

SENATE TAXATION COMMITTEE

Minutes of Meeting Held
April 3, 1967

The 28th meeting of the Senate Committee on Taxation was called to order Monday, April 3, 1967, at 4:25 p.m., in Committee Room 50, State Capitol, by the Chairman, Senator James I. Gibson.

All committee members were present.

Also present:

Mr. Ed Bowers - Gaming Commission
Mr. Frank Daykin - Legislative Counsel Bureau

The Chairman distributed copies of Amendment No. 1008 to

S.B. 478: Increases state table tax and provides additional flat rate license fee for unrestricted slot machines. Introduced by this committee.

Senator Gibson then called on Mr. Daykin to explain the various amendments to the bill. This was done, with the members asking questions and commenting from time to time. A copy of said Amendment No. 1008 is attached to the committee secretary's copy of these minutes.

ACTION: Senator Slattery: "I move we adopt these amendments." Senator Swobe seconded. Discussion. The motion passed unanimously.

The Chairman stated that, as to the timing on this, he would get the amended version of the bill preprinted tonight, and it would be ready in the morning. "It will be preprinted, and we will suspend the rules and explain it and get it passed."


The committee then acted on:

A.J.R. 21
of the 53d

Session: Proposes to amend Nevada Constitution by increasing maximum allowance for state public debt to 3 percent of the State's assessed valuation and by restricting contracts permissible outside the debt limit. Introduced by Messrs. Gibson, Bunker, Bailey, and Gray.

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

The meeting adjourned at 4:55 p.m.


Louise Glover - Secretary

I certify that the foregoing minutes are correct.

Senator James I. Gibson - Chairman

SENATE BILL NO. 478—COMMITTEE ON TAXATION

MARCH 27, 1967

Referred to Committee on Taxation

SUMMARY—Increases state table tax and provides additional flat rate license fee for unrestricted slot machines. (BDR 41-1543)



EXPLANATION—Matter in *italics* is new; matter in brackets [] is material to be omitted.

AN ACT relating to gaming; to increase the state license fees for the operation of games; to provide for an additional state license fee for the operation of certain slot machines; and providing other matters properly relating thereto.

The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:

SECTION 1. Chapter 463 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. *In addition to any other state gaming license fees provided for in this chapter, before issuing a state gaming license to an applicant for the operation of 16 or more slot machines or for the operation of any number of slot machines together with any other game or gaming device, the commission shall charge and collect from such applicant a license fee of \$100 for each slot machine for each calendar year.*

2. *The commission shall charge and collect the fee prescribed in subsection 1, at the rate of \$25 for each slot machine for each calendar quarter:*

(a) *On or before the 25th day of the last month in a calendar quarter, for the ensuing calendar quarter, from a licensee whose operation is continuing.*

(b) *In advance from a licensee who begins operation or puts additional slot machines into play during a calendar quarter.*

3. *No proration of the fee prescribed in subsection 1 may be allowed for any reason.*

4. *The operator of the location where slot machines are situated shall pay the fee prescribed in subsection 1 upon the total number of slot machines situated in such location, whether such machines are owned by one or more licensee-owners.*

5. *Any person failing to pay the license fees provided for in this section on or before the ~~10th~~ ^{due date} day of January as required by subsection 2 shall pay in addition to such license fee a penalty of not less than \$25 or 25 percent of the gross amount due, whichever is the greater, but in no*

1 case in excess of \$800, which penalty shall be collected as are other
2 charges, license fees and penalties under this chapter.

3 SEC. 2.4 NRS 463.270 is hereby amended to read as follows:

4 463.270 1. Subject to the power of the commission to deny, revoke,
5 suspend, condition or limit licenses, any state license in force may be
6 renewed by the commission for the next succeeding calendar quarter upon
7 proper application for renewal and payment of state license fees as
8 required by law and the regulations of the commission.

9 2. All state gaming licenses shall become subject to renewal on the
10 1st day of each January and the 1st day of each calendar quarter there-
11 after.

12 3. Application for renewal shall be filed with the commission and all
13 state license fees required by law shall be paid to the commission on or
14 before the 25th day of January of each year and on or before the 25th
15 day of the first month of each calendar quarter thereafter.

16 4. Application for renewal of licenses for slot machines only shall
17 be made by [the licensee-owner of the slot machines on behalf of him-
18 self and] the operators of the locations where such machines are situ-
19 ated. [The licensee-owner shall pay the license fee required by NRS
20 463.370, which license fee shall be based upon his share of the entire
21 gross revenue derived from all slot machines at locations for which the
22 licensee-owner is licensed, and he shall also collect the location operator's
23 license fee from the location operator and pay the same to the commis-
24 sion if the gross revenue is shared with such location operator, but in
25 computing the license fee payable by the licensee-operator pursuant to
26 NRS 463.370 the gross revenue derived by the location operator shall
27 not be combined with the gross revenue derived by the licensee-owner.]

28 5. Any person failing to pay any state license fees due at the times
29 hereinabove provided shall pay in addition to such license fees a penalty
30 of not less than \$25 or 25 percent of the gross amount due, whichever
31 is the greater, but in no case in excess of \$1,000, which penalty shall be
32 collected as are other charges, [licenses] license fees and penalties under
33 this chapter.

34 6. [Any person failing to pay any state license fees due at the times
35 provided for in this section shall pay in addition thereto an interest
36 assessment of 7 percent per annum on the gross amount due. Such assess-
37 ment shall be in addition to any penalty or other charges and shall be
38 collected as are other charges, licenses and penalties under this chapter.

39 7.] Upon renewal of any state license, the commission shall issue an
40 appropriate renewal certificate or validating device or sticker, which shall
41 be attached to each state gaming license so renewed.

42 [8.] 7. Any person who shall operate, carry on, conduct or expose
43 for play any gambling game, gaming device or slot machine after his
44 license shall have become subject to renewal, and shall thereafter fail
45 to apply for renewal as herein provided, shall be guilty of a misdemeanor;
46 and, in addition to the penalties provided by law, shall be liable to the
47 State of Nevada for all license fees and penalties which would have been
48 due and payable upon application for renewal as herein provided.

49 SEC. 2.5 NRS 463.320 is hereby amended to read as follows:

50 463.320 1. All gaming license fees imposed by the provisions of

1 NRS 463.370 to 463.390, inclusive, and [all acts amendatory thereof
2 or supplemental thereto] ~~section 1~~ of this act shall be collected and dis-
3 posed of as herein provided. 2 x 3

4 2. All state gaming license fees and penalties, shall be collected by
5 the commission and paid over immediately to the state treasurer to be
6 disposed of as follows:

7 (a) All state gaming license fees and penalties other than the license
8 fees imposed by the provisions of NRS 463.380 shall be deposited for
9 credit to the general fund.

10 (b) All state gaming license fees imposed by the provisions of NRS
11 [463.380 collected after [April 2, 1957,] June 30, 1967, shall, after
12 deduction of costs of administration and collection, be divided as follows:

13 (1) One-third shall be deposited for credit to the general fund.

14 (2) Two-thirds shall be divided equally among the various counties]
15 and transmitted to the respective county treasurers. Such fees, except as
16 otherwise provided herein, shall be deposited by the county treasurer in
17 the county general fund and shall be expended for county purposes. If
18 the board of county commissioners desires to apportion and allocate all
19 or a portion of such fees to one or more incorporated or unincorporated
20 cities or towns within the county, the board of county commissioners shall,
21 annually, prior to the preparation of the city or town budget or budgets
22 as required by chapter 354 of NRS, adopt a resolution so apportioning
23 and allocating a percentage of such fees anticipated to be received during
24 the coming fiscal year to such city or cities or town or towns for the next
25 fiscal year commencing July 1. After the adoption of the resolution the
26 percentage so apportioned and allocated shall be converted to a dollar
27 figure and included in city or town budget or budgets as an estimated
28 receipt for the next fiscal year. Quarterly upon receipt of the moneys
29 from the state, the county treasurer shall deposit an amount of money
30 equal to the percentage so apportioned and allocated to the credit of the
31 city or town fund to be used for city or town purposes, and the balance
32 remaining shall be deposited in the county general fund and shall be
33 expended for county purposes. [If any future action of the legislature
34 results in an increase in the state gaming license fees provided for in NRS
35 463.380, then the provisions of this paragraph shall become inoperative
36 and all such state gaming license fees shall be disposed of as provided in
37 paragraph (a).]

38 3. (a) County license fees shall be collected by the sheriff, and no
39 license money paid to the sheriff shall be refunded, whether the slot
40 machine, game or device for which such license was issued has volun-
41 tarily ceased or its license has been revoked or suspended, or for any
42 other reason.

43 (b) The sheriff in his county shall demand that all persons required
44 to procure county licenses in accordance with this chapter take out and
45 pay for the same, and he shall be held liable on his official bond for all
46 moneys due for such licenses remaining uncollected by reason of his
47 negligence.

48 (c) On or before the 5th day of each month the sheriff shall pay over
49 to the county treasurer all moneys received by him for licenses and take

1 from the county treasurer a receipt therefor, and he shall immediately
2 on the same day return to the county auditor all licenses not issued or
3 disposed of by him as is by law provided in respect to other county
4 licenses.

5 (d) All moneys received for county gaming licenses under this chapter
6 shall be paid: 25 percent to the state treasurer for credit to the general
7 fund of the state, and 75 percent shall be retained by the county treasurer
8 for credit to the county general fund, except:

9 (1) Where the license is collected within the boundaries of any
10 incorporated city or town, the county shall retain 25 percent of such
11 remaining moneys, and the incorporated city or town shall receive 50
12 percent of such remaining moneys, which shall be paid into the general
13 fund of such incorporated city or town.

14 (2) Where the license is collected within the boundaries of any
15 unincorporated city or town that is under the control of the board of
16 county commissioners under and by virtue of chapter 269 of NRS, the
17 county shall retain 25 percent of such moneys, and 50 percent of such
18 moneys so collected shall be placed in the town government fund for
19 general use and benefit of such unincorporated city or town.

new section

20 SEC. 4.07 NRS 463.380 is hereby amended to read as follows:

21 463.380 1. In addition to the state gaming license fees provided for
22 in NRS 463.370, the commission shall, prior to the 10th day of January
23 of every year, before issuing a state gaming license, charge and collect in
24 advance from each applicant a license fee to be determined on the fol-
25 lowing basis:

26 Those establishments operating or to operate one game, the sum of
27 ~~sevent~~ **[\$100.]** ~~\$150.~~

28 ~~all~~ Those establishments operating or to operate two games, the sum of
29 ~~figures~~ **[\$200.]** ~~\$300.~~

30 ~~to~~ Those establishments operating or to operate three games, the sum
31 ~~graded~~ of **[\$400.]** ~~\$600.~~

32 ~~units~~ Those establishments operating or to operate four games, the sum of
33 **[\$750.]** ~~\$1,125.~~

34 Those establishments operating or to operate five games, the sum of
35 **[\$1,750.]** ~~\$2,625.~~

36 Those establishments operating or to operate six or seven games, the
37 sum of **[\$3,000.]** ~~\$4,500.~~

38 Those establishments operating or to operate eight to ten games,
39 inclusive, the sum of **[\$6,000.]** ~~\$9,000.~~

40 Those establishments operating or to operate eleven to sixteen games,
41 the sum of **[\$1,000]** ~~\$1,500~~ for each game so operating or to
42 operate.

43 Those establishments operating or to operate more than sixteen
44 games, the sum of **[\$1,000]** ~~\$1,500~~ for each game to and
45 including sixteen games and the sum of **[\$200]** ~~\$300~~ for each
46 game in excess of sixteen games so operating or to operate.

47 2. In computing the number of games operated or to be operated by
48 an applicant under this section, a license authorizing the receiving of bets
49 or wagers on horse races held without the State of Nevada, as authorized

1 and provided for under NRS 465.010, shall be construed as and deemed
2 a game within the meaning of this section.

3 3. All licenses shall be issued for the calendar year beginning Janu-
4 ary 1 and expiring December 31 and, regardless of the date of appli-
5 cation or date of issuance of the license, the fees to be charged and
6 collected under the provisions of this section shall be those fees herein
7 fixed as annual license fees. If any licensee desires to enlarge his opera-
8 tions during the calendar year, he shall, after his application is approved,
9 be charged the full annual fees for the number of games for which he
10 desires a license under this section, and shall be entitled to credit thereon
11 for the annual fee he may have previously paid under this section for the
12 same calendar year for a lesser number of games.

13 4. Card games, that is, stud or draw poker, bridge, whist, solo, low
14 ball, and panguingui for money, and slot machines, when not utilized as
15 an adjunct to or a unit of any banking, percentage or mechanical device
16 or machine, shall not be construed as a gambling game under the provi-
17 sions of this section.

18 5. All games operated or conducted in one room or a group of rooms
19 in the same or contiguous building shall be construed as one operation
20 hereunder and the license to be paid shall be determined on the aggre-
21 gate number of games in each room or group of rooms in the same or
22 contiguous building.

23 6. The license fees to be paid hereunder shall be designated as annual
24 fees, regardless of the date of application or issuance of license.

25 7. Any person failing to pay the license fee provided for in this sec-
26 tion when such license fee is due shall pay in addition to such license a
27 penalty of not less than \$25 or 25 percent of the gross amount due,
28 whichever is the greater, but in no case in excess of \$800, which penalty
29 shall be collected as other charges, [licenses] license fees and penalties
30 under this chapter.

31 [8. Any person failing to pay the license fee provided for in this
32 section when due shall pay in addition thereto an interest assessment
33 of 7 percent per annum on the gross amount due. Such assessment shall
34 be in addition to any penalty or other charges and shall be collected as
35 are other charges, licenses and penalties under this chapter.]

*new
sec.
3.*

36 SEC. 5. 1. The additional license fees imposed by this act for the
37 operation of games during the period from July 1 to December 31, 1967,
38 shall be paid:

out

39 (a) On or before July 10 by a licensee whose operation is continuing.

40 (b) In advance by a licensee who begins operation or increases his
41 number of games during such period.

42 In either case, the amount so payable shall be one-half of the amount
43 of the increase provided in this act for the applicable license fee.

44 2. The additional license fees imposed by this act for the operation
45 of slot machines during the period from July 1 to December 31, 1967,
46 shall be paid:

47 (a) On or before July 10 by a licensee whose operation is continuing,
48 in the amount of \$50 for each machine.

49 (b) In advance by a licensee who begins operations or increases his
50 number of machines in play during such period, at the rate of \$50 for

1 each machine put into play between July 1 and September 30, 1967,
2 and \$25 for each machine put into play between October 1 and Decem-
3 ber 31, 1967.

4 3. All license fees collected pursuant to this section shall be deposited
5 in the state treasury to the credit of the general fund.

6 SEC. 6. This act shall become effective at 12:01 a.m. on July 1,
7 1967.

③

*New Sec. 9. This act shall become
effective on June 1, 1967, for the
purpose of a advance payment
as*

~~ASSEMBLY~~ / SENATE AMENDMENT BLANK

Amendments to ~~Assembly~~ / Senate

Bill / ~~Joint Resolution~~ No. 478 (BDR41-1543)

Proposed by Committee on Taxation

Amendment No 1008



Amend section 1, page 1, by deleting lines 2 and 3 and inserting:
"thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. 1. In addition to any other state gaming license fees provided for in".

Amend section 1, page 1, line 8, by deleting "\$100" and inserting "\$40".

Amend section 1, page 1, line 10, by deleting "\$25" and inserting "\$10".

u/s { ASI, p. 1, DL. 17 and I:
"3. No protraction of the quarterly amount prescribed in subsection 2 may be allowed"

Amend section 1, page 1, line 24, by deleting "10th day of January" and

inserting "due date".

Amend the bill as a whole by adding a new section between lines 2 and 3 on page 2, designated section 3, to read as follows:

Sec. 3. 1. In addition to any other state gaming license fees provided for in this chapter, the commission shall, before issuing a state gaming license, charge and collect from each applicant an annual license fee to be determined on the following basis:

(a) From establishments operating or to operate ten games or less:

26	Those establishments operating or to operate one game, the sum of
27	-\$100.- \$150. # 150.
28	Those establishments operating or to operate two games, the sum of
29	-\$200.- \$300. # 100.
30	Those establishments operating or to operate three games, the sum of
31	-\$400.- \$600. # 200.
32	Those establishments operating or to operate four games, the sum of
33	-\$750.- \$1,125. # 375.
34	Those establishments operating or to operate five games, the sum of
35	-\$1,750.- \$2,625. # 875.
36	Those establishments operating or to operate six or seven games, the
37	sum of -\$3,000.- \$4,500. # 1,500.
38	Those establishments operating or to operate eight to ten games,
39	inclusive, the sum of -\$6,000.- \$9,000. # 3,000.

(b) From establishments operating or to operate more than ten games: from 11 to 16

(1) For each game up to and including 16 games, ^{inclusive} the sum of \$500.

(2) For each game from 17 to 26, ^{games} inclusive, the sum of \$4,800.

(3) For each game from 27 to ^{game} 35% inclusive
the sum of \$2,800.
(4) For each game more than 35 game
the sum of \$100.

2. The commission shall charge and collect
the fee prescribed in subsection 1, at the rate
of one-fourth of such amount for each
calendar quarter:

12 (a) On or before the 25th day of the last month in a calendar quarter,
13 for the ensuing calendar quarter, from a licensee whose operation is
14 continuing.

15 (b) In advance from a licensee who begins operation or puts additional games
16 [slot machines] into play during a calendar quarter.

3. No proration of the quarterly amount
prescribed in subsection 2 may be allowed for
any reason.

4.2. In computing the number of games operated or to be operated by
an applicant under this section, a license authorizing the receiving of bets
or wagers on horse races held without the State of Nevada, as authorized
and provided for under NRS 465.010, shall be construed as and deemed
a game within the meaning of this section.

5.4. Card games, that is, stud or draw poker, bridge, whist, solo, low
ball, and panguingui for money, and slot machines, when not utilized as
an adjunct to or a unit of any banking, percentage or mechanical device
or machine, shall not be construed as a gambling game under the provi-
sions of this section.

6.5. All games operated or conducted in one room or a group of rooms
in the same or contiguous building shall be construed as one operation
hereunder and the license to be paid shall be determined on the aggregate
number of games in each room or group of rooms in the same or con-
tiguous building.

7. Any person failing to pay the license fee provided for in this sec-
tion when such license fee is due shall pay in addition to such license fee a
penalty of not less than \$25 or 25 percent of the gross amount due,
whichever is the greater, but in no case in excess of \$800, which penalty
shall be collected as are other charges, [licenses] license fees and pen-
alties under this chapter.

Parallel to
existing
quarterly
tax that's
divided
among the
counties.

same or contiguous building shall be construed as one operation hereunder and the license to be paid shall be determined on the aggregate number of games in each room or group of rooms in the same or contiguous building.

6. The license fees to be paid hereunder shall be designated as annual fees, regardless of the date of application or issuance of license.

7. Any person failing to pay the license fee provided for in this section when such license fee is due shall pay in addition to such license fee a penalty of not less than \$25 or 10 percent of the gross amount due, whichever is the greater, but in no case in excess of \$800, which penalty shall be collected as an other charge, license fees and penalties under this chapter.

Amend sec. 2, page 2, line 3, by deleting "Sec. 2." and inserting "Sec. 4."

Amend sec. 2, page 2, line 32, by deleting "[licenses] license fees" and inserting "license fees".

Amend sec. 2, page 2, line 38, by deleting "licenses" and inserting "license fees".

Amend sec. 3, page 2, line 49, by deleting "Sec. 3." and inserting "Sec. 5."

Amend sec. 3, page 3, line 2, by deleting "section 1" and inserting "sections 2 and 3".

Amend sec. 3, page 3, by deleting lines 11 through 14 and inserting:
"\$62,380 [collected after April 2, 1957,] shall, after deduction of costs of administration and collection, be divided equally among the various counties".

Amend the bill as a whole by adding a new section between lines 19 and 20, / designated section 6, to read as follows:

"Sec. 6. NRS 463.370 is hereby amended to read as follows:

(more)

463.370 1. Before issuing a state gaming license, the commission shall charge and collect from each applicant a license fee based upon all the gross revenue of such applicant as follows:

Three percent of all the gross revenue of such applicant which does not exceed \$150,000 per quarter year; and also

Four percent of all the gross revenue of each applicant which exceeds \$150,000 per quarter year and does not exceed \$400,000 per quarter year; and also

[Five percent of all the gross revenue of such applicant which exceeds \$400,000 per quarter year and does not exceed \$1,000,000 per quarter year; and also]

Five and one-half percent of all the gross revenue of such applicant which exceeds ~~[\$1,000,000]~~ \$400,000 per quarter year.

2. No state gaming license shall be issued to any applicant, except a provisional license as provided in this chapter, until the license fee has been paid in full.

3. When a licensee is operating under a provisional license, the payment of the fee due for the first quarter of operation based on the gross revenue derived from gambling pursuant to this section shall be accompanied by the payment of a fee in like amount, which shall be a deposit and shall be applied to the actual fee due for the final quarter of operation.

4. Any person failing to pay the license fees provided for in this section on or before the 25th day of the month shall pay in addition to such license fee a penalty of not less than \$25 or 25 percent of the gross amount

due, whichever is the greater, but in no case in excess of \$1,000, which penalty shall be collected as are other charges, license fees and penalties under this chapter.

[5. Any person failing to pay the license fees provided for in this section on or before the 25th day of the month shall pay in addition thereto an interest assessment of 7 percent per annum on the gross amount due. Such assessment shall be in addition to any penalty or other charges and shall be collected as are other charges, license fees and penalties under this chapter.]"

Amend sec. 4, page 4, by deleting lines 20 through 22 and inserting:

"Sec. 7. NRS 463.380 is hereby amended to read as follows:

463.380 1. In addition to [the] any other state gaming license fees provided for in [NRS 463.370,] this chapter, the commission shall, prior to the 10th day of January".

Amend sec. 4, page 4, by deleting lines 26 through 46 and inserting:

"Those establishments operating or to operate one game, the sum of \$100.

Those establishments operating or to operate two games, the sum of \$200.

Those establishments operating or to operate three games, the sum of \$400.

Those establishments operating or to operate four games, the sum of \$750.

Those establishments operating or to operate five games, the sum of \$1,750.

Those establishments operating or to operate six or seven games, the sum of \$3,000.

Those establishments operating or to operate eight to ten games, inclusive the sum of \$6,000.

(more)

1355f

These establishments operating or to operate eleven to sixteen games, the sum of \$1,000 for each game so operating or to operate.

Those establishments operating or to operate more than sixteen games, the sum of \$1,000 for each game to and ~~including~~ including sixteen games and the sum of \$200 for each game in excess of sixteen games so operating or to operate."

Amend sec. 4, page 5, by deleting line 29 and inserting:

"shall be collected as are other charges, license fees and penalties".

Amend sec. 4, page 5, line 35, by deleting "licenses" and inserting "license fees".

Amend the bill as a whole by adding a new section between lines 35 and 36 on page 5, designated section ~~1~~⁸, to read as follows:

"Sec. ~~1~~⁸. NRS 463.400 is hereby amended to read as follows:

463.400 Any person who willfully fails to report, pay or truthfully account for and pay over the license fees imposed by NRS 463.370 to 463.390, inclusive, and sections 2 and 3 of this act, or willfully attempts in any manner to evade or defeat any such tax or payment thereof, or any licensee who puts additional games or slot machines into play without authority of the commission to do so or any licensee who fails to remit any license fee provided for by this chapter when due shall in addition to the amount due be liable for a penalty of the amount of the license fee evaded or not paid, collected or paid over, which penalty shall be assessed and collected in the same manner as are other charges, license fees and penalties under this chapter."

Amend sec. 5, page 5, line 36, by deleting "5." and inserting ~~1~~⁹.

Amendment No. 1009 to Senate Bill No. 478 (BDR 41-1543) Page 8

Amend sec. 5, pages 5 and 6, by deleting lines 44 through 50 on page 5 and lines 1 through 4 on page 6 and inserting:

"2. All license fees collected pursuant to this section shall be deposited",
and 7

Amend sec. 6, page 6, by deleting lines 6/ and inserting:

"Sec. ¹⁰ This act shall become effective at 12:02 a.m. on July 1, 1967."

1354