

NEVADA LEGISLATURE - 54TH SESSION

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SENATE TAXATION COMMITTEE

Minutes of Meeting Held
March 14, 1967

The 13th meeting of the Senate Committee on Taxation was called to order at 4:10 p.m., Tuesday, March 14, 1967, in Committee Room 56, State Capitol, by Chairman Gibson.

All committee members were present except Senators Fisher and Slattery. Senator Fisher later joined the meeting.

Also present were Ed Bowers of the Nevada Gaming Commission, Carson City; Henry Berrum, Commissioner of the Nevada Gaming Commission, Lake Tahoe; News Reporter Cy Ryan; and Mr. Robert Walker, who attended as an onlooker and not as a representative of an agency or group.

The Chairman called first for consideration of:

S.B. 349: Provides for tighter financial control of gaming operations. Introduced by this committee.

Mr. Bowers stated the functions of this bill would come within the scope of the Gaming Control Board, that the bill might require additional auditing staff, that the Board needed clarification as to what is meant by line 15, page 1, of the bill:
"(c) The maintenance of acceptable levels of operating efficiency."

DISPOSITION: After discussion, it was decided that the bill would be given further consideration on Thursday, March 16, at 4:00 p.m. Mr. Bowers was requested to invite the following persons to attend that meeting:

Alan Abner, Chairman, Gaming Control Board

Dave Malcolm, Chief of Audit, Gaming Control Board

Charles Munson, Executive Director, Gaming Association Industry of Nevada, Inc., Reno

Robbins Cahill, Nevada Resort Association, Las Vegas

Don Ashworth, Controller, Gateway Casino, Las Vegas.

The Chairman stated the most important business just now is the flat rate tax, and this would be discussed tomorrow; also, at

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that time the small casino operators will come in, concerning the gross income tax bills.

S.B. 406: Provides that owner-lessor of games or gaming devices is primarily liable for payment of quarterly state license fees. Introduced by this committee. Requested by Gaming Commission.

Mr. Bowers said that in certain cases, such as faro and keno games, the prime licensee of a casino may give someone a lease to operate such a game on the casino premises. At present, the law isn't clear when these games must be reported to the Gaming Commission. It appears they may report separately and hence at a lesser rate than the prime licensee. It could be used as a device to keep game operators, and prime licensees, as well, in a lower bracket. (At this point, Mr. Berrum left the meeting, i.e., 4:28 p.m.) Mr. Bowers said this bill is intended to clear up this situation by requiring that such leased games must be included in the quarterly report by the prime licensee for all operations on the premises.

DISPOSITION: Senator Dodge moved "Do pass"; Senator Young seconded; the motion passed unanimously.

The Chairman said there is a conflict notice on this bill, with respect to S.B. 79 (now Chapter 110, Statutes of 1967). He said he would give the bill to Russ McDonald to remove the conflict by amending it, then would pass the bill out.

S.B. 405: Provides penalty for late payment of casino entertainment tax. Introduced by this committee.

This bill was requested by the Gaming Commission. Mr. Bowers stated the law now requires the Commission to prove willful evasion in nonpayment of the tax. This bill provides that anytime the tax is not timely paid, a penalty will automatically accrue. This would be consistent with all other tax laws with which he is familiar. The Commission feels it should not have the burden of proving willful evasion. They do try to give due notice of tax due dates, by newspaper notice and by TV and radio announcements.

DISPOSITION: Senator Brown moved "Do pass"; Senator Swobe seconded; the motion passed unanimously.

S.B. 392: Provides for payment of all county gaming license fees on the calendar quarter. Introduced by Senator Swobe.

Senator Swobe said that in Washoe County a county gaming license is issued for three months from the date of issue; so it is possible for license fees to fall due 365 days a year. In Douglas County, the fee is prorated to the end of the month; so, there, fees could fall due 12 times a year. In Clark County, the fee is prorated to the end of the quarter, and the taxes are paid quarterly thereafter, so that the taxes are due only four times a year. Apparently some counties do not feel they can legally prorate to the end of a quarter. This will clarify and simplify that situation.

DISPOSITION: Senator Dodge moved "Do pass"; Senator Swobe seconded; the motion passed unanimously.

(Mr. Berrum re-entered the meeting at this point, 4:35 p.m.)

S.B. 399: Prohibits gaming on premises where primary business is sale of groceries, drugs or sundry items. Introduced by Senator Young by request.

Senator Young entered the meeting at 4:37 p.m. He stated that "some gentlemen interested in theological matters" had requested this legislation, and would like to come in and talk about it. Mr. Bowers estimated that some 3000 to 3500 machines would fall in the prohibited category under this bill.

DISPOSITION: The Chairman told Senator Young to have the interested persons come in on Tuesday, March 21, at 4:00 p.m. (Senator Young left the meeting.)

S.B. 411: Provides for flat rate license fees on limited numbers of slot machines. Introduced by Senator Swobe.

Senator Dodge pointed out the committee had agreed it would take this type of licensee out of the gross income area, thus helping the state administratively. The question, he said, would be amount of the flat rate tax. He recalled, and rechecked with Ed Bowers, that slot machines raise \$58 apiece per year under the gross income tax, for a total of about \$225,000 a year. He asked Mr. Bowers if this fee could be tripled, to about \$170 per machine per year, to bring in about \$450,000 a year revenue. Mr. Bowers thought this could be done without hurting the licensees, and that this fee would not result in much diminution in machines in operation. Senator Dodge felt that if

something of this sort could be initiated as a reasonable project, the resulting publicity would be helpful to some of the other gaming tax deals-- even though this restricted license flat rate tax might not produce the projected revenues. The other members agreed.

DISPOSITION: Will be discussed at tomorrow's meeting, when needed figures are available from the Gaming Commission.

The Chairman then read to the committee a bill he had asked Russ McDonald to draft, limiting state gaming licenses according to economic feasibility. Discussion centered on restriction of free enterprise; the exercise of value judgment; the need for the state to run gaming, rather than have gaming run the state; the success of some operations in unlikely, already competitively crowded locations; the tendency of failure of an establishment to drag down the surrounding area. The Chairman asked the committee to give the bill further thought before a decision is reached on whether to introduce it. (During this discussion, Senator Swobe left, at 4:50 p.m.)

The meeting adjourned at 5:00 p.m.

Respectfully submitted,


Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson
Chairman