

NEVADA LEGISLATURE - 54TH SESSION

SENATE TAXATION COMMITTEE

Minutes of Meeting Held
March 23, 1967

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The 20th meeting of the Senate Committee on Taxation was called to order Thursday, March 23, 1967, at 4:15 p.m. in Committee Room 50, State Capitol, by the Chairman, Senator James I. Gibson.

All committee members were present.

Also present were:

Assemblyman Frank Young
Mr. Ed Bowers
Mr. Robbins Cahill
Mr. Charles Munson
Mr. Cy Ryan
Two other persons, who did not participate
in the discussions

The Chairman distributed copies of Mr. Ed Bowers' March 23, 1967 letter to the committee, comprising projected increases in state revenues from gaming taxes for the years 1967-68 and 1968-69. The committee studied the letter for several minutes.

ACTION TAKEN: Senator Swobe: "I move that we increase the table tax 50%, the amount of the increase to come to the State, and that a \$100 flat rate slot machine tax be assessed, this combination to apply to the unrestricted licensees." Senator Brown seconded the motion. It passed unanimously. Discussion by the members. The Chairman asked Senator Dodge and Mr. Bowers to have the bill drawn.

The Chairman then called for consideration of the following bills:

S.B. 50: Adopts Multistate Tax Compact. Introduced by Committee on Taxation.

The Chairman stated the committee had waited three weeks on this bill in deference to Mr. Howard Gray, but he had not come in with his information. The Council of State Governments has indicated anxiety about getting this legislation on the books.

DISPOSITION: Senator Dodge moved that the committee put the bill out. Senator Slattery seconded. Discussion. The motion passed unanimously.

A.B. 466: Makes willful evasion of gaming license fees and taxes a felony. Introduced by this committee.

Mr. Bowers said that counsel for the Gaming Commission had requested this legislation. Brief discussion.

✓ DISPOSITION: Senator Brown moved, "Do pass." Senator Slattery seconded. The motion passed unanimously.

A short discussion followed on the collection and distribution of the table tax, and Mr. Bowers verified that the state collects this tax and sends the counties' shares back to them; further, that, as to the increased table tax, the counties will not share in the increase; the entire increase will go to the state.

A.B. 174: Imposes additional tax on slot machines if offsetting federal tax credit is allowed.

The Chairman stated that the Nevada congressional delegation had informed him that if this legislation is put on the books, it will be helpful to them in getting through Congress their legislation proposing an 80% rebate on the tax the federal government imposes on slot machines.

✓ DISPOSITION: Senator Christensen moved, "Do pass." Senator Slattery seconded. The motion passed unanimously.

S.B. 456: Imposes tax on certain real property transfers. Introduced by this committee.

Senator Swobe stated the predecessor bill (S.B. 29) was objectionable in that (1) it imposed the tax on the entire amount of the transaction without deducting encumbered amounts and (2) it required that the parties to the transaction file an affidavit with the County Recorder at the time of recordation of the document. This bill provides that the tax does not apply to certain situations and provides for a declaration by the escrow holder as to the value of the property being transferred, when the transaction goes through escrow, without attaching the affidavit which is still required if the transaction does not go through escrow. This new bill also provides for the County Recorder to transmit one-half of the tax collected under the terms of this bill to the State Treasurer, and one-half to the County Treasurer. Senator Swobe said this 50/50 split had been chosen at random, with the idea in mind that the county should be reimbursed in some measure for its services in collecting the tax. Discussion followed on the proportion of the tax to be allowed to the counties. (Legislative Counsel Russ McDonald entered the meeting during this discussion, at 4:50 p.m.) The general feeling was that this measure should be purely compensatory for services rendered by the county and not be in the nature of a partial tax relief bill for the counties--that county tax relief should be taken care of entirely in one bill.

DISPOSITION: Senator Slattery moved that the committee amend the bill to give 5% of the tax collected to the counties, the state to retain 95%. Senator Dodge seconded the motion. Senator Slattery left the meeting at 4:55 p.m. Comment by Senator Swobe. Senator Dodge then moved: "Amend and do pass." Senator Swobe seconded. Discussion followed as to whether an amendment should be inserted to prevent double exposure, in case the federal government changes its mind about dropping the federal tax (counterpart to this) as of January 1, 1968, the effective date of this bill. It was decided not to make such an amendment, since, should the federal government retain the tax, the Legislature will be in session within a few weeks and can repeal this bill providing for the state tax.

S.B. 29: Imposes tax on certain real property transfers. Introduced by Senator Pozzi.

This is the predecessor of S.B. 456.

DISPOSITION: Senator Dodge moved, "Hit the bucket." Senator Swobe seconded. The motion passed unanimously.

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

This is the predecessor of S.B. 471.

DISPOSITION: Senator Dodge: "I move we hold this." Senator Swobe seconded. Motion passed unanimously.

S.B. 97: Increases state gaming license fees based upon gross income. Introduced by Senator Dodge.

Senator Swobe moved, "Kill it." Senator Christensen seconded. The motion passed unanimously.

S.B. 138: Increases quarterly state gaming license fees based on gross revenue. Introduced by Senator Dodge.

This bill will be superseded by the bill to be drawn as the result of today's committee action, increasing gaming taxes.

DISPOSITION: Senator Brown moved, "Kill it." Senator Christensen seconded. Motion passed unanimously.

A.B. 106: Deletes reference to abolished pari-mutuel wagering license fee. Introduced by Committee on Public Health and Public Morals.


Legislative Counsel Russ McDonald explained that this is a technical correction bill.

✓ DISPOSITION: Senator Dodge: "I move we put this bill out." Senator Swobe seconded. The motion passed unanimously. The Chairman asked Senator Dodge to explain the bill on the floor of the Senate.

In a short discussion, it was decided that Senator Dodge and Messrs. Bowers and McDonald would get together tomorrow morning to draft the gambling tax increase bill.

The meeting adjourned at 5:00 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. BERGUM, 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

EDWARD E. BOWERS
EXECUTIVE SECRETARY

*Presented at 3/23/67
Taxation Committee
Meeting by Mr. Bowers*

March 23, 1967

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

Dear Senator Gibson:

You have requested that I prepare for the benefit of the Senate Committee on Taxation a study projecting increases in State revenues for the years 1967-68 and 1968-69 on the basis of the rates hereinafter mentioned.

It should be noted that the computations contained herein represent my best estimates based upon information available to me and are, of course, subject to change with variation in economic conditions.

My assumptions are as follows:

- (1) There will be 29,408 slot machines licensed as of June 30, 1967, which is an amount equal to those licensed as of September 30, 1966.
- (2) Since the ratio of Restricted to Nonrestricted slots is 1:7, there will be 4,201 Restricted slots licensed as of June 30, 1967, and 25,207 Nonrestricted slots licensed as of the same date for a total of 29,408 machines as set forth in (1) above.
- (3) Assuming an effective date of July 1, 1967 for tax measures of \$150 per machine for Restricted slots in lieu of percentage fees, \$100 per machine for Nonrestricted slots not in lieu of percentage fees and a 50% increase in annual game fees as set forth in NRS 463.380, I estimate that the following diminution will occur:

Restricted Slots:	10%
Nonrestricted Slots:	5%
Table Games:	0%

over 15 slots Nov 1967

- (4) Considering past statistics with regard to the growth of the industry, and weighing the effect of new casinos to come on stream in the not too distant future, I believe there will likewise be a certain amount of increase in licensed gaming devices. After considering loss of devices by diminution as set forth above, I estimate the following increases:

	<u>1967-68</u>	<u>1968-69</u>
Restricted Slot Machines	10%	5%
Nonrestricted Slot Machines	10%	5%
Games	3%	3%

- (5) On the basis of the foregoing estimates, my computations are as follows:

FIRST YEAR OF BIENNIUM (1967-68)

Restricted Slot Machines:

Restricted Slot Machines as of June 30, 1967	4,201
Less 10% diminution	<u>420</u>
Restricted Slot Machines after diminution	<u>3,781</u>
Tax at \$150 per machine on 3,781	\$ 567,150
Less percentage fees lost	<u>227,394</u>
	\$ <u>339,756</u>
Add 10% increase in machines (378 x \$150)	<u>56,700</u>
Additional revenue anticipated from Restricted Slots in 1967-68	\$ <u><u>396,456</u></u>

Nonrestricted Slot Machines:

Nonrestricted slot machines as of June 30, 1967	25,207
Less 5% diminution	<u>1,260</u>
Nonrestricted slot machines after diminution	<u>23,947</u>
Tax at \$100 per machine on 23,947	\$2,394,700
Less percentage fee lost (1,260 x \$229 av.)	<u>288,540</u>
	2,106,160
Add 10% increase in machines (2,394 x \$100)	239,400
Percentage fee increase (2,394 x \$229 av.)	<u>548,226</u>
Additional revenue anticipated from Nonrestricted slots	<u>\$2,893,786</u>

Games:

	<u>Games</u>	<u>Annual Fees</u>
Games licensed as of June 30, 1966	<u>1,547</u>	<u>\$ 913,750</u>
Average annual fee per game		<u>\$ 590</u>
Games estimated to be licensed as of 6/30/67	<u>1,560</u>	
Increase of games from 6/30/66 to 6/30/67	<u>13</u>	
Increase in annual fees (13 x \$590)		<u>\$ 7,670</u>
Estimated games and annual fees as of June 30, 1967:	<u>1,560</u>	
Fees: (\$913,750 + \$7,670) =		<u>\$ 921,420</u>
Estimated Games and fees as of June 30, 1967	1,560	\$ 921,420
Increase in 1967-68 (3%)	<u>47</u>	<u>27,730</u>
As of June 30, 1968	<u>1,607</u>	<u>\$ 949,150</u>
Additional Revenues Anticipated from Games 50% of \$949,150		<u>\$ 474,575</u>

Total additional revenue for 1967-68 from all sources:

Restricted Slot Machines	\$ 396,456
Nonrestricted Slot Machines	2,893,786
Games	<u>474,575</u>
Total increase 1967-68	<u>\$3,764,817</u>

SECOND YEAR OF BIENNIUM (1968-69)

Restricted Slot Machines:

Restricted Slot Machines as of June 30, 1968	<u>4,159</u>
5% increase in machines above	<u>208</u>
Increase in tax (208 x \$150)	\$ 31,200
Add increase 1967-68	<u>396,456</u>
Increase in Restricted Slot revenue 1968-69	\$ <u>427,656</u>

Nonrestricted Slot Machines:

Nonrestricted Slot Machines as of 6/30/68	<u>26,341</u>
5% increase in machines above	<u>1,317</u>
Increase in flat tax (1,317 x \$100)	\$ 131,700
Increase in percentage tax (1,317 x \$229)	<u>301,593</u>
Total	433,293
Add Increase in nonrestricted slot revenue 1967-68	<u>2,893,786</u>
Increase in nonrestricted slot revenue 1968-69	<u>\$3,327,079</u>

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Games:

Games as of June 30, 1968		<u>1,607</u>
3% increase in Games above		<u>48</u>
Increase in tax (48 x \$590)	\$	28,320
Add increase 1967-68		<u>427,656</u>
Increase in Games revenue 1968-69	\$	<u>455,976</u>

Total additional revenue 1968-69 from all sources:

Restricted Slot Machines	\$	427,656
Nonrestricted Slot Machines		3,327,079
Games		<u>455,976</u>
Total increase 1968-69	\$	<u>4,210,711</u>

Sincerely,


Edward E. Bowers
Executive Secretary

EEB/ifm