

NEVADA LEGISLATURE - 54TH SESSION

SENATE TAXATION COMMITTEE

Minutes of Meeting Held  
March 15, 1967

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The 14th meeting of the Senate Committee on Taxation was called to order at 4:20 p.m., Wednesday, March 15, 1967, in Committee Room 50, State Capitol, by Chairman Gibson.

All committee members were present except Senator Slattery.

Also present: Mr. Ed Bowers  
Mr. Charles Munson  
Mr. Robbins Cahill  
Mr. Cy Ryan (UPI)

Mr. Bowers distributed to committee members copies of a letter dated March 15, 1967, addressed to Chairman Gibson, together with the letter's three-page enclosure--"Comparative Schedule of Tax Levies to Provide an Additional 4.7 Million in State Revenue - 60 Largest Casinos". The members of the committee studied the letter and enclosure. Discussion followed.

The Chairman asked if Mr. Bowers had the figures worked out previously, based on a ratio of total revenue divided by the number of devices, being a ratio of 1:5:30 (slot machines:card games: other games). Mr. Bowers had these previous charts with him and read the figures to the committee while the committee marked the figures on their copies of the above-mentioned schedule attached to the March 15 letter. A copy of the letter and its attached schedule, with inked-in 1:5:30 figures, is attached to these minutes. Mr. Bowers stated that the annual rates, using the 1:5:30 ratio, are:

\$133 - slot machines  
\$665 - card tables  
\$3990 - other tables.

He said these amounts include county fees. He commented that the impact of a capacity tax in the smaller areas is much greater than that of the gross income tax. Committee members felt that, to be equitable, areas would have to be designated, and weightings given, with a capacity tax.

Senator Gibson asked whether the table tax assessed by the counties is the same amount for each table. Mr. Bowers said yes. He said the state license fee, however, is on a graduated basis, and he quoted the annual state fees, which are based on the number of games operated or sought to be operated, as follows:

\$ 100 - 1 game  
200 - 2 games  
400 - 3 games  
750 - 4 games  
1750 - 5 games  
3000 - 6 or 7 games  
6000 - 8 to 10 games, inclusive  
1000 per game - 11 to 16 games, inclusive  
1000 per game up to and including 16; then \$200  
for each game over and above that amount -  
over 16 games

He said this tax does not refer to slot machines or to tables, but strictly to games.

The committee worried together over the obvious inequities in a capacity tax, using either of the ratios provided by Mr. Bowers (30:1:50 or 1:5:30). Mr. Bowers worried along with them, said he had tried arbitrary ratios in some instances, and it just didn't seem to work out.

Senator Brown then distributed to committee members, figures that Mr. Bowers had provided him at his request, on a graduated scale for slot machines only, and which would raise \$2-2½ million in revenue. It was pointed out that the figures could be changed fairly simply if the amount of money to be raised was decided upon. It was felt a table tax could be worked out on the same theory and a provision made that "x" number of dollars would be retained by the county. Asked their opinions on this approach, Messrs. Cahill and Munson had this to say:

Cahill: "I will buy it and go home--for our people, but you won't like it, will you, Charlie [Munson]?"

Munson: "There is merit in this approach. I don't know how you will work it out."

The committee then discussed the fact that, before deciding upon any revenue measure, or combination of revenue measures, they should first know the total amount of money the state needs to raise. It was felt that Senate and Assembly thinking is too far apart at present on this total. Senator Dodge suggested that this committee get together tomorrow afternoon in a joint meeting with the Senate Finance Committee, in an effort to determine the Senate's envisionment of the total amount of revenues that have to be raised at this session. The Chairman said he would get together with Senator Floyd Lamb, Chairman of the Senate Finance Committee, and see what time the joint meeting could be set up.

Senator Dodge asked Messrs. Munson and Cahill for suggestions and comments to help the committee. Mr. Cahill said he felt the capacity tax has the same basic inequity that the gross income tax has; that there is no common denominator between the different locations within the state or even within a community; that the capacity tax makes no allowance for differentiations. Both men felt there isn't time to develop a proper formula at this session on either capacity or flat rate taxes. They felt that some tax on slot machines would be the most equitable if it could be worked out, although they said there are great variances there, too. However, Mr. Cahill said, at least there is a chance for the operator to control the income from slot machines.

The meeting adjourned at 5:35 p.m.

Respectfully submitted,

  
Louise Glover  
Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson  
Chairman

GEORGE M. DICKERSON, CHAIRMAN  
HENRY W. BERRUM, MEMBER  
NORMAN D. BROWN, MEMBER  
SAMUEL M. DAVIS, MEMBER  
GEORGE W. VON TOBEL, MEMBER

STATE OF NEVADA  
**NEVADA GAMING COMMISSION**  
CARSON CITY, NEVADA 89701



GAMING POLICY BOARD  
GOVERNOR PAUL LAXALT, CHAIRMAN

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EDWARD E. BOWERS  
EXECUTIVE SECRETARY

*Presented to Senate Taxation  
Comm. by Ed Klemm  
3/15 Committee mtg.*

March 15, 1967

The Honorable James I. Gibson  
Chairman, Committee on Taxation  
Nevada Senate  
Carson City, Nevada

Dear Senator Gibson:

At the March 13, 1967 meeting of the Senate Committee on Taxation, I was requested to develop a study showing the effect of a capacity tax upon gaming devices in the State which would yield an additional \$4.7 million in State revenue. In working the computation, I was requested to develop a ratio based upon the following factors:

- (1) That I disregard all statistical information with reference to restricted slot machine operations of 15 or less devices;
- (2) That I consider only nonrestricted operations and that the ratio with respect to slot machines, card tables and other games be developed on the basis of gross taxable revenue as reported on these devices for the year ended June 30, 1966 as reflected in the Annual Report of the Commission.

On the foregoing basis, I have thus considered the following statistical information:

<u>NONRESTRICTED ONLY</u>			
	<u>Number</u>	<u>Gross Taxable Revenue</u>	<u>Ratio by Rounding</u>
1 - Slot Machines	24,348	\$112,146,347	30
30 - Other Games	1,547	205,331,562	50
5 - Card Tables	179	<u>3,727,904</u>	1
Total .....		<u>\$321,205,813</u>	

Senator Gibson  
 March 15, 1967  
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Utilizing the above information and effecting a further rounding with respect to the number of gaming devices, our formula is thus -- considering County fees and diminution factors:

$$m = \frac{\$9,100,000}{30 \times 24,300 \times .9 + 1 \times 180 \times .95 + 50 \times 1,500 \times .95}$$

$$m = \frac{\$9,100,000}{729,000 \times .9 + 180 \times .95 + 75,000 \times .95}$$

$$m = \frac{\$9,100,000}{656,100 + 171 + 71,250}$$

$$m = \frac{\$9,100,000}{727,521}$$

$$m = \$12.50 \quad (\$727,521 \times \$12.50 = \$9,094,013)$$

*using ratio of  
 1:5:30*

Now therefore the annual rates would be respectively:

Slot Machines (30 x \$12.50)	=	\$375.00	-	133.00
Card Tables (1 x \$12.50)	=	12.50	-	665.00
Other Table Games (50 x \$12.50)	=	625.00		3,990.00
				<i>(Includes county fees)</i>

Considering these annual flat rates, we have applied the same to the 60 largest casinos in the State of Nevada on the attached schedule and have also shown comparative increases under the 25% surcharge as proposed in Senate Bill 79.

I trust this information will be of benefit to you.

Very truly yours,

*Edward E. Bowers*  
 Edward E. Bowers  
 Executive Secretary

EEB/ifm  
 encs.

Slot machines - 1  
 Card Games - 5  
 other Games - 30

COMPARATIVE SCHEDULE OF TAX LEVIES TO PROVIDE AN ADDITIONAL 4.7 MILLION IN STATE REVENUE

60 LARGEST CASINOS

Increase

Revenue  
 1-5-30  
 slots - Card - other

Code Number	Present County Fees on an Annual Basis	Proposed Capacity Tax on an Annual Basis	Increase of Capacity Tax Over Present County Fees	Increase Under SB 97 (25% Surcharge)	
1	\$ 91,920	\$ 232,400	\$ 140,480	\$ 214,244	130,323 - 1
2	52,860	113,762	60,902	183,821	119,109 - 2
3	44,640	108,250	63,610	165,899	87,961 - 3
4	51,420	113,012	61,592	164,993	108,978 - 4
5	35,520	83,500	47,980	145,215	76,998 - 5
6	46,320	112,250	65,930	134,562	91,468 - 6
7	33,240	82,625	49,385	130,125	60,126 - 7
8	46,680	110,875	64,195	103,251	98,157 - 8
9	68,160	184,250	116,090	61,729	83,859 - 9
10	34,440	78,275	43,835	49,082	77,546 - 10
11	34,320	87,250	52,930	8,493	56,918 - 11
Las Vegas Strip	<u>\$ 539,520</u>	<u>\$ 1,306,449</u>	<u>\$ 766,929</u>	<u>\$ 1,361,414</u>	<u>\$ 991,443</u>
12	115,200	293,250	178,050	148,903	168,755 - 12
13	114,240	300,750	186,510	121,624	162,001 - 13
14	66,120	162,975	96,855	113,137	106,248 - 14
15	57,000	146,875	89,875	76,653	89,300 - 15
16	38,640	110,750	72,110	36,063	30,786 - 16
17	57,120	162,250	105,130	35,790	49,383 - 17
18	39,000	103,125	64,125	35,386	54,100 - 18

Code Number	Present County Fees on an Annual Basis	Proposed Capacity Tax on an Annual Basis	Increase of Capacity Tax Over Present County Fees	Increase Under SB 97 (25% Surcharge)	<i>Increase</i> <i>1:5:30 ratio</i>
19	\$ 29,100	\$ 77,512	\$ 48,412	\$ 26,822	36,735-19
20	56,520	165,375	108,855	26,472	36,048-20
21	30,360	74,925	44,565	21,065	47,844-21
22	33,240	90,125	56,885	17,913	40,176-22
23	25,800	72,000	46,200	14,948	33,651-23
24	23,520	62,250	38,730	13,444	71,167-24
25	29,040	78,250	49,210	11,736	36,396-25
26	28,500	79,387	50,887	9,470	26,695-26
27	20,580	50,887	30,307	7,708	35,812-27
28	15,000	39,375	24,375	5,215	21,575-28
Las Vegas Downtown	<u>\$ 778,980</u>	<u>\$ 2,070,061</u>	<u>\$ 1,291,081</u>	<u>\$ 722,349</u>	<u>\$ 1,046,672</u>
29	130,560	311,750	181,190	211,511	270,169-29
30	58,920	156,625	97,705	120,242	79,533-30
31	106,680	297,125	190,445	90,202	107,982-31
32	112,800	305,000	192,200	80,374	138,570-32
33	120,720	342,250	221,530	68,158	106,178-33
34	84,240	235,750	151,510	47,009	82,276-34
35	46,560	126,750	80,190	45,784	54,919-35
36	32,880	89,000	56,120	29,244	40,137-36
37	31,200	82,500	51,300	22,861	43,280-37
38	23,400	55,625	32,225	19,558	49,085-38
39	19,320	47,875	28,555	14,376	35,343-39
40	25,800	66,875	41,075	9,896	39,370-40
41	18,840	51,375	32,535	7,393	21,991-41
42	11,400	26,875	15,475	5,032	24,510-42
43	17,400	53,125	35,725	4,744	5,210-43
44	2,100	1,287	(812)	36,375	7,875-44
Reno	<u>\$ 842,820</u>	<u>\$ 2,249,787</u>	<u>\$ 1,406,968</u>	<u>\$ 812,759</u>	<u>\$ 1,106,428</u>

<u>Code Number</u>	<u>Present County Fees on an Annual Basis</u>	<u>Proposed Capacity Tax on an Annual Basis</u>	<u>Increase of Capacity Tax Over Present County Fees</u>	<u>Increase Under SB 97 (25% Surcharge)</u>	<i>Increase 1:5630 ratio</i>
45	\$ 163,800	\$ 420,625	\$ 256,825	\$ 327,656	— 260,470 - 45
46	166,800	450,000	283,200	167,746	— 207,595 - 46
47	150,660	399,287	248,627	87,274	— 200,194 - 47
48	42,840	112,025	69,185	46,102	— 58,506 - 48
49	65,040	175,750	110,710	19,934	— 80,196 - 49
50	29,220	82,887	53,667	3,358	— 23,448 - 50
South Shore Tahoe	<u>\$ 618,360</u>	<u>\$ 1,640,574</u>	<u>\$ 1,022,214</u>	<u>\$ 652,070</u>	<u>\$ 830,409</u>
51	51,840	144,500	92,660	15,988	— 52,166 - 51
52	13,800	26,875	13,075	9,524	— 44,720 - 52
53	17,880	38,375	20,495	5,143	— 48,487 - 53
54	87,600	246,250	158,650	33,676	— 82,640 - 54
North Shore Tahoe	<u>\$ 171,120</u>	<u>\$ 456,000</u>	<u>\$ 284,880</u>	<u>\$ 64,331</u>	<u>\$ 228,013</u>
55	42,720	117,250	74,530	28,600	— 47,853 - 55
56	20,760	50,525	29,765	11,895	— 36,164 - 56
57	24,960	63,650	38,690	11,309	— 36,619 - 57
58	29,160	78,625	49,465	9,267	— 36,409 - 58
59	19,380	47,137	27,757	9,119	— 35,682 - 59
60	14,160	38,000	23,840	5,085	— 18,159 - 60
Other Areas	<u>\$ 151,140</u>	<u>\$ 395,187</u>	<u>\$ 244,047</u>	<u>\$ 75,275</u>	<u>\$ 210,886</u>
Statewide Totals	<u>\$ 3,101,940</u>	<u>\$ 8,118,058</u>	<u>\$ 5,016,119</u>	<u>\$ 3,688,198</u>	<u>\$ 4,413,851</u>

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