

# Nevada's gambling regime has proven durable and flexible



## SOUNDING OFF

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This is the second of two articles on AB 98. The first appeared in the Dec. 11 issue of Business Press. It can be found on the Web at [www.lvbusinesspress.com/articles/2006/12/11/columnists/schwartz/iq\\_11221499.txt](http://www.lvbusinesspress.com/articles/2006/12/11/columnists/schwartz/iq_11221499.txt).

Everyone should remember how important a date March 19, 1931 is in Nevada history. If you don't, that's when Gov. Fred Balzar put his signature on Assembly Bill 98 and made it law. This bill legalized commercial gaming (though at the time they called it "wide-open gambling"). AB 98 was crucial to the development of Las Vegas as a gambling and tourism destination.

Wide-open gambling has a wonderfully Western ring — you can just see the vast spaces of the Nevada desert, punctuated only by blowing tumbleweeds, as the perfect setting for such a free-wheeling regime. Although many other states and Indian tribes have tried to duplicate Nevada's commercial casino industry, none of them has given gambling the unconditional embrace of AB 98.

In 1931, gambling was officially despised in the U.S. Nevada's existing card rooms were one of the very few public places where Americans could legally gamble on anything. Parimutuel betting on horse-racing was on the rise, but still limited. Charitable gaming — bingo — didn't yet exist and no state had a lottery. Casinos were absolutely forbidden.

That's not all. Although national Prohibition was remarkably ineffective, it was still the law of the land. If today's tavern owners think a smoking ban is bad for business, they should imagine the effects of a drinking ban. It's no wonder that the faces in period photographs look perpetually dour.

So the inauguration of a *laissez-faire*, wide-open gambling policy was a real break from the norm for Nevadans. Sure, gambling had been legal in the state for decades (between 1869 and 1910, more precisely). But several states, including California, had previously abandoned legal gambling in their march toward respectability. No states, to date, had liberalized their anti-gambling law to this extent.

Assembly Bill 98 legalized both the principle of commercial gaming — house-banked games, like blackjack — and a slew of games by name. The Legislature drew the line, however, at legalizing a lottery. This seems puzzling today, when a host of states that disapprove of casinos happily permit

lotteries. At the time, however, the scandals associated with the Louisiana Lottery remained fresh in the public memory.

Even with this restriction, AB 98 created what might have been the most permissive regime of legal public gaming in history.

States that have since legalized casinos have surrounded the cards and dice with a hedge of restrictions, regu-

restricted games to poker, blackjack and slot machines, with maximum bets of \$5 per play. The Rocky Mountain state called its regime "limited gaming," which is the polar opposite of Nevada's "wide-open gambling." It sounds safe, but not very fun.

Even in Nevada, subsequent laws tightened gambling regulation, raised taxes, and limited casino sites. Each of these restrictions has a solid ratio-

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lations, and limitations. Atlantic City's first casinos had limited hours of operation and strict caps on the number of slot machines and table games.

Midwestern states that legalized riverboat gambling shoehorned their casinos onto floating — though not always cruising — vessels. Missouri, even today, restricts its players to a \$500 loss in any single gambling session.

Colorado authorized gambling in three former mining towns in 1991, and

nale, and it's impossible to imagine a multi-billion dollar industry flourishing under the jerry-built regulatory guidelines of 1931.

And despite the later emendations, the spirit of wide-open gambling remains alive and well in Las Vegas today.

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