

MINUTES

ASSEMBLY COMMERCE COMMITTEE

March 7, 1977

Members Present:

Chairman Harmon  
Vice Chairman Mello  
Mr. Demers  
Mr. Barengo  
Mrs. Hayes  
Mr. Moody  
Mr. Price  
Mr. Sena  
Mr. Weise

Guests Present:

See Guest List Attached

The meeting was called to order by Chairman Harmon at 3 p.m. Mr. Sena moved that the minutes of the meeting of February 28, 1977, be approved. Seconded by Mr. Price and unanimously carried.

Assembly Bill 308

Mr. Ron Smith, Travel Promotion Director for the Greater Reno of Commerce, informed the committee that they wished to submit certain amendments to the bill as now written. They are in favor of A.B. 308 with the suggested amendments.

Mr. Smith read a statement, a copy of which is attached as Exhibit 1, together with attachments. A copy of the suggested amendments is attached as Exhibit 2.

In response to a question by Mr. Weise, Mr. Smith stated that the Reno Chamber of Commerce has had no problems although they see some on the horizon with ticket book sellers possibly proliferating the area with "giveaways" that aren't tied to any promotion for bringing more people to the Reno area. Mr. Smith believes the big problem and need for the law is in southern Nevada.

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Mr. Burton Cohen, representing the Nevada Resort Association of Las Vegas, said that they support the bill as amended. They feel there is a decided need for the control of show tickets in Clark County now, and they can see the same need in the near future for the Reno area.

Mr. Cohen described some of the abuses on the sale of show tickets that have occurred in the Las Vegas area. He realizes that their industry created the monster. It is something that evolved out of the land sales development that used to occur in the hotels. Show tickets are being sold on airplanes that are chartered to come to Las Vegas by tour agents. Tour buses often stop before they reach their destination and tickets are sold to occupants without the knowledge of the tour directors themselves. By virtue of these point-of-origin sales, competition has forced some of the hotels to participate in the sale of show tickets out of pure economics. They have received reports of overpricing and gouging.

As this bill is now amended, it would not prevent the sale of show tickets in a licensed gaming establishment. It would prevent the sale of show tickets on the street, on the planes coming in, on buses being diverted. Mr. Cohen feels it is an economically sound bill. The State of Nevada has lost revenue in tax dollars by the way these show tickets have been sold.

In answer to a question by Mr. Price, Mr. Cohen stated this bill as amended would not destroy the ticket brokerage business. It merely takes them off the street and puts them in a licensed gaming establishment.

Mr. Weise asked how the law would be enforced. Mr. Cohen was not familiar with this aspect. Mr. Barengo said it would be a misdemeanor.

Mr. Frank Johnson, Vice President of Hilton Hotels Corporation, informed the committee they would like to support the amendments as presented by Mr. Smith. He would like to stress the "casino showroom or lounge" as set forth in Subsection 1. This is rental space that goes to a promoter and he sells the tickets.

Mr. Johnson said he also wanted to raise the question of penalties as he thinks the law should clarify who the penalty goes to-- the person selling the ticket or the establishment.

John Peter Lee, Attorney for All State Tours and Mr. Sam Krug, appeared in opposition to the bill. Mr. Krug secures permission from a hotel to sell tickets in that hotel for shows that are being shown at other hotels in Clark County. Ordinarily he does

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not sell show tickets in the hotel in which the booth is located. Licensing is required. The Clark County sheriff has been very strict in seeing to it that each separate location is individually licensed. The corporation then buys a block of tickets from an individual hotel that wants to sell the tickets in this fashion. It then becomes a matter of free enterprise between the hotel and Mr. Krug's organization. The ticket costs the customer no more than it would cost him to buy it at the hotel where the show is being performed. There is no scalping at these ticket booths.

The service that is being performed is beneficial to the hotel. It is estimated that possibly some 800 people are directly or indirectly involved in this industry. Some eleven organizations and entities see to these ticket sales, so it is a mini-industry that fulfills a need of the tourist to see a show that they otherwise would not see because they didn't know how to get tickets.

Mr. Lee feels that this bill would be terminating the right to a free contract arrangement between hotels and separate industry. If any control is to be enacted, it should be at a local level.

Mr. Harmon suggested that Mr. Lee study the proposed amendments and ascertain if Subsection 5 would not solve his problem.

Mr. Harry Reid stated that he represented a number of people interested in this proposal including Patti, Inc., Travel Specialties, VIP, Royal Reservations and McFee. Mr. Reid disagrees with Mr. Cohen that the bill is necessary. He described the difficulty in obtaining show tickets in southern Nevada. It is demeaning to the tourist to go through this effort.

The business of selling tickets is an asset to the industry. If a hotel wants to stop selling tickets to these agencies, that is their prerogative, but the Nevada State Legislature should not interfere with contractual relations between people. Mr. Reid said he agreed with the idea that the price of the show should be printed on the ticket. There should perhaps also be some suggestion in the law that the state knows upon which price to tax the entity.

Mr. Reid further stressed that this legislation will regulate an industry and take away a person's right to compete. There are a number of hotels who do not belong to the Nevada Resort Association and it is wrong to take away their right to sell tickets.

Mr. Phil Hanifin, Chairman of the Gaming Control Board, said that the Board has taken no position on the bill. The proposed amendments would be helpful to them if the price of the ticket

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were printed clearly thereon so they would know to whom to charge the casino entertainment tax. In regard to enforcement, this bill provides that this language be placed in Chapter 463 which is the Gaming Control Act, and Mr. Hanifin would presume that enforcement would fall upon the Gaming Control Board. He referred to Mr. Johnson's question, "If the licensee has sold to an independent contractor and the independent contractor commits some kind of a violation, is the licensee responsible?" That is not clear in this bill or any of the amendments.

Assemblyman Lloyd Mann said the Taxation Committee was having a problem in arriving at the correct figure the tax was to be paid on--cost of the ticket wholesale or retail. Mr. Mann hoped this committee could clarify the situation.

Mr. Lee returned to say that he had studied the amendments and he felt they confused the bill even more and did not cover the ticket sales by his client. He agrees with Mr. Reid that there is no need for this legislation.

Les Kofoed, Gaming Industry of Northern Nevada, stated they were neither strongly opposed or strongly in favor of the bill. However, with the amendments that have been offered they have every reason to support the bill because they may have the same problems as southern Nevada in the future.

Mr. Weise and Mr. Cohen discussed additional amendments which might clarify the bill.

Chairman Harmon stated that no action on A.B. 308 would be taken at this time, but would be taken Wednesday, March 9, 1977, at the beginning of the meeting.

The meeting was adjourned at 4:40 p.m.

Respectfully submitted,

Jane Dunne  
Assembly Attache

GUEST LIST

<u>NAME</u> (Please print)	<u>REPRESENTING</u>	<u>WISH TO SPEAK</u>	
		Yes	No
JOHN PETER LEE	ALL STATE	✓	
SAM KRUG	ALL STATE	✓	✓
HARRY REID	JOJO	✓	
Ed Bruner	Gaming Ind Assoc		
Pat Fisher	Munroe Corp		✓
Vern Durbin	Durbin Travel - Reno		✓
Mary Gault	Reno Chamber of Commerce		✓
Terry Olson	Harolds Club - Reno		✓
Harold R. Lucy	Mark Mint Casino - Spk		✓
Gene Rosemond	Fessie Beck's Riverside		✓
James Johnson	Hilton Hotels	✓	
Donna Baker	Reno Beach Assoc	✓	
Tom Dault	Reno Chamber of Commerce	✓	
Kay DeWane	Al. Ray Club		
Jane Smith	Al. Ray Club		
De Walker	Al. Ray Club	✓	
Donna Coe	Del Webb		
Dorothy Frazier	Self		✓
James Ashman	"		✓

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*Greater  
Reno  
Chamber  
of Commerce*

PRESENTATION TO THE NEVADA STATE ASSEMBLY COMMITTEE ON COMMERCE

RE: ASSEMBLY BILL NO. 308

MARCH 7, 1977

BY: RON SMITH, TRAVEL PROMOTION DIRECTOR, GREATER RENO CHAMBER OF COMMERCE

The Reno Fun Flight inclusive tour package is a unique community-wide program created and sponsored by the Greater Reno Chamber of Commerce under the tour management of Durkee Travel Bureau, Inc. The Fun Flight is a two-night package which includes a choice of accommodations, virtually all meals, cocktails and is highlighted by a top-name entertainment show.

The package is sold almost exclusively by retail travel agents in other markets to their customers traveling to Reno and Sparks primarily via commercial air carrier. The Greater Reno Chamber of Commerce maintains a full-time, professional reservations system within its Visitors Bureau with toll-free WATS lines for exclusive use by travel agents booking packages and straight room reservations into Reno and Sparks.

All of these community programs are overseen and guided by the Chamber's Promotion Committee, made up of public relations, sales and marketing experts from our hotels, motels, casinos, transportation companies and tour operators. This committee and Chamber staff put together the Reno Fun Flight as the first community-wide, travel agent commissionable tour package in 1964. That first tour year we sold 1453 tour packages. In thirteen years of growth the Fun Flight now averages over 80,000 sales each year for the past two years. Net room revenue to Reno/Sparks hotels and motels hit \$2,250,000 in 1976. The total economic impact of this package was nearly \$10,000,000.

United Airlines recently honored the Chamber by stating that the Reno Fun Flight is the largest selling single inclusive tour package in their entire system in all of its history. Hughes Airwest has been flying its new route authority between Northwest cities and Reno since July, 1976, and stated that after six months the Reno Fun Flight was its largest selling IT package.

Why is this package so successful? In a survey in January of this year we asked our top-producing travel agents that question and others. We found that the agents expressed confidence in the continuity of the package, the integrity of the operators and the honesty of the advertising. When asked, "Is the entertainment playing in town important in their decision to purchase the package?". . . 42% said it was important to their clients, 48% said it was sometimes

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important. 90% of the agents said that entertainment was a factor in their clients' decision to purchase the Fun Flight and come to Reno.

Top-name entertainment at the cocktail show at John Ascuaga's Nugget is pre-purchased by the travel agent for his client with the booking of the Reno Fun Flight. A large percentage of these customers arrive mid-week, in order to be able to see the show. A decline in Fun Flight customers because of no shows would be drastic and economically deleterious. If Assembly Bill No. 308 passes as written, this important community-wide promotional program would be ruined.

New, large entertainment facilities are under construction in Reno. Package programs which include quality entertainment will continue to be extremely important to the economic well-being of our major industry.

LOCAL ECONOMIC IMPACT  
OF THE CHAMBER INCLUSIVE TOUR PACKAGES  
(Calendar 1976)

<u>PACKAGE</u>	<u>NUMBER OF PEOPLE</u>	<u>PACKAGE COST</u>	<u>TRAVEL AGENT COMMISSION</u>	<u>MINIMUM LENGTH OF STAY (Nights)</u>	<u>DAILY AVERAGE EXPENDITURE PER PERSON/PER DAY</u>
FUN FLIGHT	77,513	\$35.50	\$3.55	2.0	\$39.50
GOLF HOLIDAY	1,186	\$49.50	\$4.95	2.0	\$39.50
AIR RACE	843	\$70.00	\$7.00	3.0	\$39.50

<u>PACKAGE</u>	<sup>1</sup> <u>ACTUAL PACKAGE COST IMPACT</u>	<sup>2</sup> <u>TOTAL PERSONAL EXPENDITURE IMPACT</u>	<u>TOTAL ECONOMIC IMPACT</u>
FUN FLIGHT	\$2,476,540.35	\$6,123,527.00	\$8,600,067.35
GOLF HOLIDAY	\$ 52,836.30	\$ 93,694.00	\$ 146,530.30
AIR RACE	\$ 53,109.00	\$ 99,895.50	\$ 153,004.50

TOTAL COMBINED ECONOMIC IMPACT: \$8,899,602.15

This figure represents a conservative estimate since some people stayed beyond the minimum length of stay.

<sup>1</sup>ACTUAL PACKAGE IMPACT = (# OF PEOPLE) X (PACKAGE COST - TRAVEL AGENT COMMISSION)

<sup>2</sup>TOTAL PERSONAL EXPENDITURE = (# OF PEOPLE) X (LENGTH OF STAY) X (AVERAGE EXPENDITURE PER PERSON/PER DAY)

\*Daily average expenditure values were obtained from replies to the Marketing survey questionnaire included in the coupon books. They are expenditures per person/per day exclusive of gaming and package cost.

Source: Greater Reno Chamber of Commerce.



CHAMBER SURVEY OF RESERVATIONS  
(January-December — 1976 vs. 1975)

PACKAGE	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER		1975	TOTAL	
	1976	%Change	1976	%Change	1976	%Change	1976	%Change		1976	%Change
FUN FLIGHT	14,724	2.5	20,110	- 16.5	22,766	- 3.0	19,913	- 2.2	82,266	77,513	- 5.8
OVERNIGHT											
CHARTER	924	- 14.0	855	- 63.3	0	0	622	-27.0	4,254	2,401	-44.0
RENO											
FUN TRAIN	4,766	15.5	1,257	- 20.9	0	0	0	0	6,044	6,023	- 0.3
FOUR LANES											
TO FUN	8,816	6.9	4,486	- 74.2	4,895	- 69.0	12,627	-29.5	59,296	30,824	-48.0
STRAIGHT											
RESERVATIONS	7,128	43.6	11,859	21.3	18,752	40.6	10,644	15.1	37,321	48,383	29.6
GOLF											
HOLIDAY	0	0	202	- 51.4	929	21.8	55	293.0	1,193	1,186	- 0.6
AIR											
RACES	-	-	-	-	843	- 20.0	-	-	1,054	843	-20.0
<u>TOTAL</u>	<u>36,358</u>	<u>10.9</u>	<u>38,769</u>	<u>- 30.2</u>	<u>48,185</u>	<u>- 11.4</u>	<u>43,861</u>	<u>-10.0</u>	<u>191,428</u>	<u>167,173</u>	<u>-12.7</u>

Source: Greater Reno Chamber of Commerce.

FUN FLIGHT PACKAGE GROWTH

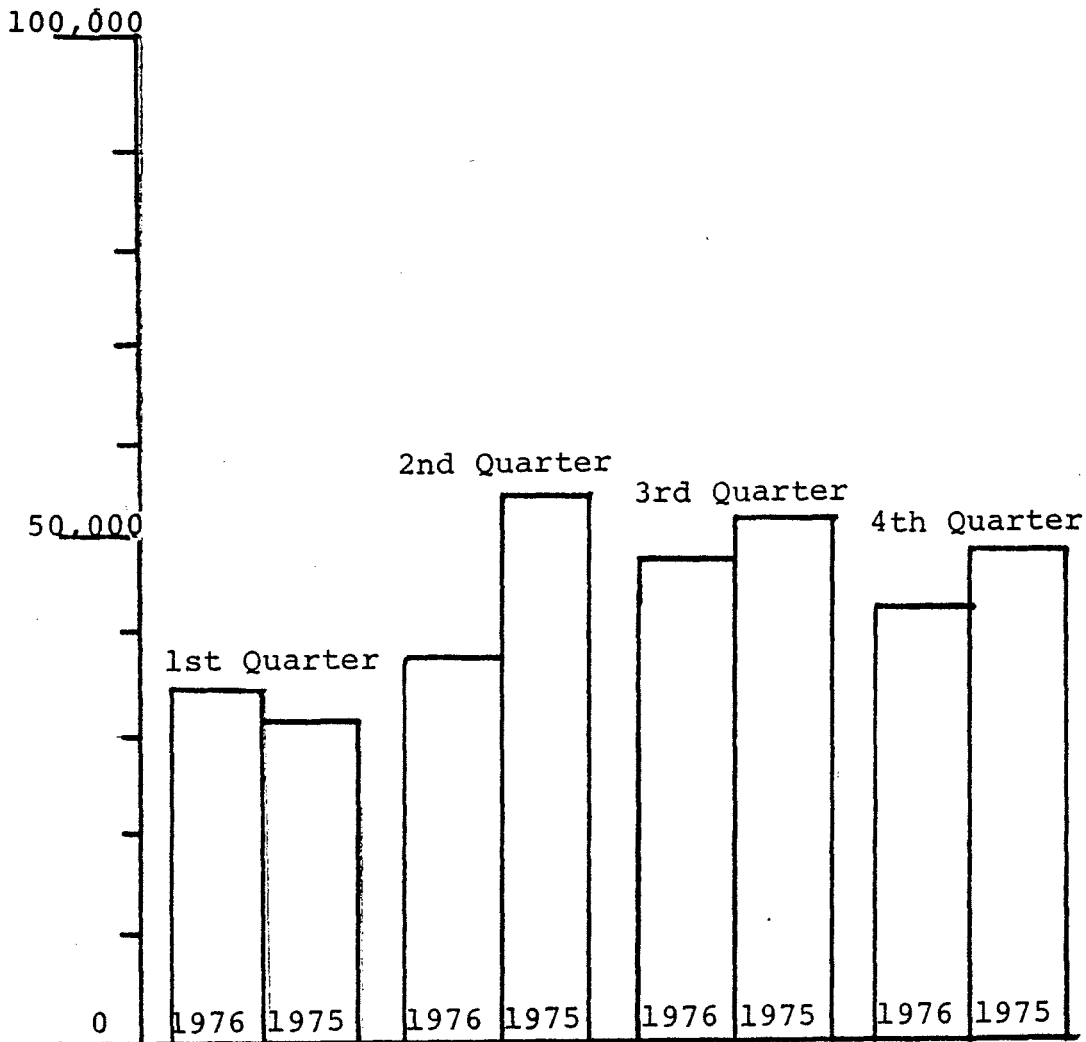
<u>YEAR</u>	<u>NUMBER OF PEOPLE</u>	<u>% CHANGE</u>
1976	77,513	-5.8
1975	82,266	11.2
1974	73,958	12.4
1973	65,820	30.6
1972	50,395	206.0
1971	16,470	0.1
1970	16,460	2.3
1969	16,092	7.5
1968	14,971	42.5
1967	10,509	108.8
1966	5,033	67.9
1965	2,997	106.3
1964	1,453	0

Source: Greater Reno Chamber of Commerce, Durkee Travel Bureau.

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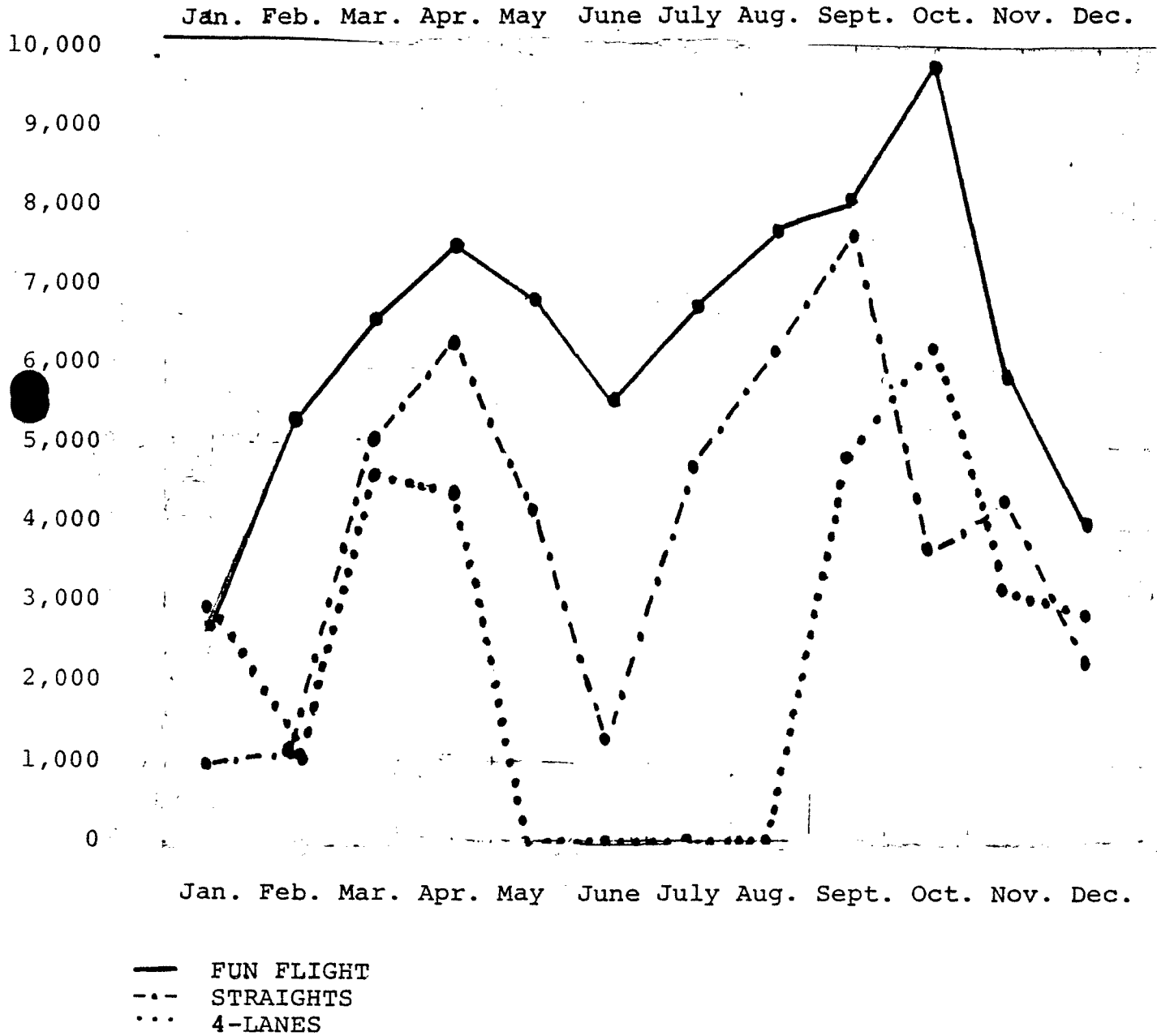
SURVEY OF RESERVATIONS  
(Quarterly - 1976 vs. 1975)



Source: Greater Reno Chamber of Commerce

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SURVEY OF RESERVATIONS  
(Monthly Analysis - 1976)



Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec.

— FUN FLIGHT  
 - - - STRAIGHTS  
 . . . 4-LANES

Source: Greater Reno Chamber of Commerce

FUN FLIGHT TOP MARKETS  
(Calendar 1976)

<u>ORIGIN</u>	<u>% OF BOOKINGS RECEIVED BY STATE/PROVINCE</u>	<u>% OF BOOKINGS BY MODE OF TRAVEL</u>	
		<u>Regular Scheduled Airlines</u>	<u>Charter Flight Auto, Bus, Train</u>
WASHINGTON	54.1	37.0	17.1
OREGON	24.0	16.0	7.6
BRITISH COLUMBIA	8.9	8.5	0.4
CALIFORNIA	4.3	0.8	3.5
ILLINOIS	2.3	2.2	0.1
WISCONSIN	0.9	0.9	---
MICHIGAN	0.7	0.7	---
IDAHO	0.7	0.2	0.5
COLORADO	0.6	0.6	0.1
OHIO	0.6	0.5	---
MINNESOTA	0.4	0.4	---
NEW YORK	0.4	0.4	---
PENNSYLVANIA	0.3	0.3	---
INDIANA	0.2	0.2	---
NEW JERSEY	0.2	0.2	---
OTHERS	<u>1.7</u>	<u>1.4</u>	<u>0.7</u>
<u>TOTAL</u>	100.3	70.3	30.0

Source: Greater Reno Chamber of Commerce, Durkee Travel Bureau.

FUN FLIGHT COMPARISON  
(1976 vs. 1975)

	<u>1976</u>	<u>1975</u>	<u>%Change</u>
BOOKINGS	30,131	28,721	5.0
PEOPLE	77,513	82,266	-5.8
PERSONS PER BOOKING	2.57	2.86	-10.0
AVERAGE LENGTH OF STAY	Minimum 2 nites	Same	
ORIGIN	49 States	46 States	
	Dist of Columbia	Dist. of Columbia	
	6 Canadian Prov.	5 Canadian Prov.	
	London, England		

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Source: Greater Reno Chamber of Commerce, Durkee Travel Bureau.

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

1. Except as otherwise provided in subsection 2, it is unlawful to sell, or attempt to sell any form of ticket to any entertainment performed in a casino showroom or lounge at a licensed gaming establishment in any place other than a designated ticket booth or desk within such an establishment.

2. This section does not prohibit the casual sale of tickets purchased for personal use which does not occur more often than once a month. Except as provided in subsection 2, 3, 4, 5, and 6.

3. This section does not include tickets to any event staged by a charitable, educational, religious or eleemosynary organization which has at least one branch office or affiliate permanently located in the Nevada community in which such event is held, and in which all proceeds go directly to the sponsoring organization, less only necessary and direct expenses.

4. This section does not pertain to any individual purchasing an all-inclusive air or ground tour through a travel agency, airline, or tour broker licensed to do business in the state of Nevada or who cooperates with such a licensed agency through a bonafide wholesaler-retailer relationship.

5. This section does not pertain to any ticket sales program developed by, operated by and/or under the control of the management of the gaming property in which such entertainment takes place.

6. It is unlawful for anyone to sell tickets to casino showroom or lounge entertainment at a price higher than the price established by the gaming property for sale to the general public.

Exhibit 2  
Minutes of March 7, 1977