control Act and its regul ations;
(2) del egate authority to subordinates as he deens necessary and appropriate, clearly del ineating the del egated authority and the limitations on it, if any; and
(3) provi de courses of instruction and practical training for employees of the security di vi sion and for the security personnel of licensees with the objective of . 121075. 1
provi di $n g$ effective, efficient and secure operation of the board and gaming activities in the state."

Section 8. Section 60-2E-11 NMEA 1978 (bei ng Laws 1997, Chapter 190, Section 13) is amended to read:
" 60-2E-11. I NVESTI GATI ON OF [ EXECUTI VE DI RECTOR] ADM NI STRATOR CANDI DATES AND EMPLOYEES. --
A. A person who is under consideration in the final sel ection process for appointment as [ the executive director] an administrator shall file a disclosure statement pursuant to the requi rements of this section, and the board shall not make an appoi nt ment of a person as [ executive director] an administrator until a background investigation is compl et ed by the department of public safety and a report is made to the board.
B. A person who has reached the final sel ection process for empl oyment by [ the executive director] an administrator shall file a di sclosure statement pursuant to the requi rements of this section if the [ executive director] administrator or the board has di rected the person do so. The person shall not be further considered for employment until a background investigation is compl et by the department of publ ic safety and a report is made to the [ executive director] admi ni strator proposing his empl oyment.
C. Forms for the di scl osure statements requi red by thi s section shal l be devel oped by the board in cooperation
with the department of public safety. At least the following information shall be requi red of a person submitting a st at ement:
(1) a full set of fingerprints made by a law enf or cement agency on forms supplied by the board;
(2) compl ete information and details with respect to the person's antecedents, habits, imedi ate family, character, criminal record, busi ness activities and busi ness associ ates, covering at least a ten-year period immedi at el y preceding the date of submitting the di scl osure statement; and
(3) a compl ete description of any equity interest hel d in a busi ness connected with the gaming industry.
D. In preparing an investigative report, the department of publ ic saf et y may request and recei ve criminal hi story information from the federal bureau of investigation or any ot her I aw enf or cement agency or organization. The department of public safety shall nai ntain confidentiality regarding information recei ved froma law enforcement agency that may be imposed by the agency as a condition for providing the inf ormation to the department.
E. A person requi red to file a disclosure statement shall provide any assi stance or information requested by the department of public safety or the board and shall cooperate in any inqui ry or investigation.
F. If information requi red to be included in a di scl osure statement changes or if information is added after the statement is filed, the person required to file it shall provi de that information in writing to the person requesting the investigation. The suppl ement al information shall be provi ded within thirty days after the change or addition.
G. The board shall not appoint a person as [ executive director] an administrator, and [the executive director] an administrator shall not empl oy a person, if the board or the [ executive director] adm nistrator has reasonable cause to bel ieve that the person has:
(1) knowi ngl y mi srepresented or omitted a material fact required in a di scl osure statement;
(2) been convi cted of a fel ony, a gaming rel ated offense or a crime invol ving fraud, theft or moral turpitude within ten years imedi ately preceding the date of submitting a disclosure statement required pursuant to this sect i on;
(3) exhi bited a hi story of willful di sregard for the gaming laws of this or any other state or the United Stat es; or
(4) had a permit or license issued pursuant to the gaming I aws of this or any other state or the United States permanently suspended or revoked for cause.
H. Both the board and the [ executive-director may
exerise] administrators have absol ute discretion in exercising thei $r$ respective appoi nting and empl oying powers."

Section 9. Section 60-2E-12 NMEA 1978 (bei ng Laws 1997, Chapter 190, Section 14) is amended to read:
"60-2E-12. CONFLI CTS OF I NTEREST- - BOARD - [ EXECUTIVE AI RECTOR] ADM NI STRATOR. --
A. In addition to all ot her provisions of New Mexi co law regarding conflicts of interest of state officials and empl oyees, a member of the board, [ the executive director ] an administrator or a person in the immedi ate family of or resi ding in the househol d of any of the foregoing persons shal I not:
(1) di rectly or indi rectly, as a proprietor or as a member, stockhol der, director or officer of a company, have an interest in a busi ness engaged in gaming activities in this or another jurisdiction; or
(2) accept or agree to accept any economic opportunity, gift, I oan, gratuity, speci al di scount, favor, hospitality or service having an aggregate val ue of one hundred dollars (\$100) or more in any cal endar year froma licensee or applicant.
B. If a nember of the board, [ the executive director] an administrator or a person in the imedi ate family of or residing in the househol d of [ ment of the board of the executive director] any of the foregoing persons vi ol ates
a provision of this section, the menber of the board or [executive director] administrator shall be removed from office. A board member shall be removed by the governor, and [the executive director] an administrator shall be removed fromhis position by the board."

Section 10. Section 60-2E-13 NMEA 1978 (bei ng Laws 1997, Chapter 190, Section 15) is amended to read:
" 60-2E-13. ACTI VI TI ES REQUI RI NG LI CENSI NG. --
A. A person shall not conduct gaming unl ess he is I i censed as a gaming oper ator.
B. A person shall not sell, supply or di stribute any gaming devi ce or associ ated equi pment for use or play in this state or for use or pl ay outside of this state froma I ocation within this state unl ess he is licensed as a di stributor or manuf acturer, but a gaming oper at or licensee may sell or trade in a gaming devi ce or associ at ed equi prent to a gaming operator licensee, di stributor licensee or manuf act urer licensee.
C. A person shall not manufacture, fabricate, assemble, program or make modifications to a gaming devi ce or associ ated equi prent for use or pl ay in this state or for use or play outside of this state fromany location within this state unl ess he is a manuf acturer licensee. A manuf acturer I i censee may sell, supply or di stribute only the gaming devices or associ at ed equi prent that he manufactures,
fabricates, assembles, prograns or modifies.
D. A gaming oper at or licensee or a person other than a manufacturer licensee or distributor licensee shall not possess or control a pl ace where there is an unl icenced gaming machi ne. Any unl i cenced gaming machi ne, except one in the possession of a licensee while awaiting transfer to a gaming operator licensee for licensure of the machine, is subject to forfeiture and confiscation by any law enf oremt agency or peace officer.
E. A person shall not service or repai $r$ a gaming devi ce or associ at ed equi pment unl ess he is licensed as a manuf acturer, is employed by a manufacturer licensee or is a certified techni ci an [eertified by a manufacturer] and empl oyed by a di stributor licensee or a gaming operator I i censee.
F. A person shall not engage in any activity for whi ch the board requires a license or permit without obtaining the license or permit.
G. Except as provi ded in Subsection B of this section, a person shall not purchase, lease or acquire possessi on of a gaming device or associ at ed equi pment except froma licensed distributor or manuf acturer.
[ H. A di-stribut or licensee may receive a
percentage of the amount wagered, the net take of other measure related to the operation of a gaming machine as a
payment pursuant to a lease or ot her arrangement for furnishing a gaming machine, but the board shall adopt a fegulation setting the naxi mamallowable percentage.] "

Section 11. Section 60-2E-15 NMSA 1978 (bei ng Laws 1997, Chapter 190, Section 17) is amended to read:
" 60-2E- 15. LI CENSE- - CERTI FI CATI ON [ AND] - - WORK PERM T FEES. - -
A. Li cense and other fees shall be established by board regul ation but shall not exceed the following amounts:
(1) manuf acturer's license, twenty thousand dollars $(\$ 20,000)$ for the initial license and five thousand dol lars $(\$ 5,000)$ for annual renewal ;
(2) di stributor's license, ten thousand dollars $(\$ 10,000)$ for the initial license and one thousand dollars (\$1,000) for annual renewal;
(3) gaming operator's license for a racetrack, fifty thousand dollars (\$50,000) for the initial Iicense and ten thousand dollars $(\$ 10,000)$ for annual renewal;
(4) gaming operator's license for a nonprofit or gani zation, one thousand dollars (\$1,000) for the initial I i cense and two hundred dollars (\$200) for annual renewal;
(5) gaming operator's license for a liquor establ i shment, one thousand dollars $(\$ 1,000)$ for the initial Iicense and five hundred dollars (\$500) for annual renewal ;
(6) gaming operator's license for a resort,
fifty thousand dollars $(\$ 50,000)$ for the initial license and twenty thousand dollars $(\$ 20,000)$ for annual renewal;
[(5)] (7) for each separate gaming machi ne Iicensed to a person hol ding an operator's license, five hundred dollars (\$500) for the initial license and one hundred dollars (\$100) for annual renewal ; and
[(6)] (8) work permit, one hundred dollars (\$100) annual I y.
B. The board shall establish the fee for certifications or other actions by regul ation, but no fee established by the board shall exceed one thousand dollars ( $\$ 1,000$ ), except for fees establ ished pursuant to Paragraph (18) of Subsection C of Section [ 10 of the Gaming Control Act] 60-2E-8 NMSA 1978.
C. All license, certification or work permit fees shall be paid to the board at the time and in the manner established by regul ations of the board."

Section 12. Section 60-2E-26 NMSA 1978 (bei ng Laws 1997, Chapter 190, Section 28) is amended to read:
" 60-2E-26. GAM NG OPERATOR LI CENSEES- - GENERAL PROVI SI ONS- - BUSI NESS PLAN- PLAYER AGE LI M T- - RESTRI CTI ONS. - -
A. An appl icant for licensure as a gaming operator shall submit with the application a plan for assisting in the prevention, education and treat ment of compul si ve gambling. The plan shall include regul ar educational training sessions . 121075. 1
for empl oyees. Pl an approval is a condition of issuance of the license.
B. An appl icant for licensure as a gaming operator shall submit with the application a proposed busi ness plan. The pl an shall incl ude at least:
(1) a floor pl an of the area to be used for gaming [ oper ations;
(2) an advertising and marketing plan;
(3) the proposed pl acement and number of gaming machi nes and ot her games for those per sons appl ying for a gaming oper ator's license for a resort;
(4) a financi al control plan;
(5) a security plan;
(6) a staffing pl an for gaming [ oper ati ons; and
(7) details of any proposed progressi ve syst ens.
C. A gaming oper at or licensee shall be granted a license to operate a specific number of machines at a gaming establ ishment identified in the license application and shall be granted a license for each gaming machi ne.
D. A gaming oper at or licensee who desi res to change the number of machi nes in oper ation at a gaming establ ishment shall apply to the board for an amendment to his license authorizing a change in the number of machines.
E. Gaming machines, and other games in a resort gaming establishment, may be available for play onl y in an area restricted to persons twenty-one years of age or older.
F. A gaming oper at or licensee shall erect a permant physical barrier to allow for multiple uses of the premi ses by persons of all ages. For purposes of this subsection, "permanent physical barrier" means a floor-toceiling wall separating the general areas from the restricted areas. The entrance to the area where gaming machi nes, or other games in a resort establ ishment, are located shall di splay a si gn that the premises are restricted to persons $t$ went $y$ - one years of age or ol der. Persons under the age of twent y-one shall not enter the area where gaming machines, or ot her games in a resort establishment, are located.
G. A gaming oper at or I i censee shall not have aut omated teller machi nes in the area restricted pursuant to Subsection $F$ of $t h i s$ section.
H. A gaming oper at or licensee shall not provide, allow, contract or arrange to provide al cohol or food for no charge or at reduced prices as an incentive or enticement for patrons to game.

1. Onl y a liquor establ i shment, a racetrack licensed by the state racing commission, a resort in a qual ified county or a nonprofit organization map aply or be issued a gaming operator's license. No other persons are
qual ified to apply for or be issued a gaming operator's Ii cense pursuant to the Gaming Control Act."

Section 13. A new Section 60-2E-28. 1 NMEA 1978 is enacted to read:
"60-2E- 28. 1. [ NEW MATERI AL] GAM NG OPERATOR LI CENSEES- - SPECI AL CONDI TI ONS FOR RESORTS- - NUMBER OF GAM NG MACHI NES- - CASI NO GAM NG PERM TTED - DAYS AND HOURS OF OPERATI ON. - -
A. One resort located within each qual ified county in which the maj ority of the qual ified regi stered el ectors voting in a local option el ection pursuant to the Gaming Control Act on whet her casi no gaming should be permitted at a resort within that county has voted to permit casi no gaming at a resort may be issued a gaming oper at or's license to offer licensed gaming machi nes and casi no gaming on its premises.
B. A resort licensee may offer for play a number of gaming machi nes to be determined by the board.
C. The board shall pl ace no restrictions on the hours or days during whi ch gaming machi nes or casi no games may be played at a resort."

Section 14. A new Section 60-2E-28. 2 NMEA 1978 is enacted to read:
"60-2E- 28. 2. [ NEW MATERI AL] GAM NG OPERATOR LI CENSEES- - SPECI AL CONDI TI ONS FOR LI QUOR ESTABLI SHMENTS- - NUMBER OF GAM NG MACH NES- - DAYS AND HOURS OF . 121075. 1

OPERATI ON. - -
A. A liquor establishment may be issued a gaming operator's license to operate licensed gaming machi nes on its premi ses.
B. A liquor establ i shment gaming oper at or licensee may offer for play a maximum of three gaming machines on its premi ses.
C. Gaming machi nes may be played on the premises of a liquor establishment gaming operator licensee during the days and hours that al cohol ic beverages may be sold, served or del ivered pursuant to the Li quor Control Act."

Section 15. A new Section 60-2E-28. 3 NMSA 1978 is enacted to read:
" 60-2E-28. 3. [ NEW MATERI AL] LOCAL OPTI ON ELECTI ON- - RESORTS- - PROCEDURE- - RESUBM SSI ON OF LOCAL OPTI ON QUESTI ON. --
A. A county is a local option di strict if it is a qualified county and if the option of permiting casino gaming on the premises of resorts in that county is adopted by the qual ified regi stered el ectors of that county.
B. Based on the content of the petition, a local governing body of a proposed local option di strict shall place the following questi on on the bal lot:
"Shall casi no gaming be permitted on the premises of a resort in (name of proposed local option district), effective . 121075. 1

Jul y 1 , $\qquad$ ? $\qquad$ YES $\qquad$ $\mathrm{NO}^{\prime \prime}$.
C. The procedures for adopting the local option provi si on for casi no gaming are:
(1) the qual ified regi stered el ectors of any proposed local option di strict may petition the governing body by filing one or more petitions in the appropriate of fice to hol d a referendum to determine whet her the proposed Iocal option district shall adopt the local option provision of the Gaming Control Act. Each petition shall state the question that will be presented on the ballot. If the aggregate of the si gnat ures of the qualified registered el ectors on all the petitions equal s or exceeds five percent of the number of qual ified regi stered el ectors of the proposed local option di strict at the time of the last general el ection, the governing body shall call an el ection within ni nety days of the verification of the petition. The latest date for filing a petition shall be three months after the date on whi ch the first si gnat ure was obt ai ned;
(2) except as otherwi se provided inthis section, the el ection shall be called and conducted and votes shall be counted and canvassed substantially in the manner provi ded by Iaw for general el ections within the county for a county referendum,
(3) except as otherwi se provi ded inthis section, contests, recounts and rechecks shall be permitted
for a county referendum as provi ded for in the case of candi dates for count y offices in general el ections. Applications for contests, recounts or rechecks may be filed by any person who voted in the el ection, and service shall be made upon the county clerk. The payment of the costs and expenses of the contest, recount or recheck shall be assessed for a county referendumin the manner provi ded by the Election Code for contests in a general el ection of candi dates for county offices;
(4) if a maj ority of all the votes cast in a referendum el ection seeking to permit casi no gaming on the premises of a resort is in favor of the local option provision to permit casi no gaming in the proposed local option di strict, the chai rman of the governing body shall declare by order entered upon the records of the county that it has adopted the I ocal option provision of the Gaming Control Act permitting casi no gaming at a resort and shall notify the board of the results; and
(5) no el ection shall be hel d pursuant to this section within forty-two days of any primary, general, municipal or school di strict el ection unl ess the el ection is hel d on the day of any primary, general, muni cipal or school district el ection.
D. In a qual ified county in whi ch the Iocal option provisi on of the Gaming Control Act has been rejected by the
voters, it is permissible after the expiration of three years fromthe date of the el ection at which the local option provisi on was rejected to have another local option el ection in the county by following the procedure provi ded for inthis section.
E. In a local option di strict in whi ch the Iocal option provision of this section has been accepted by the voters, it is permissible after the expiration of twel ve years fromthe date of el ection at whi ch the local option provision was accepted to have another local option el ection that may allow voters to reject the local option provision previously adopted in the count $y$."

Section 16. Section 30-19-6 NMSA 1978 (bei ng Laws 1963, Chapter 303, Section 19-6, as amended) is amended to read:
" 30-19-6. [ PERM SSIVE LOTFERY] CHARI TABLE

## LOTTERI ES- - PERM TTED GAMBLI NG - CONDI TI ONS . - -

A. Nothing in [Article 19] Chapter 30, Article 19 NMSA 1978 [ shal| be construed to apply to any] prohi bits a sale or drawing of [ any] a prize at [any] a fair hel d in this state for the benefit of [ any] a church, public library or rel igi ous soci ety [ situate or being] located in this state, or for charitable purposes when all the proceeds of [ such] the fair [shall be] are expended in this state for the benefit of [such] the church, public library, religi ous soci ety or charitable purposes. A [ Hetery shall be-operated] sale or . 121075. 1
drawing conducted pursuant to this subsection is for the benefit of the organization or charitable purpose only [ if the entire proceeds of the [ Hottery] sale or drawing go to the organi zation or charitable purpose and no part of such proceeds go to any i ndi vi dual member or empl oyee [ thereof] of the or gani zation.
B. Nothing in [Article 19] Chapter 30, Article 19 NMSA 1978 [shall be held to prohi bit any] prohi bits a bona fide motion picture [theatre] theater from offering prizes of cash or merchandise for advertising purposes, in connection with [such] the busi ness of the theater or for the purpose of stimul ating busi ness, whet her or not [ any] consi deration ot her than a monet ary consideration in excess of the regul ar price of admi ssi on is [ exacted] charged for participation in drawings for prizes.
C. Nothing in [Article 19] Chapter 30, Article 19 NMSA 1978 [ shall be held to apply to any] prohi bits a bona fide county fair, including [fairs] a fair for more than one county [ ch shall have been] that has been hel d annually at the same location for at least two years, [ and which shall effer] from offering prizes of livestock or poultry in connection with [such] the fair when the proceeds of [such] the drawings [shall be] are used for the benefit of [said] the fair.
[ D. Nothing in Article 19, Chapter 30 NMSA 1978
shall be construed to apply to any lottery operated by an organization exempt from the state income tax pursuant to Subsection C of Section 7-2-4 NMSA 1978 and not subject to the provisions of Subsection A of this section; provided that:-
(1) no more than two lotteries shall be operated in any year by such an organization;
(2) all the gross proceeds less the reasonable cost of prizes of any lottery operated by such an organization shall be expended in the state for the benefit of the organization or public purposes; and
(3) no part of the proceeds of any lottery shall go to any individual menber or employee of any organization except as payment for the purchase of prizes at no nore than the reasonable retail price.]
D. Nothing in Chapter 30, Articl e 19 NMSA 1978 prohi bits an organization that is exempt fromstate income tax pursuant to Section 7-2-4 NMSA 1978 from conducting bi ngo games, raffles, l otteries or table games, i ncl udi ng poker, craps, bl ackjack, roul ette and the like, at a fundrai sing event if:
(1) the fundrai sing event is conducted no more than twi ce in a cal endar year by the organi zation;
(2) the only persons authorized to partici pate in the operation or management of the fundraising event are:
. 121075. 1
(a) bona fide members of the organizati on who are not paid for their services in the operation or management of the event; or
(b) persons who provi de goods or
services for the fundrai sing event for a flat fee or an hourly fee pursuant to a written contract with the organization;
(3) no person recei ves any part of the proceeds of the fundrai sing event except:
(a) as payment for prizes purchased at no more than the reasonable retail prices for the prizes; or
(b) pursuant to a contract described in Subparagraph (b) of Paragraph (2) of this subsection;
(4) the net proceeds of the fundraising event are expended in the state for the benefit of the organization or purposes for which it was formed;
(5) gross revenue, expenses, prizes paid and the date, time and location of the fundraising event are reported to the al cohol and gaming di vision of the regul ation and I i censing department within thirty days after the event;
(6) the organi zati on conducting the fundrai sing event maint ai ns records for a period of one year after the date of the event that accurately show the gross revenue generated by the event, details of the expenses of conducting the event and details of how the gross revenue is used, and the organi zation makes the records avail able for . 121075. 1
revi ew by the di rect or of the al cohol and gaming di vi si on of the regulation and I i censing department or the attorney general, or both, at thei $r$ request;
(7) no more than four ganbl ing devi ces are oper ated during the fundrai sing event, two of whi ch may be vi deo gaming machi nes or slot machi nes and shall be played with tokens or chi ps, but not United States coins or currency, provi ded by the organi zation;
(8) no person less than the age of twent $y$-one is all owed to partici pate in the operation or management of the fundrai sing event or to pl ay any game at the event; and
(9) the fundrai si ng event is conducted pursuant to regulations and a permit issued by the al cohol and gaming di vi si on of the regul ation and Ii censing department.
E. The provisi ons of the Gaming Control Act, the Bi ngo and Raffle Act and the New Mexi co Lottery Act do not apply to the activities described in Subsection $D$ of this section. "

Section 17. EFFECTI VE DATE. -- The effective date of the provi si ons of this act is July 1, 1998.

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