

SENATE TAXATION COMMITTEE

MARCH 27, 1973

The regular meeting of the Senate Taxation Committee was called to order at 3:45 P.M. by Chairman B. Mahlon Brown, with the following members and guests present:

PRESENT:            Senator B. Mahlon Brown                                 Senator Eugene Echols  
                    Senator Carl Dodge                                         Senator Thomas Wilson  
                    Senator Coe Swobe     Senator Mel Close

G U E S T S

Bruce Smith, Nevada Tax Commission  
Joe Braswell, Inter-Tribal Council of Nevada  
Thomas B. Winters  
Catherine Fillmore, Vice Chairman, Carson Colony Council  
Melinda Murphy  
Jean Dexter, Carson Colony Chairman  
John Meder, Nevada Association of County Commissioners  
George L. Vargas, Showboat Hotel & 9 Oil Companies  
Clara J. Castillo  
Stephen King  
Bridget Harry  
Francis Sam, W.R.P., Reservation Tribal Council  
P.M. Neighbors, Nye County  
William P. Beko, Nye County District Attorney  
Henry Etchemendy, Carson City  
Grant Bastian, Nevada Highway Department  
William Raymond, Nevada Highway Department  
Leonard H. Winkelman, Department of Motor Vehicles  
W. W. Richards, Motor Carrier, DMV  
John J. Sheehan, Nevada Tax Commission  
Phil Hannifan, Gaming Board  
Robert Frank, Vice Chairman, Inter-tribal Council  
Warren Emn, Schurz Indian Reservation  
Mr. Kevin C. Efroymsen, Attorney  
Mr. William Pennington  
Mr. Ernest Newton, Nevada Taxpayers Association

Items on the agenda for consideration are as follows:

SENATE BILL 550; Provides for transfer of prepaid gaming tax credits between parent and subsidiary corporate licensees in certain circumstances.

Mr. Phil Hannifan, Nevada State Gaming Commission, testified on the proposed bill explaining that he has had an opportunity to review the measure and feels the problem is broader than what this bill speaks to. Briefly, the present law requires any new applicant for a gaming license to pay for two quarters at one time (referred to as "double down"), this puts him on an 'advanced paid' status. The problem arises, however, when a transfer of gaming operations between the parent and subsidiary corporate licensees is desired. This particular bill has application to only three businesses: Showboat Hotel, Golden Nugget, and possibly the Union Plaza, if the Union Plaza goes public. At the present time, the Showboat and Golden Nugget are not in conformity with Nevada law. They would like to form a sub-

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subsidiary which would hold the gaming licenses; however, this develops the problem in having to pay the double taxes.

If this measure is approved, it would provide for the transfer of gaming operations between parent and subsidiary corporate licensees and for transfer of prepaid gaming tax credits. Mr. Hannifan explained, in his opinion, it would have a negligible tax impact on the state and he would have no opposition to its passage.

Mr. Hannifan further testified that many businesses were trying to get into the corporation status rather than individual basis. They would suggest adopting comprehensive corrective legislation for the next session; however, inasmuch as this will require amendment of many sections of the law and due to the time element, this should be put over until the next session. Also speaking in behalf of the measure was Mr. George Vargas, representing the firm of Vargas, Bartlett and Dixon, Ltd., for the Showboat Hotel. He explained that his firm has given this considerable thought and would suggest this type of legislation for this session.

A motion was introduced by Senator Dodge, seconded by Senator Wilson, that Senate Bill 550 be returned to the Senate Floor with a recommendation of "Do Pass"; motion carried unanimously.

SENATE BILL 517: Allows certain casual singing in casinos without incurring entertainment tax (Introducer: Herr)

Mr. Hannifan spoke against this measure, explaining that this would, ultimately, result in a reduced tax revenue they can only extrapolate as to the fiscal impact inasmuch as it would be expensive to conduct a study on this to determine definite figures. He explained the entertainment tax is one of the biggest problems they have and, under the language within this measure, it would be very difficult for his auditors to go into an establishment and determine what constitutes casual singing, under this definition.

Several people in the audience also spoke against the proposed bill, explaining that, in their opinion, we will be making more in tax revenue from cigarette and liquor taxes generated by patrons of these establishments than we would derive from the proposed new tax.

In conclusion, Senator Dodge made a motion to "Kill SB 517"; seconded by Senator Close and carried unanimously.

SENATE BILL 364 Imposes statutes governing distribution and taxation of cigarettes (Committee on Taxation)

Mr. John Sheehan, Nevada Tax Commission, testified in behalf of SB 364. He informed the members that, after consideration, he would suggest eliminating the provision of including the little cigars (this includes lines 26 through 29 on page 2.) He advised that by including this, we might be running the risk of getting into legal involvements. The definition of cigarette, as indicated in Section 10, would remain unchanged.

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Additionally, as a result of the conference held in Las Vegas, by tobacco merchants, the neighboring states that are having this same problem are combining their efforts in pushing for reciprocal legislation. Provision for this has been made on page (5) of the proposed bill, (Section 22). Senator Echols questioned the verbiage on page 2, line 36, "or a wholesale or retail dealer." After an explanation Senator Echols was satisfied.

A letter from the Inter-Tribal Council of Nevada opposing the bill was read for the record. In attendance, and speaking in opposition to the measure were the following: Mr. Robert Frank, Vice Chairman of the Inter-Tribal Council advising that a proposed amendment to the bill has been drafted; the amendment was read stating: "Nothing in this act shall be construed to infringe upon the rights of any Indian tribe or band, organized under the 'act of June 18, 1937, c. 576, s 16, 48 Stat. 987 (25 USC 476)', to control commerce upon their lands, subject only to limitations imposed by Congressional acts."

The suggested amendment would be Section 25, page 6.

Mr. Warren Emm of the Schurz Indian Reservation expressed concern in behalf of his people, explaining this is the same type of restrictive laws that have held the Indian down over the past years. He advised they are trying to work towards economic development on the reservations and they do not need roadblocks thrown in their way.

Francis Sam, W.R.P. Reservation Tribal Council, stated the reservation is receiving money from the smoke-shop and objects to the proposed bill that would eliminate this revenue source for her people.

Steven King, owner-operator of the smoke shop, declined to comment on the amount of money he is paying to the reservation, however, he stated he is making monthly payments to the reservation for the privilege of operating the shop and opposes the bill that would eliminate his business.

In discussion, members of the Committee pointed out that they have no quarrel with the business of selling the unstamped cigarettes to residents of the reservation, however, this should be limited to the reservations and not be conducted with retailers and wholesalers living off the reservation.

In conclusion, a motion was introduced by Senator Close, seconded by Senator Dodge to recommend 'do pass, amended' on Senate Bill 364; this is including the amendments suggested by Mr. Sheehan of the Tax Commission, but did not include the amendment suggested by the Nevada Indian Affairs Commission. It was the opinion of the Committee members that the Indians are granted special rights under Federal Law and, therefore, this amendment would not be necessary. Motion carried with 4 Senators voting "aye, Senator Echols voting "nay."

SENATE BILL 396: Imposes excise taxes and a use tax to augment the State Highway Fund. (Introducer: Committee on Transportation)

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Mr. Grant Bastian of the State Highway Department testified on behalf of the bill, explaining that the intent is to increase the excise tax on gasoline, in the event the federal government diminishes or discontinues certain taxes which are deposited in the highway trust fund. The amount of the tax to be imposed by this state, would be equal to the amount by which the federal tax is reduced. This would not be increasing the excise tax we now pay.

He pointed out, that in reviewing the proposed bill, there are only two sections that are workable within the mechanisms of their Department; they are Sections 25 and 26, everything in the drafted bill could be eliminated.

After discussion, a motion was introduced by Senator Dodge, that we return a 'do pass, as amended' recommendation to the Senate floor; amendment would reflect the suggestion by Mr. Bastian to retain Sections 25 and 26, as well as amending the title and summary in accordance with the amended bill. Motion was seconded by Senator Close and carried unanimously.

SENATE BILL 523: Repeals provision making exempt property subject to taxation when used for business purposes.

This measure proposes to repeal two sections of NRS which impose a tax on exempt real and personal property which is leased, loaned or otherwise made available to and used by persons or firms in connection with a business conducted for profit. A similar bill (A.B. 698) is under consideration in the Assembly.

A considerable amount of testimony was heard on this proposal. Speaking in behalf of the bill were:

Mr. Kevin C. Efroymsen, Attorney representing Reynolds Electric  
from the Nevada Test Site  
Mr. George Vargas, Attorney, representing 9 major oil companies  
Mr. William Pennington  
Mr. Ernest Newton, Nevada Taxpayers Association

Speaking in opposition to the bill were:

Mr. William P. Beko, District Attorney for Nye County  
Mr. P.M. Neighbors of Nye County  
Mr. Henry Etchemendy, representing the Board of Supervisors of  
Carson City.

At the conclusion of the discussion, Senator Swobe made a motion to kill the proposed bill; motion seconded by Senator Dodge and carried unanimously.

TAX COMMISSION STUDY: As a result of the previous discussions on a possible budget appropriation from the General Fund of the State Treasury to the office of the Governor for the purpose of undertaking an evaluation study of the assessment and tax equities within the state, a proposed bill has been drafted and presented to the Committee by Chairman Mahlon Brown.

Senator Brown explained he has compiled this bill incorporating the intention of the committee and has discussed these suggestions with Mr. Jack Sheehan

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of the Tax Commission. If the Committee is agreeable with the provisions, he will meet with the Governor and will then initiate the introduction of the bill.

The proposed bill is as follows:

1. There is hereby appropriated from the General Fund of the State Treasury to the office of the Governor, the sum of \$50,000.00 for the purpose of undertaking an evaluation study of the assessment and tax equities in the area for which the Nevada Tax Commission is presently responsible under existing statutes.

These areas include agriculture and livestock assessment, utility and railroad valuation, net proceeds of mine tax, the validity of the annual assessment studies within the counties of Nevada.

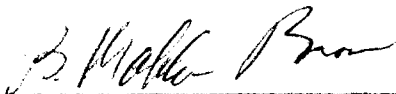
2. To carry out the intent and purpose as provided in Section 1, the Governor shall:
  - 1a. Create a bi-partisan committee of (5-7-9) of which (2-4) shall represent both houses of the legislature.
  - 2a. The Study Commission may call upon the staff of any state agency, the staff of the University system, the staff of the Legislative Counsel Bureau to assist in the preparation of this report.
  - 3a. The Study Committee within the limit of the appropriation provided in Section (1) may contract for services to assist them in preparing this report.
  - 4a. The Study Committee is further directed to review the propriety of the present composition of the Nevada Tax Commission as to fair and adequate representation for all the various groups of property taxpayers.
  - 5a. The Study Committee will make their report and findings to the Governor prior to the commencing of the 1975 Legislature.

Senator Dodge made a motion to endorse this proposal, in principle, pending review with the Governor, seconded by Senator Swobe and carried unanimously.

The bills remaining on the agenda will be carried forward to the next meeting.


The meeting was adjourned.

APPROVED:



Senator B. Mahlon Brown, Chairman

Respectfully submitted,



Nykia Kinsley, Secretary

March 27

Name	representing
Bruce Smith	New Tax Commission
Joe Braswell	Inter Tribal Council of Nev.
Thomas B. Winters	Self
Datherine Gillmore	Vice Chairman Carson Colony
Melinda Murphy	
Jean Dexter	Carson Colony - Chmn.
JOHN MEDER	NACC Hotel
George S. Sarges	Stammat & Oil
Clay J. Castillo	Self
Stephen King	
Bridget Harvey	
James Dorn	W.P.P. Preservation Tribal Council
P.M. Neighbors	Nye County
William P. Beke	Nye County
Henry Etchemendy	Carson City
Scott Christian	Nev. Hwy Dept.
William Raymond	Nev. Hwy Dept.
Leonard H. Coulterman	D.M.V.
W. W. Richards	MOTOR CARRIER DMU
John J. Sheehan	NU TAX Comm

Huntington - Bd.

Remington m SB 523  
Eggs (?)

Robert Frank Vice I-T

OFFICE OF  
DISTRICT ATTORNEY NYE COUNTY  
COURTHOUSE

TONOPAH, NEVADA 89049

March 24, 1973

Honorable Paul May  
Chairman, Taxation Committee  
Assembly Chamber  
Carson City, Nevada

Re: A. B. 698

Dear Mr. May:

Assembly Bill 698, introduced by Mr. Dreyer, by request, proposes to repeal Sections 361.157 and 361.159 of Nevada Revised Statutes. These statutes impose a tax on otherwise exempt real and personal property which is leased, loaned or otherwise made available to and used by persons or firms in connection with a business conducted for profit.

Having been closely associated with the proposal, enactment and enforcement of these statutes, as will be explained in detail below, I would appreciate being advised in advance of any hearings to be conducted on this bill so that I may hear the reasons for its introduction explained by its advocates, and that I may be permitted to respond to them.

A brief summary of the history of these statutes may be helpful to the members of the legislature elected after 1965:

The theory of this tax was first discussed prior to the 1965 session by then-Legislative Counsel Russ McDonald, Assessors James Bilbray and Leo Funk of Clark and Nye counties, P. M. Neighbors, Senator Archie Pozzi and myself at several conferences held to consider the millions of dollars of equipment being used by the contractors of the United States Atomic Energy Commission in the State of Nevada, much of which had previously been privately owned and taxed, which was escaping taxation. The language in the original bills was almost identical to statutes enacted in the State of Michigan some ten years earlier, whose constitutionality was upheld by the United States Supreme Court. I believe it is a fair statement to say that Senator Archie Pozzi was more directly involved in guiding this legislation through the Nevada Legislature than any other person.

Honorable Paul May  
March 24, 1973  
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Following the enactment of these statutes, property owned by the United States having a value in excess of sixty million dollars, which was being used by contractors in connection with businesses being conducted for profit in Nye county, came under assessment. Lincoln and Clark counties followed the same procedure. After being billed, the contractors declined to pay, acting on the advice and under the direction of the United States Department of Justice. Six years of litigation ensued, based upon constitutional issues not asserted in the Michigan cases. The decision of the Nevada Supreme Court upholding the constitutionality of the Nevada statutes became final on May 23, 1972 when the United States declined to pursue an appeal to the United States Supreme Court. The legality and constitutionality of NRS 361.157 and NRS 361.159, in their present form, can no longer be questioned.

The amount of taxes collected as a direct result of these statutes since their inception, and the litigation which followed, should be considered by your committee in determining the advisability of repealing these laws:

- (1) Clark County, which stipulated with the government to be bound by the decision entered in Nye county, collected in excess of \$325,000.00 last year, and will continue to receive taxes in direct proportion to the amount of exempt property used and taxable under these laws;
- (2) Lincoln County, which entered into a similar stipulation, received approximately \$153,000.00 and will benefit similarly in the future;
- (3) Nye County collected approximately \$4,500,000.00 in 1972 of which amount the following was apportioned in accordance with the rate applicable during the year of levy:
  - (a) The State of Nevada received \$256,842.75;
  - (b) Title 19 received \$99,531.80;
  - (c) Nye County Indigent Fund received \$344,784.36;
  - (d) Nye General Hospital received \$153,864.83;
  - (e) Nye County School District received \$1,521,363.00 with an additional \$343,432.82 for school debt service. Of this amount, \$1,500,000 has been set aside for school construction. At the present time, a new high school complex is under construction in Pahrump Valley, extensive remodeling at the Gabbs Schools will



Honorable Paul May  
March 24, 1973  
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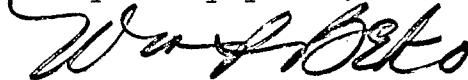
be accomplished this summer, and additional classrooms will be ready for occupancy in the fall term at Amargosa Valley, all of which will be paid for in cash out of the proceeds of this litigation. Inasmuch as Nye county had nearly attained its limit of bonding capacity, the need for this additional tax revenue is obvious.

Further, as a direct result of the additional assessed valuation, it is projected that all taxpayers in Nye County, the majority of whom have been paying the constitutional maximum of \$5.00 for many years, will receive a substantial tax reduction in the next fiscal year. Assuming the tentative rate approved by the county officials is approved by the Nevada Tax Commission, and assuming these tax statutes are not repealed, the consolidated county rate, which incidentally is applicable to Nevada Test Site contractors, will be reduced 22% from \$4.50 to \$3.50.

I consider Assembly Bill 698 as special legislation of the most flagrant type. A list of the contractors who would directly benefit by the repeal reads like the "Who's Who" of the stock exchange: Westinghouse Electric Corporation, General Electric Corporation, Aerojet-General Corporation, Lockheed Missiles and Space Company, Inc., Reynolds Electrical & Engineering Co, Inc., E. G. & G., Inc., Fenix & Scisson, Inc. and Holmes & Narver, Inc. are some of those affected. I respectfully suggest that these firms do not fall within the classification of those whom Governor O'Callaghan had in mind when he recommended tax relief in his message earlier this year, nor do they qualify for the category for whom your committee has publicly recommended remedial legislation at this session. I would suggest that the proponents of this legislation could with equal candor advocate relief to others in similar need such as ITT!

Previous attempts to repeal these tax statutes were relegated, properly, by your committee, to the wastebasket. This "dog" should be similarly consigned. I respectfully urge you to do so.

Very truly yours,



William P. Beko  
District Attorney

cc: Members, Taxation Committee,  
Assembly and Senate

## ROUTE SLIP, INTEROFFICE MEMO OR PURCHASE REQUISITION

To Senator B. Mahlon BrownDate March 29, 1973From Frank W. Daykin

- Approval
- Comment
- Note and return
- Investigate
- Signature
- See me
- As requested
- For your information
- Necessary action
- Please reply
- Copy of above reply to me
- Draft reply for my signature
- Per conversation
- For your files
- Purchase requisition

## REMARKS

The proposed "Indian" amendment to S.B. 364 should not be made to the bill for at least two reasons:

1. If the Indians have special rights under federal law, our act could not infringe on them. Its result if added to the cigarette tax chapter could only be to raise a doubt whether the same policy applied to other chapters on taxation.
2. The amendment is defective in form in that this legislature should not purport to dictate to the courts how to "construe" this or any other act.

*Frank W. Daykin*

FWD:jll  
encl

NEVADA INDIAN AFFAIRS COMMISSION  
CAPITOL COMPLEX  
CARSON CITY, NEVADA 89701

MEMORANDUM

SUBJECT: PROPOSED AMENDMENT TO SB 364

TO: Senator B. Mahlon Brown, Chairman  
Committee on Taxation

FROM: Ross Morres, Executive Director

Proposed Amendment to SB 364 is as follows:

Add Section 25, page 6, beginning on line 9.

*"Nothing in this act shall be construed to infringe upon the rights of any Indian tribe or band, organized under the 'act of June 18, 1934 c. 576, § 16, 48 Stat. 987 (25 USC 476)' (to control commerce upon their lands, subject only to limitations imposed by Congressional acts."*

RATIONALE:

The inherent sovereignty of Indian tribes has been upheld by Court decision. Iron Crow v. Oglala Sioux Tribe of Pine Ridge Reservation, S.D., C.A. S.D. 1956, 231 F. 2d 89.

The courts have also held that full powers of internal sovereignty are vested in an Indian tribe as duly constituted organs of government subject only to limitation by treaty or express legislation by Congress. Barnes v. U.S., D.C. Mont. 1962, 205 F. Supp. 97.

It has also been held that until an Indian tribe would elect to place themselves under operation of state statutes under which state agreed to assume jurisdiction of civil causes and criminal offenses or until Legislature would unconditionally assume jurisdiction therein as authorized by federal statute, state courts could have no jurisdiction over Indians living on reservation beyond that expressly granted by Congress. State ex rel. Adams v. Superior Court for Okanogan County, Juvenile Court Session, Wash. 1960, 356 P. 2d 985, 57 Wash. 2d 181.

In October, 1972, the U. S. District Court, Southern District of California, in the case of the Quechan Tribe of Indians, Yuma, Arizona v. Raymond Rowe, Sheriff of Imperial County and certain of his staff, civil no. 72-56-GT, found in favor of the tribe. In the decision, the court cited 18 U.S.C. § 1152 which provides that federal criminal laws apply to Indian lands except where otherwise expressly provided by law. The decision also contained the statement, "If Congress has given the Indians authority to enact certain laws, and those laws conflict with state laws, the Indian laws prevail." The decision also stated, "The Supreme Court recognized that state laws which conflict with valid federal laws or Indian laws validly adopted pursuant to federal statutes, treaties, or agreements are unenforceable."

DATE March 20, 1973

MEMORANDUM - Proposed Amendment to SB 364  
Page 2  
March 20, 1973

It is submitted that the proposed statute, SB 364, if not amended, could be challenged on the basis of infringement of tribal sovereignty, should enforcement be attempted on Indian lands under total jurisdiction of the tribe and the federal government. An opinion from the Field Solicitor of the Bureau of Indian Affairs says, "States may not impose taxes on sales made to Indians on reservations as Congress has broadly occupied the field of trading with Indians on reservations by all-inclusive regulations and statutes. Warren Trading Post Co. v. Arizona Tax Commission, 380 U.S. 685 (1965); Solicitor's Opinion, 58 I.D. 562 (1943); Solicitor's Opinion 57 I.D. 124 (1940); Federal Indian Law, pp. 867-873.

NRS 372.265 provides for exemption of sales and use taxes which the state is prohibited from taxing under the Constitution or laws of the United States. It is assumed that this statute is the basis for the policy adopted by the Nevada Tax Commission on May 4, 1971, "A sale made from the retailer's place of business located within the outer limits of an Indian reservation shall be exempt from sales tax." It is submitted that the same Constitutional and U. S. statutory provisions would be applicable to the cigarette tax statute, as it relates to Indian reservations.



# INTER-TRIBAL COUNCIL OF NEVADA

PHONE (702) 786-3128  
98 COLONY ROAD • RENO, NEVADA 89502

March 21, 1973

The Honorable B. Mahlon Brown  
Chairman, Committee on Taxation  
Nevada State Senate  
Carson City, Nevada 89701

Dear Chairman Brown:

Historically, laws have been passed that affect Indian people without Indian participation. We support the Nevada Indian Affairs Commission's proposed amendment to SB 364.

At our Board Meeting, March 17, 1973, we discussed SB 364 and its application to the Indian reservations in the State of Nevada. We would like to urge that favorable action be taken on this amendment to insure it receives a "do pass" from your Committee.

Thank you for your consideration.

Yours truly,

*Raymond Yowell*  
Raymond Yowell, Chairman  
Nevada Inter-Tribal Council  
Executive Board

dmc

cc: Mr. Ross Morres  
Mr. Harold Wyatt

SUMMARY: Amends Chapter 365 and Chapter 366 of the Nevada Revised Statutes to increase excise tax in event federal government diminishes or discontinues certain taxes which are deposited in highway trust fund.

Section 1. Chapter 365 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. In addition to any other tax provided for in this chapter, there shall be levied an excise tax on gasoline.

2. This tax shall be imposed and shall increase up to a total of 4 cents per gallon, if the tax collected by the federal government pursuant to the provisions of 26 U.S.C. § 4081, is diminished or discontinued in whole or in part. The amount of the tax so imposed by this state shall be equal to the amount by which the federal tax is reduced.

3. This tax shall be accounted for by each dealer and shall be collected in the manner provided in this chapter. The tax shall be paid to the tax commission and delivered by the tax commission to the state treasurer.

Section 2. Chapter 366 of NRS is hereby amended by adding thereto a new section which shall read as follows:

1. In addition to any other tax provided for in this chapter, there shall be levied an excise tax on special fuel.

2. This tax shall be imposed and shall increase up to a total of 4 cents per gallon, if the tax collected by the federal government, pursuant to the provisions of 26 U.S.C. § 5051, is diminished or discontinued in whole or in part. The amount of the tax so imposed by this state shall be equal to the amount by which the federal tax is reduced.

# REQUESTED AFTER 40<sup>TH</sup> DAY

SUMMARY--Provides for transfer of prepaid gaming tax credits between parent and subsidiary corporate licensees in certain circumstances. Fiscal Note: No. (BDR 41-2046)

AN ACT relating to gaming licenses; providing for transfer of gaming operations between parent and subsidiary corporate licensees; providing for transfer of prepaid gaming tax credits; 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 the event the securities of a corporate licensee are or become publicly held or publicly traded, the gaming operations of such corporation may be transferred to a wholly owned subsidiary corporation, if such subsidiary corporation applies for and obtains a license.

2. If the commission approves the issuance of a license to such wholly owned subsidiary corporation, all prepaid state gaming taxes and fees which are credited to the account of the parent corporation shall be transferred and credited to the account of the subsidiary.

Sec. 2. NRS 463.373 is hereby amended to read as follows:

463.373 1. Before issuing a state gaming license to an applicant for the operation of not more than 15 slot machines and no other game or gaming device, the commission shall charge and collect from such applicant a license fee of \$25 for each slot machine for each quarter year.

2. The commission shall charge and collect the fee prescribed in subsection 1:

(a) On or before the last 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] Except as provided in section 1 of this act, 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.

Sec. 3. NRS 463.375 is hereby amended to read as follows:

463.375 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 \$40 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 \$10 for each slot machine for each calendar quarter:

(a) On or before the last 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] Except as provided in section 1 of this act, no proration of the quarterly amount prescribed in subsection 2 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. 10.



Sec. 4. NRS 463.383 is hereby amended to read as follows:

463.383 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 a quarterly license fee to be determined on the basis of the following annual rates:

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

Those establishments operating or to operate one game, the sum of \$50.

Those establishments operating or to operate two games, the sum of \$100.

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

Those establishments operating or to operate four games, the sum of \$375.

Those establishments operating or to operate five games, the sum of \$875.

Those establishments operating or to operate six or seven games, the sum of \$1,500.

Those establishments operating or to operate eight to ten games, inclusive, the sum of \$3,000.

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

(1) For each game up to and including 16 games, 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 35 games, inclusive, the sum of \$2,800.

(4) For each game more than 35 games, the sum of \$100.

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

(a) On or before the last 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 games into play during a calendar quarter.

3. [No] Except as provided in section 1 of this act, no proration of the quarterly amount prescribed in subsection 2 may be allowed for any reason.

4. 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. 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 provisions of this section.

6. 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 contiguous building.

1. There is hereby appropriated from the General Fund of the State Treasury to the office of the Governor, the sum of \$50,000.00 for the purpose of undertaking an evaluation study of the assessment and tax equities in the area for which the Nevada Tax Commission is presently re-ponsible under existing statutes.  
These areas include agriculture and livestock assessment, utility and railroad valuation, net proceeds of mine tax, the validity of the annual assessment studies within the counties of Nevada.
2. To carry out the intent and purpose as provided in Section 1, the Governor shall:
  - 1a. Create a bi-partisan committee of (5-7-9) of which (2-4) shall represent both houses of the legislature.
  - 2a. The Study Commission may call upon the staff of any state agency, the staff of the University system, the staff of the Legislative Counsel Bureau to assist in the preparation of this report.
  - 3a. The Study Committee within the limit of the appropriation provided in Section (1) may contract for services to assist them in preparing this report.
  - 4a. The Study Committee is further directed to review the propriety of the present composition of the Nevada Tax Commission as to fair and adequate representation for all the various groups of property taxpayers.
  - 5a. The Study Committee will make their report and findings to the Governor prior to the commencing of the 1975 Legislature.

SENATE TAXATION COMMITTEE  
MARCH 27, 1973

ROOM 231

P.M. ADJ.

SENATE BILL 364: Revises statutes governing distribution and  
taxation of cigarettes.  
*do pass,  
as amended*  
(Committee on Taxation)

SENATE BILL 396: Imposes excise taxes and a use tax to augment  
the state highway fund.  
*do pass  
as amended*  
(Introducer: Committee on Transportation)

SENATE BILL 513: Provides that real property tax exemption may  
extend for five years.  
(Introducer: Committee on Taxation)

SENATE BILL 517: Allows certain casual singing in casinos without  
incurring entertainment tax.  
*Killed*  
(Introducer: Senator Herr)

SENATE BILL 523: Repeals provision making exempt property subject  
to taxation when used for business purposes  
*Killed*

SENATE JOINT RESOLUTION 18: Proposes constitutional amendment  
prohibiting personal income tax.  
(Introducer: Senator Swobe)

TAX COMMISSION STUDY:

ASSEMBLY BILL 101: Exempts casual importers from liquor licensing  
requirement.  
(Committee on Taxation)

ASSEMBLY CONCURRENT RESOLUTION 21: Memorializes California to cease  
taxing the income derived by Nevada residents in  
California.  
(Introducers: May, Jacobsen, Ashworth, Torvinen)