

JOINT HEARING OF THE SENATE AND ASSEMBLY
COMMITTEES ON TAXATION - 01/16/79

The meeting was called to order at 2:10 p.m. in the Senate Hearing Room, on Tuesday, January 16, 1979. Senator Norman Glaser was in the Chair.

SENATORS

PRESENT: Chairman Glaser
Vice-Chairman Lamb
Senator Raggio
Senator Sloan
Senator Kosinski
Senator Don Ashworth

SENATOR

ABSENT: Senator Dodge

GUESTS: See "Exhibit A"

ASSEMBLYMEN

PRESENT: Chairman Price
Vice-Chairman Craddock
Assemblyman Weise
Assemblyman Chaney
Assemblyman Mann
Assemblyman Dini
Assemblyman Coulter
Assemblyman Bergevin
Assemblyman Marvel
Assemblyman Rusk
Assemblyman Tanner

The meeting was opened by Chairman Glaser. He stated that these joint hearings were to prevent duplication of testimony between the two houses, and they would also be informative to the public.

Chairman Glaser introduced Mr. Roy Nickson, Director of the Nevada State Department of Taxation. Mr. Nickson gave the following presentation:

Mr. Nickson began with a brief over-view as stated in "Exhibit B".

Mr. Nickson then proceeded to read specific sections of his written testimony in the following order, with corresponding charts attached to the back of each exhibit:

1. Sales and Use Tax (Exhibit "C").
2. Local School Support Tax (Exhibit "C").
3. County/City Relief Tax (Exhibit "D").
4. Intoxicating Liquor Tax (Exhibit "E").
5. Cigarette Tax (Exhibit "F").
6. Real Property Transfer Tax (Exhibit "G").

In regards to Mr. Nickson's presentation, the following discussion took place:

Assemblyman Mann asked how much revenue would be lost by repealing the non-processed food tax? Mr. Nickson said that the estimated total impact would be about 12% or 13% of the total revenue of the Sales Use Tax. He said that total impact for 1979-80 would be \$23,857,207.00 and \$26,958.640 for 1980-81; the State loss would be approximately \$13,665,804.00 for 1979-80 and \$15,442,362.00 for 1980-81; the School Districts would experience an impact of approximately \$6,832,902.00 for 1979-80 and \$7,721,181.00 for 1980-81; and for the Cities and Counties the estimated impact would be \$3,358 501.00

for 1979-80 and \$3,795,097 for 1980-81, (See Exhibit "H").

Senator Lamb asked if the counties will be collecting 35% of the assessed valuation? Mr. Nickson said that not all counties were collecting exactly 35%; some exceed that amount, and others run as low as 17%. Mr. Nickson said that the State Board of Equalization can require the counties to hire an appraiser to evaluate the assessments, but to his knowledge this has never been done.

Assemblyman Weise asked Mr. Nickson what the impact would be on the family unit if the Food Sales Tax were repealed. Mr. Nickson said that he could make that information available to Mr. Weise.

Assemblyman Kosinski asked in regards to the Cigarette and Liquor Tax laws, isn't there a portion between counties having two or more incorporated cities, which leaves the counties out of the equation? Mr. Nickson said that he did not know why this was done, except possibly because the larger cities were in greater financial need.

Senator Glaser asked in regards to the bill passed in the 1977 Session on Cigarette Taxes for cigarettes sold on the reservation, if this legislation is being enforced? Assemblyman Mann said that this was the tax that was passed in 1977 to allow the State agency to enforce the taxation of cigarettes sold to non-indian people. Mr. Nickson said that he was not aware of that legislation. Assemblyman Dini said that bill made it legal for Nevada's wholesale dealers to sell cigarettes to reservations (A.B. 100).

Assemblyman Mann asked Mr. Nickson if his Department was going to try and compose any new legislation to resolve the issue of lost tax dollars? Mr. Nickson said that it is not normally his belief that agencies should come up with major recommendations for legislation.

Assemblyman Price said that over the next few months there will be proposals which will probably ask the Department of Taxation to assist local governments in these reform measures. Mr. Nickson said that he has not made any personnel studies which would show whether his Department could handle this additional workload. Assemblyman Price asked for the breakdown of divisions in the Tax Department. Mr. Nickson said there are three major divisions; the Audit Division, the Revenue Division, and the Assessment Standards Division.

Senator Don Ashworth asked in regards to the formula used for figuring taxes, why there is a difference in the ratio? Mr. Nickson said there is a slight difference because each of these taxes as they were enacted exempted existing contracts, and very often the retailers when audited do not show the 1% local school tax being collected.

Assemblyman Mann stated that if there is a difference between the audit amounts and the amounts that should actually be collected, then in regards to the Sales Food Tax, there could be a difference of almost \$5 million. Mr. Nickson said this is true because retailers do not retain records separating taxable and non-taxable items.

Assemblyman Weise asked if there would be residual costs to the State to implement a Sales Food Tax exemption? Mr. Nickson said not to the Tax Department, but the retailers would be affected. Assemblyman Price said that the problem would really be the re-training of the retail employees, because in Safeways all the machines already have the tax-exempt buttons on them.

Assemblyman Price asked what the relation is between long-term contracts with utilities and State taxes? Mr. Nickson said that Nevada Power has long-term contracts for slurry coal which were initiated prior to the enactment date of the local school support tax and were given exemptions in the Statutes. Assemblyman Price asked if the contracts were monitored in order to keep track of when the utilities start purchasing fuel from another contract source? Mr. Nickson said this is done.

Senator Lamb asked Mr. Nickson to later provide the Committee members with a list of the counties whose collection of assessed valuation is below 35%. Assemblyman Mann asked Mr. Nickson to also include the ones that are over. Assemblyman Craddock asked if this report could also include where the State stands with this ratio study? Mr. Nickson said yes.

Chairman Glaser introduced Mr. Roger Trounday, Chairman of the Nevada Gaming Control Board. Mr. Trounday introduced his associates as listed in Exhibit "A".

Mr. Trounday gave the following presentation:

1. Unrestricted General Fund Revenues Fiscal 1978
(Exhibit "I")

Mr. Trounday referred to figures in Exhibit "I", in order to show where the Revenues stood in Fiscal 1978. He then began to review each of the areas charted in Exhibit "J", in the following order:

- A. Annual State Slot Machine Tax (Exhibits "L")
- B. Percentage Fees (Exhibits "M")
- C. State License Fees (Exhibits "N")
- D. Casino Entertainment Tax (Exhibits "O")
- E. Other State Fees (Exhibits "P")
- F. Annual State License Fees (Exhibits "Q")

In regards to Mr. Trounday's presentation, the following discussion took place:

Assemblyman Price said for clarification that in fact any marker (gambling debt) that goes out of the State, is a loss of revenue for the State. Mr. Trounday said that if the casino can demonstrate to the Department that they have made every effort to collect that debt, then the auditors can write that debt off.

Assemblyman Price asked what was meant in regards to the Casino Entertainment Tax, "it has been established"? Mr. Trounday said that an Attorney General's opinion stated that the CET does not apply to the price of admission, and there is also a court case which verifies this. Senator Sloan said the "Cashman" case was interpreted to require that this be the same interpretation as with the previous Federal tax; and the tickets were included on the previous Federal tax.

Senator Lamb asked if there was someone in the Department that could project what the gaming revenue will be in the next three or four years? Mr. Trounday said that Mr. Harlan Elges could get this to Senator Lamb.

Senator Glaser asked if Mr. Harlan saw any impact of Atlantic City's gaming on Nevada's revenues? Mr. Harlan said, "not at this time".

Assemblyman Mann pointed out that in 1977, the Assembly Taxation Committee received two bill requests concerning Jai Lai, and the Cashman Case; and these are on record in the minutes. He added that both bills were rejected. Mr. Trounday said that the Control Board is not as concerned with the revenue from Jai Lai, as much as the tickets to enter the showroom. Mr. Trounday said that because one casino in Nevada has stopped serving dinners and is only selling tickets for seats, Nevada will lose \$1 million this year.

Assemblyman Mann asked Senator Sloan if there was a tax to enter a movie theater? Senator Sloan replied there used to be a Federal excise tax on admissions, which was paid upon entering the theater, but that has been repealed, and the Casino Excise Tax came at that point by picking up the old Federal Cabaret Tax.

Assemblyman Weise asked what Mr. Trounday estimated will be the total revenue loss if the Casino Entertainment Tax is not paid? Mr. Trounday said that this will depend on whether other casinos follow the trend of the one casino that is now practicing this procedure.

Senator Glaser asked Mr. Trounday if his Department has asked for legislation to be drafted to cover this loss on the Casino Entertainment Tax? Mr. Trounday answered yes.

Senator Raggio asked if Mr. Trounday or any of the Board members have any feelings as to whether any of the existing taxes are inappropriate in any of the areas? Mr. Trounday said that his Department is currently doing analysis of that kind.

Senator Lamb asked what is the amount lost on writing off bad gambling debts? Mr. Stratton said that this amount will be at least \$3 or \$4 million. Mr. Trounday asked Mr. Stratton to provide this information for the Committee members.

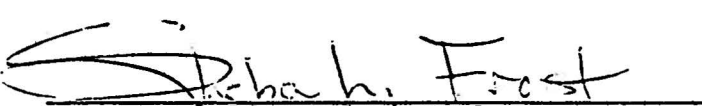
Assemblyman Tanner asked if the casinos handle these debts as an account receivable? Assemblyman Price said this is handled differently by each casino. Assemblyman Price said there are some properties who pay the tax before the marker goes out of State. Mr. Trounday said if that is the case, it is a minority group. Mr. Stratton said this is a remedy that has been suggested, but it is not being done. Assemblyman Price said that he felt that some casinos do collect these debts on what is termed an accrual basis. Assemblyman Tanner said if they are on a cash basis, there is no reason for them to use the accrual basis because of the Federal tax problem.

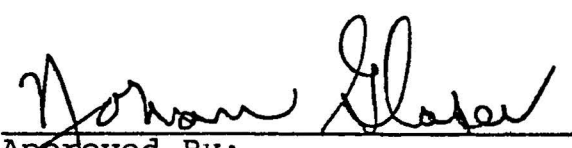
Mr. Trounday said that is correct. Assemblyman Tanner said then the burden of proof falls on the casino to justify the write-off in terms of tax liability to the State. Mr. Trounday said yes, in order to do an adequate audit, the Department should find out if that marker does in fact exist, but the burden of cost to trace those markers falls on the State. Assemblyman Mann said that the legislation on charging back investigative costs to the casino was not passed in past sessions because they could not get a "hammerlock" on what would be charged to those casinos. Mr. Trounday said that the investigative fees charged in Atlantic City for their one casino as compared to the fees charged for the entire State of Nevada is really "shocking", because the agents in the field for Nevada are extremely accountable for what they have charged back.

Mr. Tanner asked what the policy of the casinos is towards marker collection? Mr. Trounday said that he felt the majority of the casinos made a good effort to go after the markers, because they are revenue.

Senator Sloan asked Mr. Trounday if he had had a chance to look at the recommendations of the study that was done by the Bureau of Business and Economic Research at the University, where they discussed eliminating all the various quarterly State license fees and come up with a combined gross revenue tax? Mr. Trounday answered that they are considering a gambling unit taxation as compared to the various structures currently in use.

Chairman Glaser asked if there was any further business, there was none; the meeting was dismissed at 3:40 p.m.


Respectfully Submitted By:
Sheba L. Frost, Secretary


Approved By:
Senator Norman Glaser,
Chairman

GUEST LIST:

Mr. Roy Nickson, Director, Nevada State Department of Taxation

Mr. Roger Trounday, Nevada State Department of Gaming,
Chairman of the Gaming Control Board

Mr. Jack Stratton, Gaming Control Board Member

Mr. Richard Bunker, Gaming Control Board Member

Mr. Harlan Elges, Chief of the Division of Tax and Licensing,
Nevada State Department of Gaming

Mr. Stuart Curtis, Financial Analyst,
Nevada State Department of Gaming

Specific information regarding the taxes enumerated is furnished:

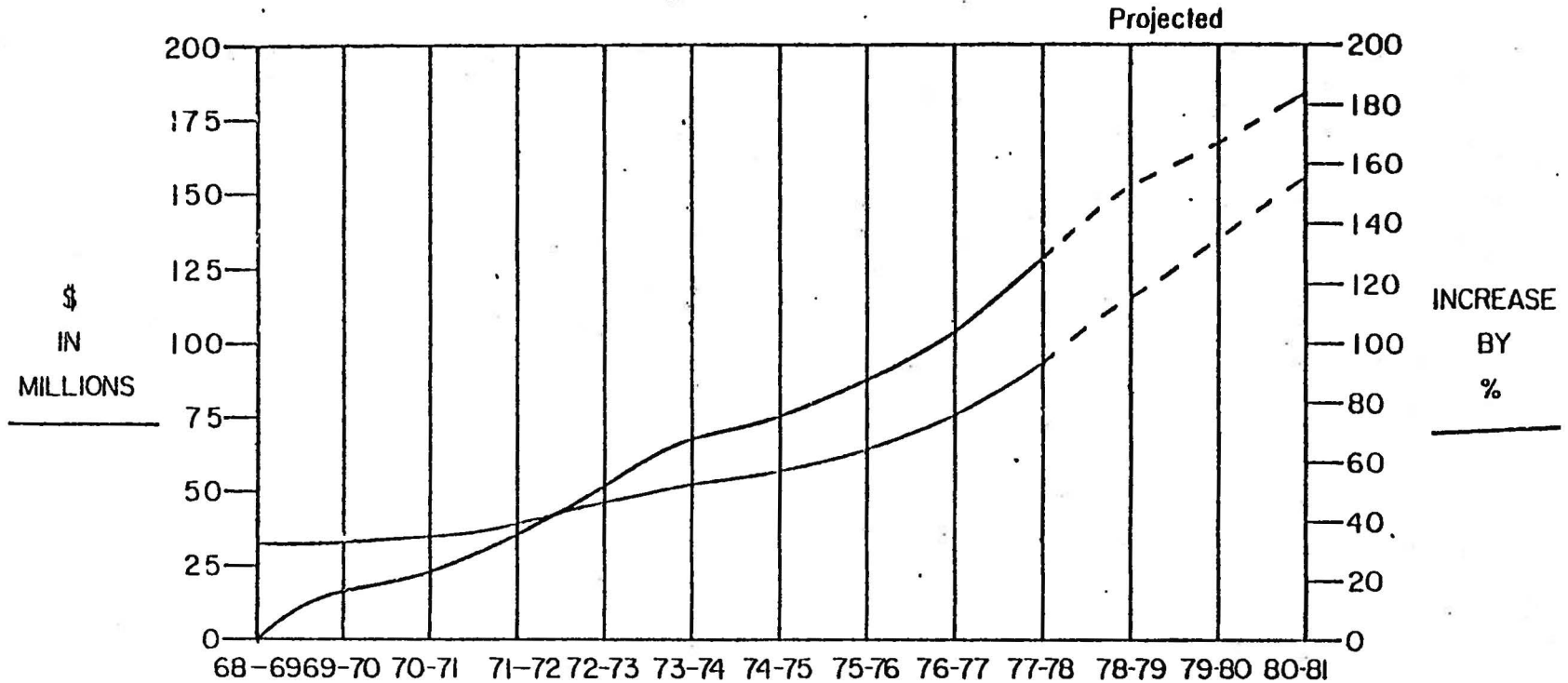
a. Sales and Use Tax.

A two percent levy on the sale or use of all tangible personal property in the State. This is a referendum law not subject to legislative amendment or repeal. Changes to the law can only be made as a result of a vote of the people at a general or special state-wide election. This tax generated \$93,101,583 in fiscal year 1977-78 and is expected to generate \$116,512,000 in fiscal year 1978-79. All such revenues go directly to the state general fund for appropriation by the legislature. Major exemptions to this tax are: prescription medicines, motor vehicle fuels, proceeds of mines, animal life for human consumption and feed therefore, seeds and annual plants producing food for human consumption and fertilizer for the land used to produce food for human consumption, newspapers, gas, electricity, water and domestic fuels. Tax is paid quarterly by all retailers unless the Tax Commission determines that a monthly remittance is necessary to insure payment to the State. Projected receipts from this tax for the new biennium are \$135,154,000 for fiscal year 1979-80 and \$155,427,000 for fiscal year 1980-81. Retailers are authorized to deduct two percent of the tax due as an allowance for collecting the tax.

b. Local School Support Tax:

A one percent levy enacted by the 1967 session of the legislature with 99% of the revenue returned to the school districts in the county of origin. One percent of the revenues are deposited in the State general fund to cover administrative costs. All such taxes collected from out-of-state businesses are deposited to the credit of the State distributive school fund. The imposition and collection of the tax and the exemptions thereto are identical to that of the Sales and Use Tax. Revenues in fiscal year 1977-78 were \$47,040,625 and are estimated to be \$56,260,500 in 1978-79. Projected receipts for fiscal year 1979-80 are \$67,577,000 and for fiscal year 1980-81 \$77,713,500. The retailers are allowed to deduct one-half of one percent of the allowance for collecting the tax.

SALES AND USE TAX - 2%



| YEAR | TOTAL REVENUE | % | YEAR | TOTAL REVENUE | % |
|---------|---------------|-------|---------|---------------|-------|
| 1969-70 | \$ 33,356,262 | 17.60 | 1975-76 | \$ 64,939,580 | 12.32 |
| 1970-71 | 35,351,066 | 5.98 | 1976-77 | 75,554,582 | 16.35 |
| 1971-72 | 39,578,761 | 11.96 | 1977-78 | 93,101,583 | 23.22 |
| 1972-73 | 46,218,376 | 16.78 | 1978-79 | 116,512,000 | 25.15 |
| 1973-74 | 53,892,770 | 16.60 | 1979-80 | 135,154,000 | 16.00 |
| 1974-75 | 57,817,334 | 7.28 | 1980-81 | 155,427,000 | 14.77 |

EXHIBIT C

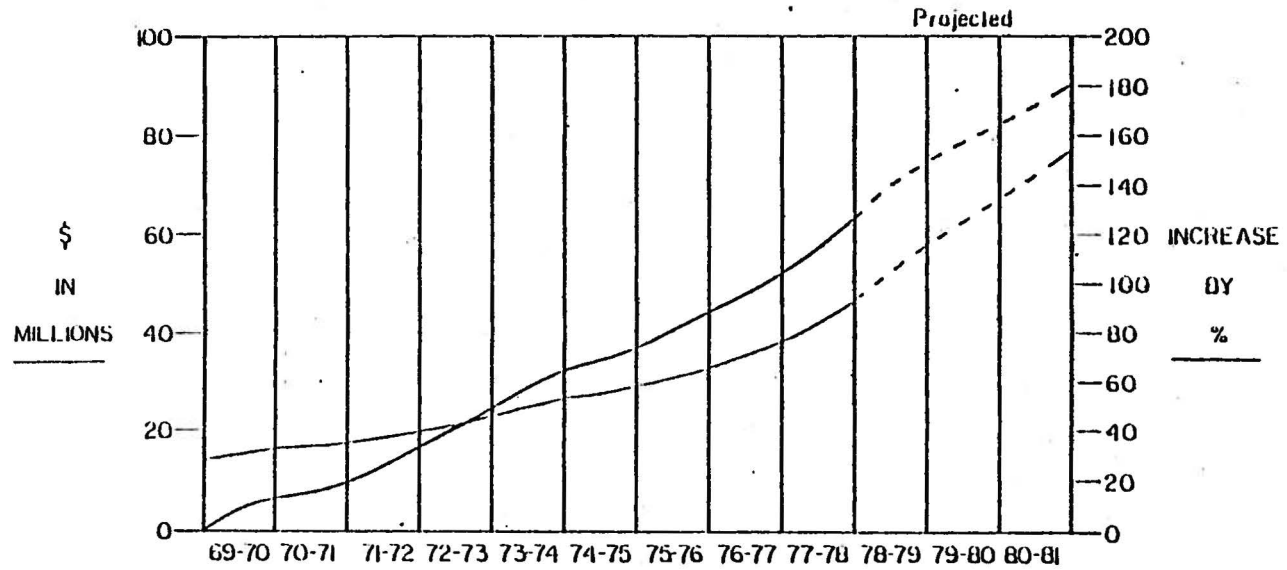
EXHIBIT "C"

SALES AND USE TAX 2 PERCENT COLLECTIONS BY COUNTY

| | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Carson City | \$ 538,908 | \$ 633,769 | \$ 774,188 | \$ 1,029,048 | \$ 1,224,787 | \$ 1,557,501 | \$ 1,653,576 | \$ 1,943,248 | \$ 2,445,318 | \$ 3,404,295 |
| Churchill | 346,036 | 406,946 | 417,143 | 478,903 | 476,049 | 533,538 | 630,209 | 707,215 | 812,821 | 927,213 |
| Clark | 14,825,651 | 17,288,551 | 18,453,256 | 20,838,218 | 24,560,445 | 28,821,858 | 31,365,904 | 35,334,838 | 41,868,763 | 50,121,643 |
| Douglas | 655,199 | 767,194 | 837,215 | 949,890 | 1,229,409 | 1,401,212 | 1,451,215 | 1,733,585 | 2,046,813 | 2,626,161 |
| Elko | 689,235 | 767,194 | 848,426 | 930,101 | 1,113,863 | 1,244,923 | 1,237,291 | 1,339,309 | 1,462,232 | 1,664,012 |
| Esmeralda | 96,436 | 33,356 | 14,140 | 11,874 | 13,866 | 26,946 | 28,909 | 26,533 | 29,135 | 26,497 |
| Eureka | 19,855 | 20,014 | 17,676 | 35,621 | 41,597 | 53,892 | 75,163 | 79,044 | 78,058 | 47,076 |
| Humboldt | 314,876 | 363,583 | 349,976 | 372,040 | 420,587 | 538,927 | 618,645 | 659,574 | 749,989 | 900,556 |
| Lander | 104,945 | 100,069 | 137,869 | 142,484 | 134,033 | 177,846 | 225,488 | 233,194 | 237,987 | 286,242 |
| Lincoln | 51,054 | 60,041 | 60,096 | 67,284 | 69,328 | 91,618 | 138,762 | 179,246 | 209,858 | 205,218 |
| Lyon | 252,436 | 303,542 | 349,976 | 411,619 | 425,209 | 474,256 | 531,919 | 538,860 | 594,547 | 667,613 |
| Mineral | 181,527 | 186,795 | 187,361 | 217,683 | 244,957 | 253,296 | 271,741 | 303,421 | 334,943 | 325,547 |
| Nye | 249,600 | 186,795 | 176,755 | 273,093 | 194,117 | 199,403 | 242,833 | 291,382 | 375,281 | 377,962 |
| Carson City (Ormsby) | 538,908 | 633,769 | 774,188 | 1,029,048 | 1,224,787 | 1,557,501 | 1,653,576 | 1,943,248 | 2,445,318 | 3,404,295 |
| Pershing | 107,782 | 113,411 | 123,729 | 122,694 | 152,521 | 177,846 | 185,015 | 198,950 | 211,557 | 230,003 |
| Storey | 28,364 | 33,356 | 38,806 | 47,495 | 55,462 | 64,671 | 69,381 | 75,599 | 83,515 | 94,102 |
| Washoe | 7,394,390 | 8,599,244 | 9,481,156 | 10,630,855 | 12,312,575 | 13,952,840 | 14,477,460 | 16,870,538 | 19,503,106 | 24,808,636 |
| White Pine | 536,072 | 600,413 | 653,995 | 732,207 | 679,410 | 797,613 | 878,823 | 729,249 | 614,673 | 798,141 |
| Out of State | 1,971,270 | 2,891,988 | 2,439,224 | 2,287,652 | 2,870,161 | 3,524,588 | 3,735,000 | 3,695,795 | 3,895,986 | 5,590,666 |
| TOTAL | \$28,363,599 | \$33,356,262 | \$35,351,066 | \$39,578,761 | \$46,218,376 | \$53,892,770 | \$57,817,334 | \$64,939,580 | \$75,554,582 | \$93,101,581 |

All collections to State General Fund.

LOCAL SCHOOL SUPPORT TAX REVENUE



| <u>YEAR</u> | <u>TOTAL REVENUE</u> | <u>%</u> | <u>YEAR</u> | <u>TOTAL REVENUE</u> | <u>%</u> |
|-------------|----------------------|----------|-------------|----------------------|----------|
| 1969-70 | \$ 16,510,617 | 13.35 | 1970-71 | \$ 17,527,993 | 6.16 |
| 1971-72 | 19,930,444 | 13.71 | 1972-73 | 23,024,273 | 15.52 |
| 1973-74 | 26,878,945 | 16.74 | 1974-75 | 29,120,520 | 8.34 |
| 1975-76 | 32,691,778 | 12.26 | 1976-77 | 38,256,274 | 17.02 |
| 1977-78 | 47,040,625 | 22.96 | 1978-79 | 58,260,500 | 23.05 |
| 1979-80 | 67,577,000 | 16.00 | 1980-81 | 77,713,500 | 15.00 |

EXHIBIT "C"

1 PERCENT LOCAL SCHOOL SUPPORT TAX DISTRIBUTION TO SCHOOL DISTRICTS

| | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Carson City | \$ 282,857 | \$ 314,958 | \$ 378,683 | \$ 502,293 | \$ 615,198 | \$ 760,030 | \$ 968,324 | \$ 974,056 | \$ 1,228,448 | \$ 1,725,181 |
| Churchill | 181,117 | 187,322 | 220,275 | 235,964 | 249,933 | 259,392 | 378,907 | 355,272 | 408,445 | 466,168 |
| Clark | 7,692,428 | 8,686,175 | 9,615,774 | 10,371,698 | 12,059,459 | 14,042,230 | 15,457,966 | 17,500,684 | 20,950,401 | 25,147,845 |
| Douglas | 340,081 | 364,999 | 425,322 | 469,509 | 579,648 | 717,445 | 692,970 | 870,316 | 1,029,741 | 1,270,341 |
| Elko | 359,593 | 387,107 | 416,356 | 483,262 | 551,992 | 635,208 | 622,595 | 672,254 | 734,252 | 815,444 |
| Esmeralda | 16,902 | 11,474 | 8,234 | 7,642 | 7,840 | 11,446 | 14,189 | 13,302 | 14,603 | 17,284 |
| Eureka | 11,105 | 8,630 | 9,912 | 16,528 | 20,159 | 24,439 | 35,886 | 39,653 | 38,621 | 24,187 |
| Humboldt | 165,251 | 186,021 | 166,087 | 186,525 | 210,138 | 255,758 | 313,061 | 331,284 | 376,778 | 452,196 |
| Lander | 55,539 | 48,224 | 66,921 | 70,372 | 69,951 | 79,845 | 114,732 | 117,121 | 119,525 | 143,680 |
| Lincoln | 27,388 | 30,384 | 30,849 | 33,294 | 35,987 | 42,747 | 50,295 | 89,592 | 105,180 | 108,520 |
| Lyon | 132,323 | 146,334 | 178,048 | 204,695 | 221,829 | 238,072 | 268,760 | 270,738 | 298,705 | 335,485 |
| Mineral | 94,332 | 96,001 | 91,952 | 109,839 | 126,912 | 126,876 | 131,088 | 152,365 | 168,285 | 163,571 |
| Nye | 80,825 | 84,026 | 88,651 | 98,158 | 94,405 | 99,319 | 119,794 | 146,107 | 188,411 | 189,834 |
| Carson City (Ormsby) | 282,857 | 314,958 | 378,683 | 502,293 | 615,198 | 760,030 | 968,324 | 974,056 | 1,228,448 | 1,725,181 |
| Pershing | 55,620 | 50,000 | 68,748 | 62,480 | 80,174 | 88,838 | 84,718 | 99,873 | 106,261 | 115,559 |
| Storey | 14,106 | 18,003 | 18,377 | 23,092 | 28,137 | 33,281 | 34,910 | 37,997 | 41,982 | 47,285 |
| Washoe | 3,849,179 | 4,313,993 | 4,720,172 | 5,376,938 | 6,127,996 | 7,020,623 | 7,173,108 | 8,471,244 | 9,798,391 | 12,476,227 |
| White Pine | 278,595 | 297,829 | 330,164 | 380,762 | 352,299 | 386,522 | 461,673 | 366,209 | 308,748 | 400,896 |
| School Distributive Fund | 791,314 | 1,087,492 | 1,127,955 | 1,109,231 | 1,371,602 | 1,806,086 | 1,917,697 | 1,875,347 | 1,976,519 | 2,679,280 |
| State General Fund | 137,750 | 191,545 | 165,513 | 188,162 | 216,411 | 250,788 | 272,027 | 308,164 | 362,976 | 445,642 |
| TOTAL | \$14,566,304 | \$16,510,617 | \$17,527,993 | \$19,938,444 | \$23,024,273 | \$26,878,945 | \$29,120,520 | \$32,691,778 | \$38,256,274 | \$47,040,625 |

School Distributive Fund is 1 percent local school support tax received from out of state account.

99 percent of collections to school district - 1 percent to State General Fund.

c. County/City Relief Tax:

This one-half of one percent tax was enacted by the 1969 session of the legislature and is a local option tax imposed by the boards of county commissioners. If a county has an incorporated city or cities the tax cannot be imposed unless the city or cities unanimously petition the board of county commissioners for such action. The tax is now imposed in all counties except Esmeralda, Eureka, Lander and White Pine. Thus, the only incorporated city not receiving revenues from the tax is Ely. The imposition and collection of the tax and the exemptions thereto are identical to the Sales and Use Tax. One percent of the tax collected is deposited in the State general fund for reimbursement of administrative expense. The remaining 99% (including that collected from out-of-state businesses) is remitted on the basis of origin as follows:

- a. No incorporated city - entire amount to county.
- b. One incorporated city - apportioned between the city and the county based on proportion of respective population.
- c. Two or more incorporated cities - Apportioned between the cities in proportion to their respective population.

Population figures used are those determined in the last preceding National census. Tax collections in fiscal year 1977-78 were \$23,106,135. Estimates for fiscal year 1978-79 are \$27,727,000. The projection for fiscal year 1979-80 is \$31,609,000 and for fiscal year 1980-81 are \$35,718,000. Retailers are authorized to deduct one-half of one percent of the tax due as an allowance for collection of the tax.

d. Motor Vehicle Fuel Tax:

This tax is imposed on the sale of gasoline (including aviation gasoline). Specifically excluded from the tax are jet aircraft fuel, diesel motor fuel, kerosene, gas oil, fuel oil and liquified petroleum gas. The levy is per gallon and the state-wide tax is 6 cents per gallon. Counties with a regional street and highways commission have the option of imposing an additional one or two cents per gallon motor vehicle fuel tax. Counties NOT imposing an option tax are Elko, Esmeralda, Eureka, Lander, Lincoln, Lyon, Mineral, Storey and White Pine. Pershing County imposes a one cent optional tax and Carson City, Churchill, Clark, Douglas, Humboldt, Nye and Washoe Counties each impose a two cent optional tax.

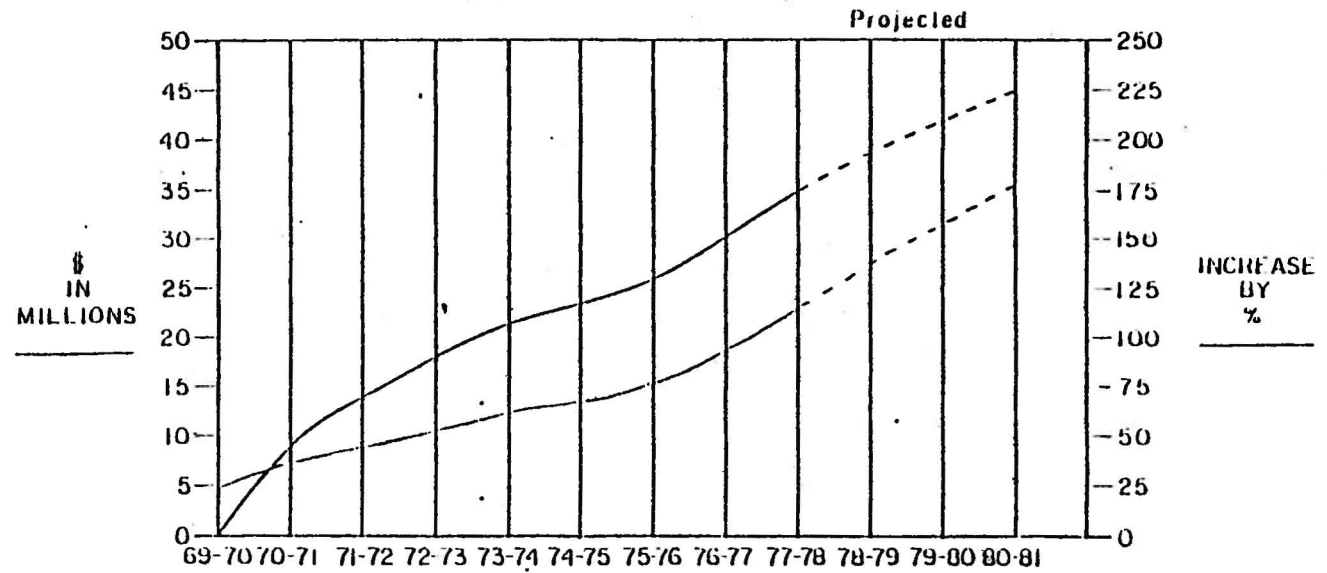
DEPARTMENT OF TAXATION

ERRATA SHEET

County/city relief tax: The correct figures should be:

| | | |
|---------|--------------|---------|
| 1979-80 | \$32,163,320 | +16.00% |
| 1980-81 | \$36,987,818 | +15.00% |

COUNTY / CITY RELIEF TAX - 1/2%



| YEAR | TOTAL REVENUE | % | YEAR | TOTAL REVENUE | % |
|---------|---------------|--------|---------|---------------|--------|
| 1969-70 | \$ 4,774,811 | | 1970-71 | \$ 7,275,723 | +52.38 |
| 1971-72 | 8,862,522 | +21.81 | 1972-73 | 10,643,490 | +20.10 |
| 1973-74 | 12,470,967 | +17.17 | 1974-75 | 13,619,309 | +9.21 |
| 1975-76 | 15,350,857 | +22.71 | 1976-77 | 18,775,310 | +22.31 |
| 1977-78 | 23,106,135 | +23.07 | 1978-79 | 27,727,000 | +20.00 |
| 1979-80 | 31,609,000 | +14.00 | 1980-81 | 35,718,000 | +13.00 |

EXHIBIT "D"

COUNTY/CITY RELIEF TAX 1/2 PERCENT EFFECTIVE JULY 1, 1969 DISTRIBUTION TO COUNTIES/CITIES

| | | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 |
|-----------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Carson City | 04-01-76 | | | | | | | 29,878 | 609,880 | 888,457 |
| Churchill | 07-01-73 | | | | | 84,539 | 135,146 | 146,746 | 178,163 | 205,972 |
| Fallon | | | | | | 33,115 | 52,938 | 57,482 | 69,798 | 79,248 |
| Clark | 07-01-69 | | | | | | | | | |
| Boulder City | | 117,661 | 193,293 | 146,660 | 176,986 | 211,862 | 233,763 | 262,499 | 313,422 | 377,551 |
| Henderson | | 412,322 | 548,794 | 460,361 | 555,551 | 665,020 | 711,768 | 823,968 | 983,815 | 1,185,109 |
| Las Vegas | | 2,120,209 | 3,060,415 | 3,532,000 | 4,262,341 | 5,102,228 | 5,629,751 | 6,321,720 | 7,548,108 | 9,092,498 |
| North Las Vegas | | 606,451 | 930,351 | 1,278,780 | 1,388,607 | 1,469,007 | 1,620,868 | 1,820,117 | 2,173,512 | 2,617,865 |
| Douglas | 05-01-71 | | 2,160 | 204,199 | 296,549 | 362,099 | 412,907 | 489,463 | 595,988 | 742,605 |
| Elko | 05-01-71 | | | | | | | | | |
| Carlin | | | 703 | 25,395 | 37,323 | 43,074 | 45,443 | 48,093 | 51,910 | 57,868 |
| Elko | | | 4,082 | 147,400 | 216,629 | 250,008 | 263,757 | 279,143 | 301,294 | 335,286 |
| Wells | | | 579 | 20,908 | 30,728 | 35,458 | 37,411 | 39,595 | 42,737 | 47,641 |
| Humboldt | 05-01-71 | | 918 | 34,389 | 46,961 | 59,605 | 76,061 | 80,775 | 90,030 | 110,360 |
| Winnemucca | | | 1,181 | 43,618 | 61,617 | 76,683 | 97,856 | 103,924 | 115,832 | 141,988 |
| Lincoln | 05-01-71 | | 490 | 9,590 | 12,784 | 15,773 | 20,073 | 30,828 | 36,691 | 45,742 |
| Caliente | | | 274 | 5,353 | 7,136 | 8,804 | 11,205 | 17,208 | 20,481 | 19,977 |

EXHIBIT D

COUNTY/CITY RELIEF TAX 1/2 PERCENT EFFECTIVE JULY 1, 1969 DISTRIBUTION TO COUNTIES/CITIES

| County/City | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 |
|--------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| Lyon | 33,844 | 81,832 | 99,728 | 96,579 | 118,762 | 126,557 | 139,748 | 159,571 | 159,571 |
| Yerington | 12,205 | 26,482 | 29,038 | 31,219 | 38,433 | 40,956 | 45,227 | 51,642 | 51,642 |
| Mineral | 2,064 | 45,164 | 64,937 | 72,941 | 79,495 | 93,535 | 106,995 | 102,865 | 102,865 |
| Nye | 1,628 | 45,559 | 52,223 | 63,912 | 82,024 | 96,942 | 97,741 | 20,437 | 97,741 |
| Goshute | 301 | 8,429 | 9,660 | 11,822 | 15,172 | 17,933 | 20,437 | 20,437 | 20,437 |
| Pershing | 11,479 | 18,603 | 20,370 | 25,635 | 39,582 | 42,719 | 29,882 | 29,882 | 29,882 |
| Lovelock | 16,413 | 26,952 | 29,178 | 36,645 | 39,582 | 42,719 | 42,719 | 42,719 | 42,719 |
| Storey | | | | | | | 18,151 | 32,486 | 32,486 |
| Washoe | 07-01-69 | | | | | | | | |
| Renno | 1,826,725 | 2,077,904 | 2,302,840 | 2,723,943 | 2,821,355 | 2,177,910 | 3,733,453 | 4,814,292 | 4,814,292 |
| Sparks | 592,816 | 676,486 | 791,019 | 904,224 | 936,554 | 1,054,913 | 1,239,235 | 1,597,932 | 1,597,932 |
| State General Fund | 47,266 | 66,829 | 84,076 | 100,834 | 117,348 | 128,541 | 146,071 | 178,692 | 218,851 |
| TOTAL | 4,774,811 | 7,275,723 | 8,862,522 | 10,643,490 | 12,470,967 | 13,619,309 | 15,350,857 | 18,775,110 | 23,106,135 |

99 percent of collections to Counties/Cities.

1 percent to State General Fund.

Date after County name indicates effective date to start collecting 1/2 percent tax.

EXHIBIT "D"

revenue stamps or metered machine impressions to the cigarette packages. All packages are required to have such stamp or meter insignia. The stamps are procured by the Department of Taxation and sold to the dealers (wholesalers). Total revenue (less a sum determined by legislative appropriation each biennium to reimburse the State for administrative costs - \$116,808.00 during the current year) are distributed to the cities and counties. In counties having a population of over 5,000, if there are no incorporated cities, the entire amount goes to the county; if one incorporated city is in the county, the tax is divided between the city and the county based on a population ratio and if two or more incorporated cities, the entire amount is apportioned among the cities based on population. In counties with less than 5,000 population, an unincorporated town or towns share in the distribution as though they were incorporated cities. Actual collections of the tax in fiscal year 1977-78 were \$11,203.819. Estimates for fiscal year 1978-79 total \$11,316,000. Projections for fiscal year 1979-80 are \$11,429,000 and for fiscal year 1980-81 \$11,543,000.

f. Intoxicating Liquor Tax:

Levies in effect are:

- a. On liquor containing more than 22% of alcohol by volume - \$1.90 per wine gallon.
- b. On liquor containing more than 14% and up to 22% of alcohol by volume - 50 cents per wine gallon.
- c. On liquor containing 1/2 of 1% up to 14% of alcohol by volume - 30 cents per wine gallon.
- d. On malt beverage liquors - 6 cents per gallon.

Taxes are imposed on the importer and are due on or before the 20th day of the following month. If paid on or before the 15th day of the following month a discount of 3% is allowed to the taxpayer. All revenues except 5/19 of the amounts collected from the tax on liquor containing more than 22% of alcohol by volume are placed in the State General Fund. The 5/19 amount is apportioned to the counties and the cities on the following basis:

1. If no incorporated city, the entire amount to the county.
2. If one incorporated city within a county, apportioned between the city and the county on a population basis.
3. If two or more incorporated cities within a county, the entire amount is apportioned among the cities in proportion to relative population.

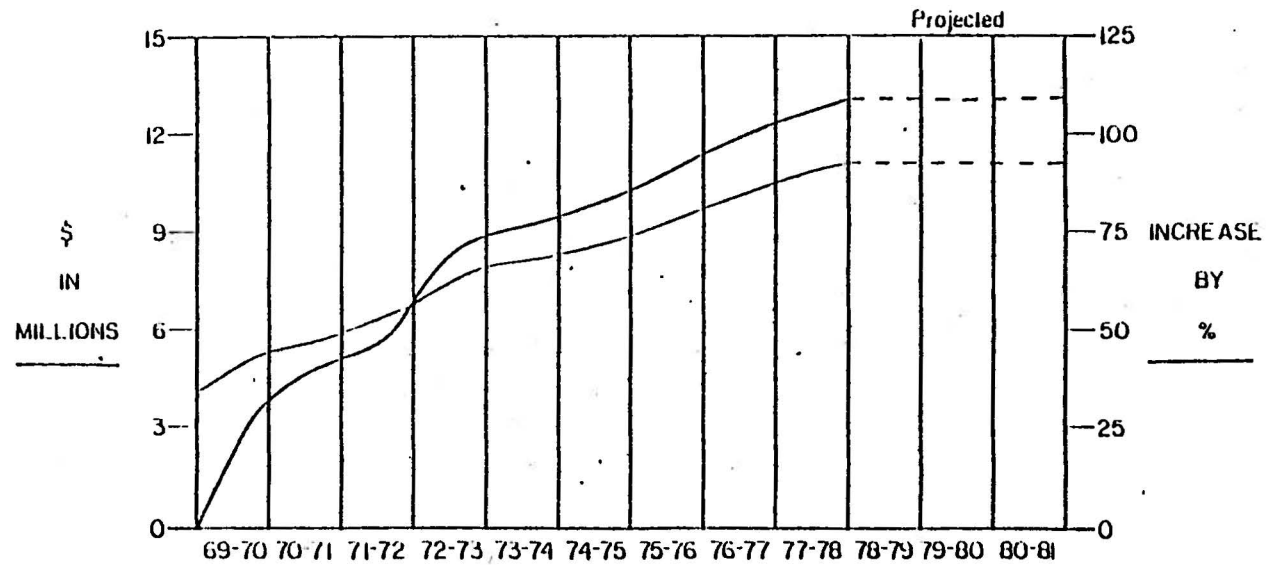
The actual tax collected in fiscal year 1977-78 was \$11,157,844. The estimate for fiscal year 1978-79 is \$11,158,000. The projections for fiscal year 1979-80 is \$11,158,000 and for fiscal year 1980-81 is \$11,158,000. The amounts to be distributed to the State are fiscal 1977-78 \$8,885,113; fiscal year 1978-79 \$8,885,000; fiscal year 1979-80 \$8,885,000 and fiscal year 1980-81 \$8,885,000.

We are not projecting an increase in liquor tax revenues as it appears that California abandoning its fair trade laws on liquor sales will seriously affect Nevada sales. The first six months of fiscal year 1978-79 actually show a small decline over the same period in fiscal year 1977-78.

g. Real Property Transfer Tax:

The tax is imposed at the rate of 55 cents per \$500.00 of the unencumbered value or fraction thereof of each deed by which lands, tenements or other realty is granted, assigned, transferred or otherwise conveyed to or vested in another person, providing the compensation exceeds \$100.00. Exempted from the tax are transactions for an interest in real property if encumbered for the purpose of securing a debt; transfers recognizing true ownership; transfers without consideration between joint tenants and tenants in common; transfers between spouses and certain other special occurrences. Seventy five percent of the tax revenue is deposited in the State General Fund and twenty five percent is retained by the county in which the transfer is recorded for the county general fund. Collections during fiscal years 1977-78 were \$2,666,291. The estimate for fiscal year 1978-79 is \$3,199,549. Projections for 1979-80 is \$3,839,459 and for fiscal year 1980-81 is \$4,607,351.

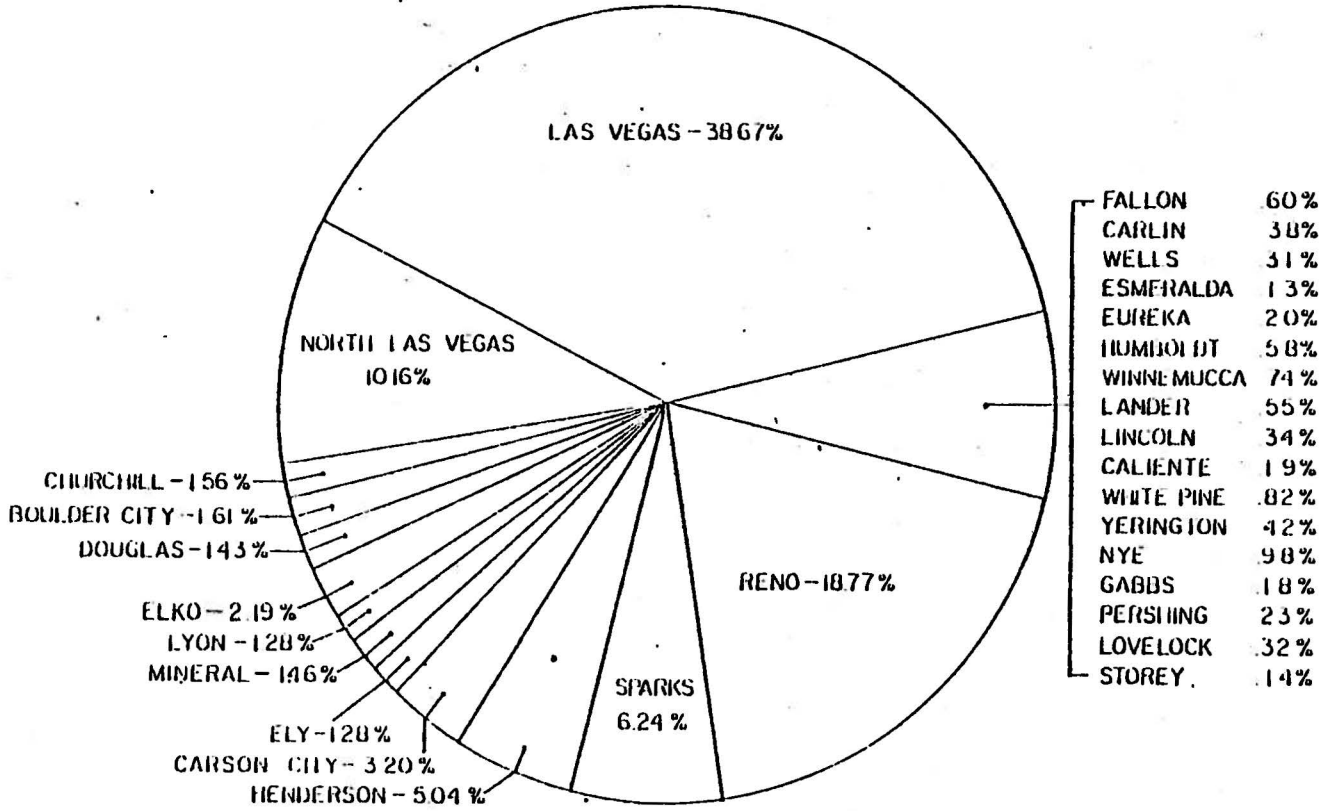
LIQUOR TAX REVENUE



| YEAR | TOTAL REVENUE | % | YEAR | TOTAL REVENUE | % |
|---------|---------------|-------|---------|---------------|-------|
| 1969-70 | \$ 5,371,803 | 32.02 | 1970-71 | \$ 5,955,508 | 10.87 |
| 1971-72 | 6,824,830 | 14.60 | 1972-73 | 7,980,560 | 16.93 |
| 1973-74 | 8,345,613 | 4.57 | 1974-75 | 8,882,079 | 6.43 |
| 1975-76 | 9,743,132 | 9.69 | 1976-77 | 10,535,526 | 8.13 |
| 1977-78 | 11,157,844 | 5.91 | 1978-79 | 11,157,844 | 0.00 |
| 1979-80 | 11,157,844 | 0.00 | 1980-81 | 11,157,844 | 0.00 |

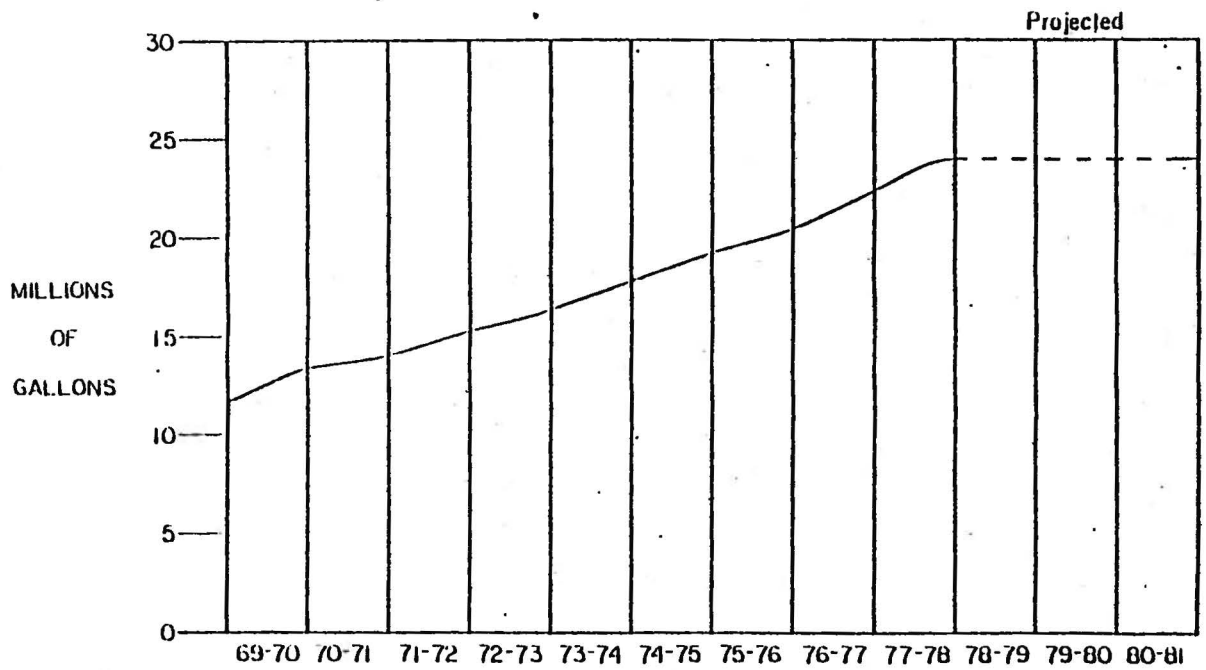
EFFECTIVE JULY 1, 1969 DISTILLED SPIRITS TAX RAISED FROM 50¢ TO \$1.90 - 50¢ DISTRIBUTED TO COUNTIES & CITIES

DISTRIBUTION DISTILLED SPIRITS TAX — \$1.90 PER GALLON



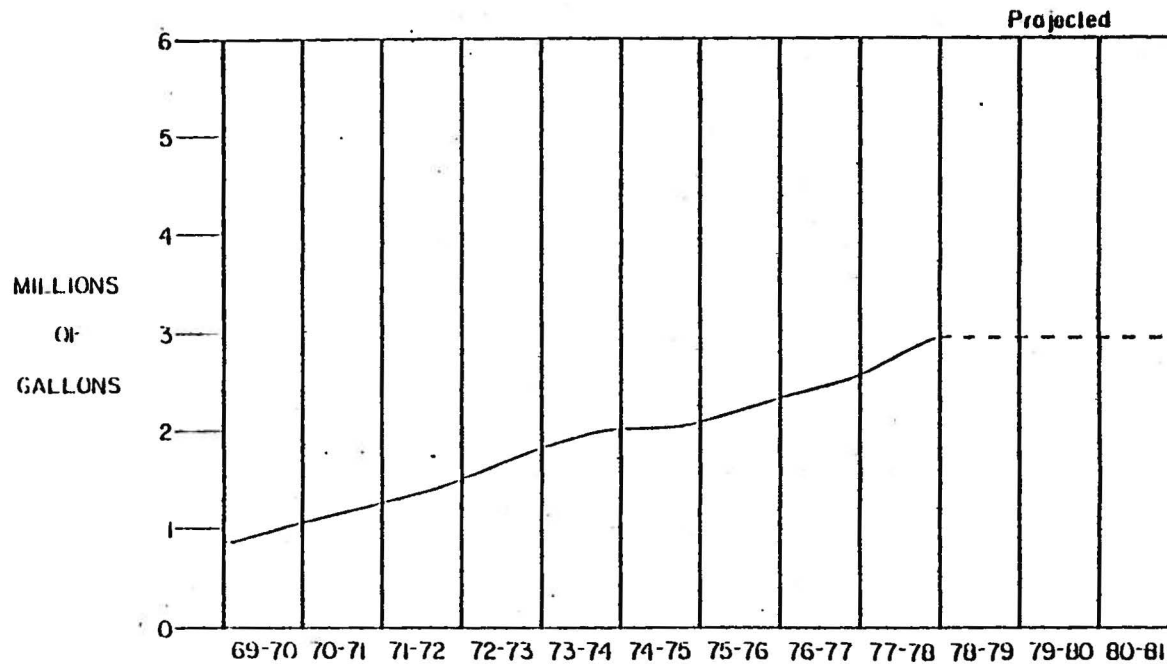
73.68% TO STATE — \$6,448,036 26.32% TO LOCAL GOVERNMENTS — \$2,272,731

ANNUAL IMPORTS BEER



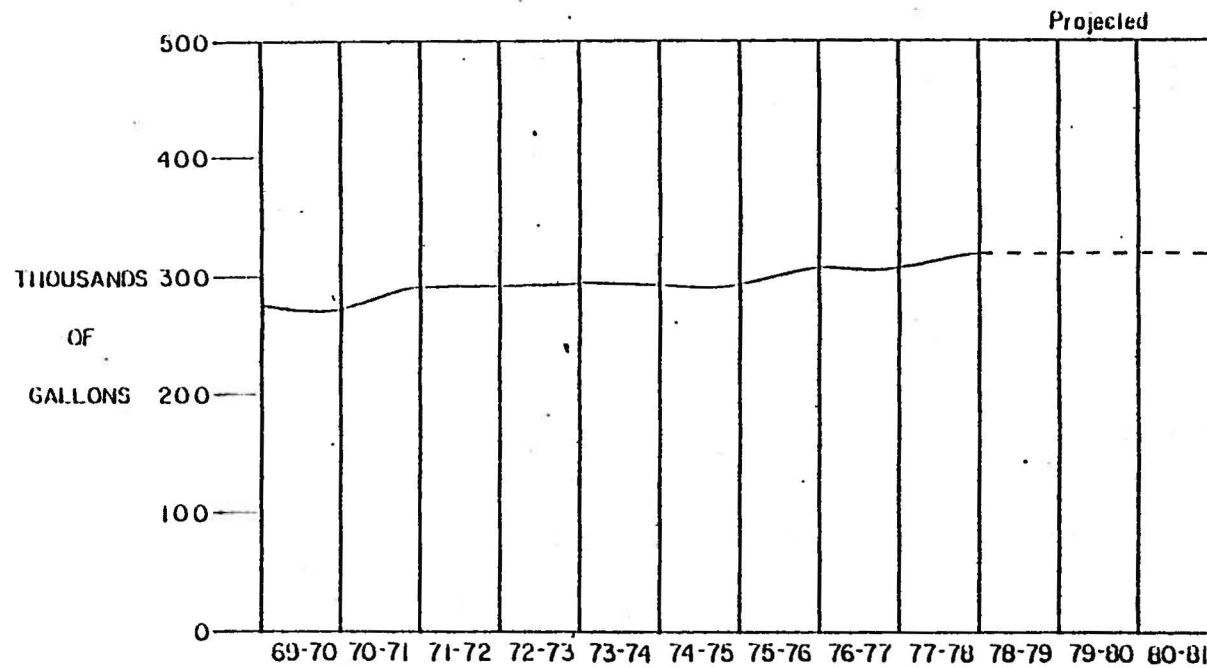
| YEAR | GALLONS | YEAR | GALLONS |
|---------|------------|---------|------------|
| 1969-70 | 13,411,728 | 1970-71 | 13,960,572 |
| 1971-72 | 15,319,032 | 1972-73 | 16,352,232 |
| 1973-74 | 17,792,844 | 1974-75 | 19,330,944 |
| 1975-76 | 20,455,932 | 1976-77 | 22,307,664 |
| 1977-78 | 23,996,472 | 1978-79 | 23,996,472 |
| 1979-80 | 23,996,472 | 1980-81 | 23,996,472 |

ANNUAL IMPORTS LIGHT WINE



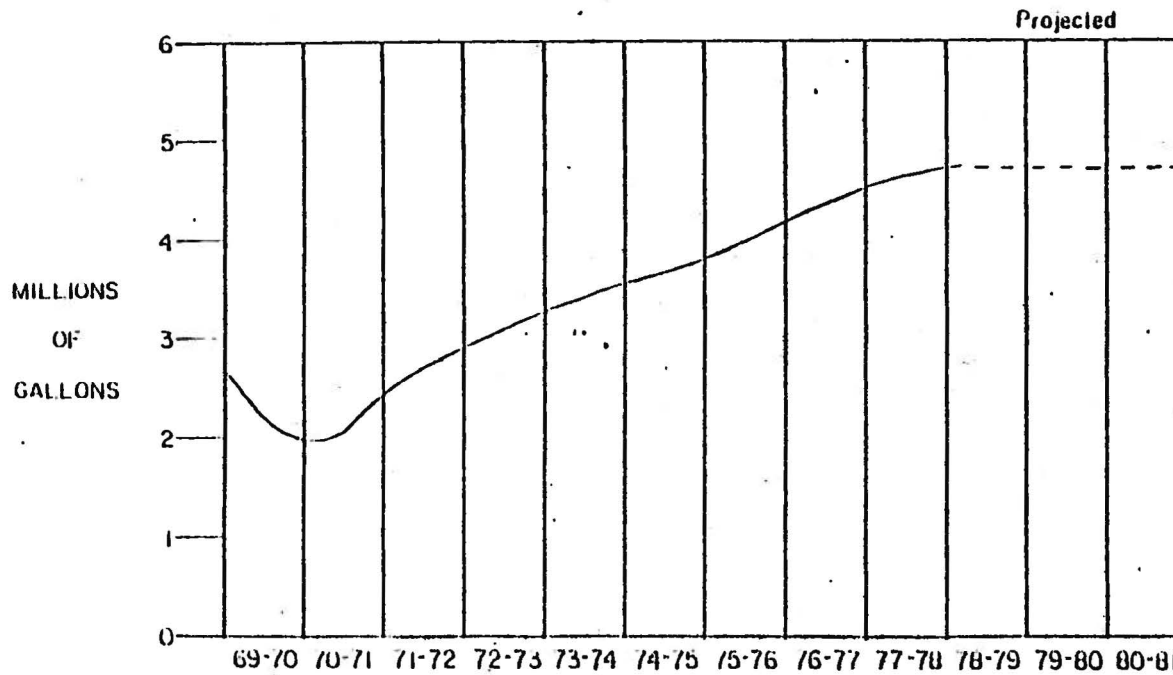
| YEAR | GALLONS | YEAR | GALLONS |
|---------|-----------|---------|-----------|
| 1969-70 | 1,054,284 | 1970-71 | 1,271,508 |
| 1971-72 | 1,488,384 | 1972-73 | 1,823,004 |
| 1973-74 | 2,030,136 | 1974-75 | 2,077,020 |
| 1975-76 | 2,347,944 | 1976-77 | 2,576,880 |
| 1977-78 | 2,963,232 | 1978-79 | 2,963,232 |
| 1979-80 | 2,963,232 | 1980-81 | 2,963,232 |

ANNUAL IMPORTS FORTIFIED WINE



| <u>YEAR</u> | <u>GALLONS</u> | <u>YEAR</u> | <u>GALLONS</u> |
|-------------|----------------|-------------|----------------|
| 1969-70 | 272,232 | 1970-71 | 291,936 |
| 1971-72 | 292,332 | 1972-73 | 294,996 |
| 1973-74 | 292,512 | 1974-75 | 293,412 |
| 1975-76 | 309,456 | 1976-77 | 307,488 |
| 1977-78 | 320,484 | 1978-79 | 320,484 |
| 1979-80 | 320,484 | 1980-81 | 320,484 |

ANNUAL IMPORTS DISTILLED SPIRITS



| YEAR | GALLONS | YEAR | GALLONS |
|---------|-----------|---------|-----------|
| 1969-70 | 1,997,148 | 1970-71 | 2,503,932 |
| 1971-72 | 2,895,720 | 1972-73 | 3,282,372 |
| 1973-74 | 3,556,416 | 1974-75 | 3,802,716 |
| 1975-76 | 4,177,296 | 1976-77 | 4,522,824 |
| 1977-78 | 4,731,060 | 1978-79 | 4,731,060 |
| 1979-80 | 4,731,060 | 1980-81 | 4,731,060 |

EXHIBIT "E"

LIQUOR TAX

REVENUE

| 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 4,068,782 | \$ 5,371,803 | \$ 5,955,508 | \$ 6,824,830 | \$ 7,980,560 | \$ 8,345,613 | \$ 8,882,079 |
| | +32.02% | +10.87% | +14.60% | +16.93% | + 4.57% | + 6.43% |

Effective July 1, 1969 distilled spirits tax raised to \$1.90 with \$.50 distributed to counties/cities.

ANNUAL IMPORTS DEER GALLONS

| | | | | | | |
|------------|------------|------------|------------|------------|------------|------------|
| 11,741,196 | 13,411,728 | 13,960,572 | 15,319,032 | 16,352,232 | 17,792,844 | 19,330,944 |
| | +14.23% | + 4.09% | + 9.73% | + 6.74% | + 8.81% | + 8.64% |

ANNUAL IMPORTS LIGHT WINE GALLONS

| | | | | | | |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| 840,644 | 1,054,284 | 1,271,508 | 1,488,384 | 1,823,004 | 2,030,136 | 2,077,020 |
| | +25.41% | +20.60% | +17.06% | +22.48% | +11.36% | + 2.31% |

ANNUAL IMPORTS FORTIFIED WINE GALLONS

| | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|
| 276,660 | 272,232 | 291,936 | 292,332 | 294,996 | 292,512 | 293,412 |
| | - 1.60% | + 7.23% | + 0.14% | + 0.91% | - 0.84% | + 0.31% |

ANNUAL IMPORTS DISTILLED SPIRITS GALLONS

| | | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2,684,788 | 1,997,148 | 2,503,932 | 2,895,720 | 3,282,372 | 3,556,416 | 3,802,716 |
| | -25.61% | +25.38% | +15.65% | +13.35% | + 8.35% | + 6.91% |

EXHIBIT "E"

LIQUOR TAX

REVENUE

| 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-80 PROJECTED | 1980-81 PROJECTED |
|--|--------------|--------------|----------------------|----------------------|----------------------|
| \$ 9,743,132 | \$10,535,526 | \$11,157,844 | \$11,157,844 | \$11,157,844 | \$11,157,844 |
| + 9.69% | + 8.13% | + 5.91% | -0- | -0- | -0- |
| Effective July 1, 1969 distilled spirits tax raised to \$1.90 with \$.50 distributed to counties/cities. | | | | | |
| ANNUAL IMPORTS BEER GALLONS. | | | | | |
| 20,455,932 | 22,307,664 | 23,996,472 | 23,996,472 | 23,996,472 | 23,996,472 |
| + 5.82% | + 9.05% | + 7.57% | -0- | -0- | -0- |
| ANNUAL IMPORTS LIGHT WINE GALLONS | | | | | |
| 2,347,944 | 2,576,880 | 2,963,232 | 2,963,232 | 2,963,232 | 2,963,232 |
| +13.04% | + 9.75% | +14.99% | -0- | -0- | -0- |
| ANNUAL IMPORTS FORTIFIED WINE GALLONS | | | | | |
| 309,456 | 307,488 | 320,484 | 320,484 | 320,484 | 320,484 |
| + 5.47% | - 0.64% | + 4.23% | -0- | -0- | -0- |
| ANNUAL IMPORTS DISTILLED SPIRITS GALLONS | | | | | |
| 4,177,296 | 4,522,824 | 4,731,060 | 4,731,060 | 4,731,060 | 4,731,060 |
| + 9.85% | + 8.27% | + 4.60% | -0- | -0- | -0- |

EXHIBIT "E"

LOCAL GOVERNMENT SHARE 50¢ DISTILLED SPIRIT TAX

| | 1969-70 | 1970-71 | 1971-72* | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-80 PROJECTED | 1980-81 PROJECTED |
|---------------|---------|---------|----------|---------|---------|---------|---------|---------|---------|----------------------|----------------------|----------------------|
| Carson City | 24,312 | 34,502 | 44,460 | 50,085 | 54,584 | 58,370 | 64,131 | 69,427 | 72,632 | 72,632 | 72,632 | 72,632 |
| Churchill | 17,241 | 24,467 | 21,713 | 24,605 | 26,657 | 28,506 | 31,320 | 33,907 | 35,410 | 35,410 | 35,410 | 35,410 |
| Fallon | 8,244 | 11,699 | 8,505 | 9,641 | 10,441 | 11,166 | 12,268 | 13,281 | 13,711 | 13,711 | 13,711 | 13,711 |
| Clark | | | | | | | | | | | | |
| Boulder City | 15,638 | 22,192 | 21,264 | 24,436 | 27,431 | 29,335 | 32,230 | 34,892 | 36,502 | 36,502 | 36,502 | 36,502 |
| Benderson | 48,253 | 68,477 | 66,746 | 76,711 | 86,107 | 92,079 | 101,168 | 109,521 | 114,577 | 114,577 | 114,577 | 114,577 |
| Las Vegas | 248,123 | 352,118 | 512,094 | 588,543 | 660,640 | 706,469 | 776,187 | 840,284 | 879,078 | 879,078 | 879,078 | 879,078 |
| No. Las Vegas | 70,972 | 100,718 | 185,406 | 200,480 | 190,207 | 203,402 | 223,476 | 241,931 | 230,843 | 230,843 | 230,843 | 230,843 |
| Douglas | 10,496 | 14,895 | 19,778 | 22,412 | 24,282 | 25,965 | 28,529 | 30,884 | 32,479 | 32,479 | 32,479 | 32,479 |
| Elko | | | | | | | | | | | | |
| Carlin | 4,415 | 6,265 | 5,260 | 5,960 | 6,457 | 6,905 | 7,587 | 8,215 | 8,593 | 8,593 | 8,593 | 8,593 |
| Elko | 27,179 | 38,571 | 30,529 | 34,597 | 37,482 | 40,081 | 44,036 | 47,674 | 49,814 | 49,814 | 49,814 | 49,814 |
| Wells | 4,622 | 6,559 | 4,330 | 4,908 | 5,316 | 5,685 | 6,246 | 6,734 | 7,074 | 7,074 | 7,074 | 7,074 |
| Esmeralda | 1,866 | 2,649 | 1,808 | 2,048 | 2,219 | 2,372 | 2,608 | 2,824 | 2,953 | 2,953 | 2,953 | 2,953 |
| Eureka | 2,313 | 3,282 | 2,725 | 3,087 | 3,346 | 3,578 | 3,931 | 4,256 | 4,453 | 4,453 | 4,453 | 4,453 |
| Humboldt | 6,799 | 9,649 | 8,014 | 9,081 | 9,839 | 10,521 | 11,559 | 12,513 | 13,091 | 13,091 | 13,091 | 13,091 |
| Winnemucca | 10,412 | 14,775 | 10,310 | 11,684 | 12,657 | 13,541 | 14,872 | 16,101 | 16,842 | 16,842 | 16,842 | 16,842 |

EXHIBIT "E"

LOCAL GOVERNMENT SHARE 50¢ DISTILLED SPIRIT TAX

| | 1969-70 | 1970-71 | 1971-72* | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-80 PROJECTED | 1980-81 PROJECTED |
|------------|---------|---------|----------|---------|----------|---------|---------|---------|---------|----------------------|----------------------|----------------------|
| Lander | 4,722 | 6,701 | 7,663 | 8,684 | 9,409 | 10,060 | 11,054 | 11,965 | 12,518 | 12,518 | 12,518 | 12,518 |
| Lincoln | 4,922 | 7,013 | 4,717 | 5,346 | 5,792 | 6,193 | 6,804 | 7,367 | 7,705 | 7,705 | 7,705 | 7,705 |
| Caliente | 2,388 | 3,389 | 2,633 | 2,981 | 3,232 | 3,457 | 3,798 | 4,112 | 4,301 | 4,301 | 4,301 | 4,301 |
| Lyon | 13,204 | 18,738 | 17,852 | 20,231 | 21,918 | 23,437 | 25,751 | 27,878 | 29,164 | 29,164 | 29,164 | 29,164 |
| Yerington | 5,319 | 7,548 | 5,777 | 6,547 | 7,093 | 7,585 | 8,334 | 9,023 | 9,439 | 9,439 | 9,439 | 9,439 |
| Mineral | 19,084 | 27,082 | 20,267 | 22,967 | 24,882 | 26,608 | 29,234 | 31,648 | 33,109 | 33,109 | 33,109 | 33,109 |
| Nye | 10,867 | 15,422 | 13,581 | 15,391 | 16,673 | 17,831 | 19,590 | 21,209 | 22,186 | 22,186 | 22,186 | 22,186 |
| Gabbs | 2,322 | 3,295 | 2,512 | 2,847 | 3,085 | 3,299 | 3,624 | 3,922 | 4,102 | 4,102 | 4,102 | 4,102 |
| Pershing | 3,772 | 5,353 | 3,159 | 3,579 | 3,878 | 4,146 | 4,556 | 4,931 | 5,160 | 5,160 | 5,160 | 5,160 |
| Lovelock | 5,874 | 8,336 | 4,516 | 5,517 | 5,545 | 5,928 | 6,513 | 7,051 | 7,378 | 7,378 | 7,378 | 7,378 |
| Storey | 1,713 | 2,430 | 1,998 | 2,293 | 2,453 | 2,624 | 2,881 | 3,120 | 3,262 | 3,262 | 3,262 | 3,262 |
| Washoe | | | | | | | | | | | | |
| Reno | 193,157 | 274,115 | 261,260 | 296,071 | 320,755 | 343,003 | 376,855 | 407,975 | 426,812 | 426,812 | 426,812 | 426,812 |
| Sparks | 62,364 | 88,503 | 86,726 | 98,281 | 106,474 | 113,865 | 125,098 | 135,427 | 141,782 | 141,782 | 141,782 | 141,782 |
| White Pine | 17,458 | 24,776 | 17,171 | 19,460 | 17,870** | 15,032 | 16,510 | 17,876 | 18,698 | 18,698 | 18,698 | 18,698 |
| Ely | 12,115 | 17,193 | 12,003 | 13,604 | 17,946** | 23,275 | 25,573 | 27,684 | 29,063 | 29,063 | 29,063 | 29,063 |

*Reapportionment using 1970 Federal Census figures

** East Ely annexation by Ely changed apportionment

Distribution of the tax is as follows:

- a) 4 1/2 cents to the State Highway Fund.
- b) 1/2 cent to counties based on a formula that allocates 1/4 proportionate to the total area; 1/4 proportionate to total population; 1/4 proportionate to road and street mileage and 1/4 to miles traveled on roads and streets. Formula computations are made annually.
- c) One cent to county based on origin and apportioned between counties, incorporated cities and towns with town boards.
- d) Fuels used in water craft as determined by legislative formula have their revenues distributed 30 percent to the Department of Fish and Game and 70% the State Parks.
- e) Revenues from fuels used in aircraft are distributed as follows: \$30,000.00 to the Civil Air Patrol fund and the balance remitted to the counties in proportion to the origin of the tax.

The optional one or two cent per gallon county tax is remitted to counties, and subject to restrictions in NRS 373.150.1, a share of this tax is allocated to cities and towns in proportion of assessed value to total county assessed value.

Collections of the tax in fiscal year 1977-78 were \$35,939,757. Estimates for fiscal year 1978-79 are \$38,455,540 and projections for fiscal year 1979-80 \$41,147,428 and for fiscal year 1980-81 \$44,027,748. Dealers are authorized to deduct two percent of the tax due to compensate for losses due to evaporation, spillage, etc., and as an allowance for collecting the tax.

e. Cigarette Tax:

A levy of 10 cents per pack of 20 cigarettes or less and, for packages of over 20 cigarettes, 10 cents per each additional 20 cigarettes or fraction thereof. Cigarettes are defined as all rolled tobacco or substitutes therefore, wrapped in paper or any substitute other than tobacco. Thus, cigars and pipe tobaccos are excluded from the tax. The dealers (wholesalers) are allowed a discount of 4 percent of the tax due as an allowance for affixing cigarette

revenue stamps or metered machine impressions to the cigarette packages. All packages are required to have such stamp or meter insignia. The stamps are procured by the Department of Taxation and sold to the dealers (wholesalers). Total revenue (less a sum determined by legislative appropriation each biennium to reimburse the State for administrative costs - \$116,808.00 during the current year) are distributed to the cities and counties. In counties having a population of over 5,000, if there are no incorporated cities, the entire amount goes to the county; if one incorporated city is in the county, the tax is divided between the city and the county based on a population ratio and if two or more incorporated cities, the entire amount is apportioned among the cities based on population. In counties with less than 5,000 population, an unincorporated town or towns share in the distribution as though they were incorporated cities. Actual collections of the tax in fiscal year 1977-78 were \$11,203.819. Estimates for fiscal year 1978-79 total \$11,316,000. Projections for fiscal year 1979-80 are \$11,429,000 and for fiscal year 1980-81 \$11,543,000.

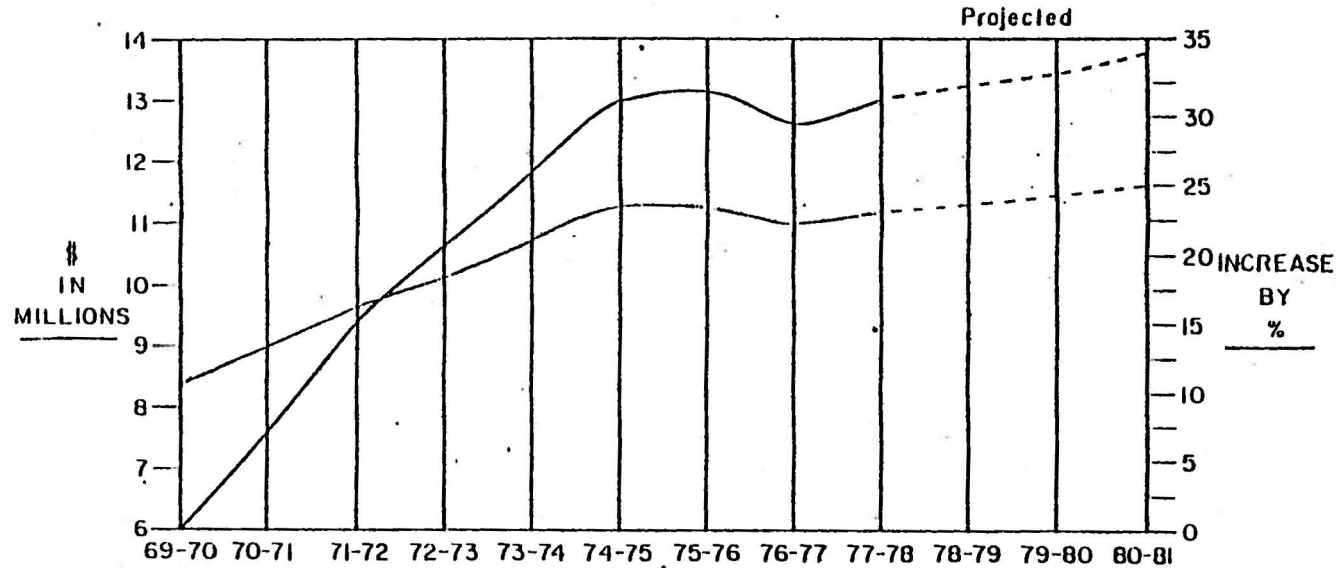
f. Intoxicating Liquor Tax:

Levies in effect are:

- a. On liquor containing more than 22% of alcohol by volume - \$1.90 per wine gallon.
- b. On liquor containing more than 14% and up to 22% of alcohol by volume - 50 cents per wine gallon.
- c. On liquor containing 1/2 of 1% up to 14% of alcohol by volume - 30 cents per wine gallon.
- d. On malt beverage liquors - 6 cents per gallon.

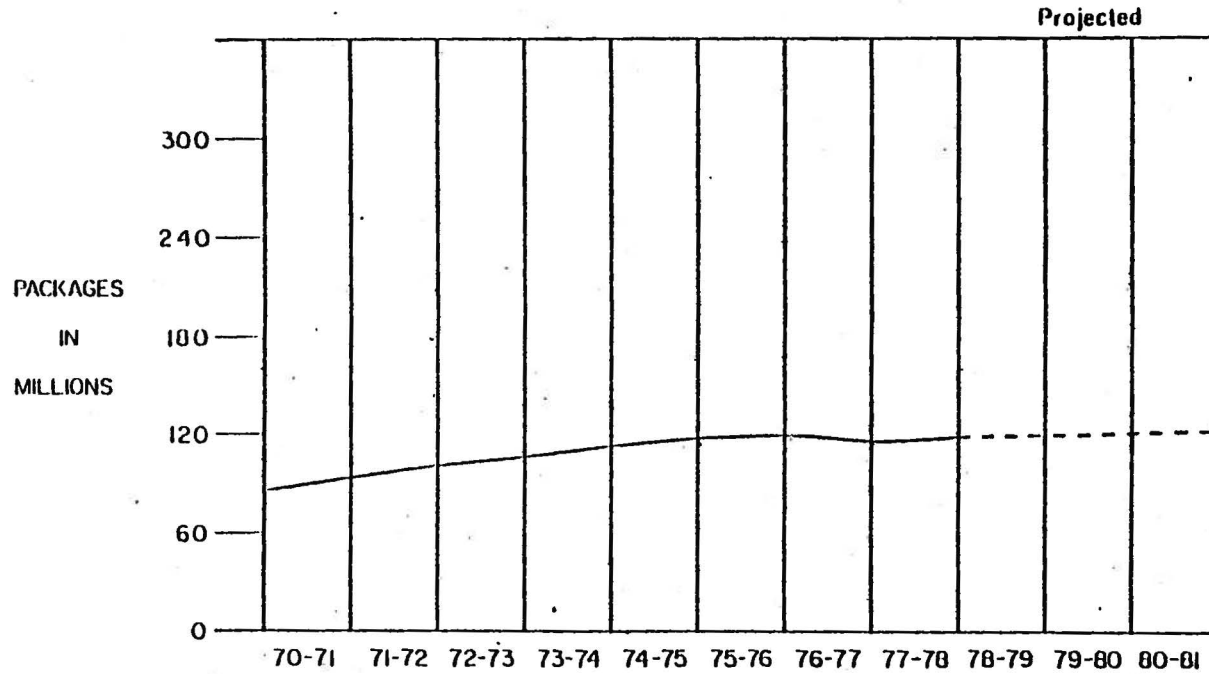
Taxes are imposed on the importer and are due on or before the 20th day of the following month. If paid on or before the 15th day of the following month a discount of 3% is allowed to the taxpayer. All revenues except 5/19 of the amounts collected from the tax on liquor containing more than 22% of alcohol by volume are placed in the State General Fund. The 5/19 amount is apportioned to the counties and the cities on the following basis:

CIGARETTE TAX REVENUES



| YEAR | TAX REVENUE | LICENSE REVENUE | TOTAL REVENUE | % |
|---------|--------------|-----------------|---------------|---------|
| 1969-70 | \$ 8,384,504 | \$ 2,550 | \$ 8,387,054 | |
| 1970-71 | 8,990,443 | 2,430 | 8,992,881 | +7.22 |
| 1971-72 | 9,633,530 | 2,400 | 9,635,930 | +7.99 |
| 1972-73 | 10,163,579 | 2,250 | 10,165,829 | +5.50 |
| 1973-74 | 10,606,181 | 2,363 | 10,608,544 | +5.14 |
| 1974-75 | 11,251,222 | 2,730 | 11,253,960 | +5.29 |
| 1975-76 | 11,276,475 | 2,550 | 11,279,025 | +0.22 |
| 1976-77 | 11,010,025 | 2,430 | 11,012,463 | (-2.36) |
| 1977-78 | 11,201,119 | 2,700 | 11,203,819 | +1.74 |
| 1978-79 | 11,313,130 | 2,700 | 11,315,830 | +1.00 |
| 1979-80 | 11,426,261 | 2,700 | 11,428,961 | +1.00 |
| 1980-81 | 11,597,655 | 2,700 | 11,600,355 | +1.50 |

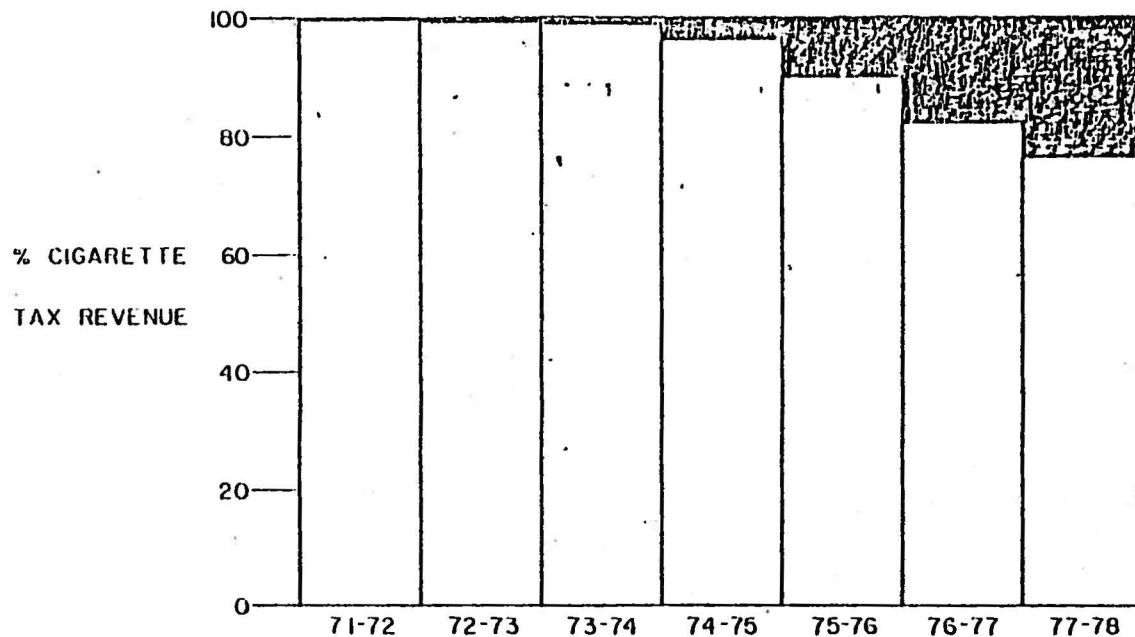
CIGARETTE SALES VOLUME



| <u>YEAR</u> | <u>PACKAGES</u> | <u>YEAR</u> | <u>PACKAGES</u> |
|-------------|-----------------|-------------|-----------------|
| 1970-71 | 93,855,330 | 1971-72 | 100,704,800 |
| 1972-73 | 106,226,000 | 1973-74 | 112,177,000 |
| 1974-75 | 117,617,200 | 1975-76 | 119,151,000 |
| 1976-77 | 116,383,000 | 1977-78 | 118,401,000 |
| 1978-79 | 119,505,010 | 1979-80 | 120,780,860 |
| 1980-81 | 122,592,573 | | |

SALES OF NON-TAXED CIGARETTES-LOST REVENUE

■ NON-TAXED/LOST REVENUE



| YEAR | % TAXED | % NON-TAXED | YEAR | % TAXED | % NON-TAXED |
|---------|---------|-------------|---------|---------|-------------|
| 1971-72 | 99.51 | 0.49 | 1972-73 | 99.07 | 0.93 |
| 1973-74 | 98.68 | 1.32 | 1974-75 | 96.07 | 3.93 |
| 1975-76 | 89.76 | 10.24 | 1976-77 | 81.11 | 18.89 |
| 1977-78 | 76.02 | 23.98 | | | |

EXHIBIT "F"

**SALES OF NONTAXED CIGARETTES
LOST REVENUE**

| | 1971-1972 | 1972-1973 | 1973-1974 | 1974-1975 | 1975-1976 | 1976-1977 | 1977-1978 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cigarette Tax Loss | 47,280 | 94,365 | 141,270 | 441,867 | 1,154,740 | 2,080,297 | 2,685,859 |
| Percentage of Statewide Sales | .49 | .93 | 1.32 | 3.93 | 10.24 | 18.89 | 23.98 |
| Estimated Sales Tax Loss, at Per Carton - 4.75 | 7,860 | 15,688 | 23,486 | 73,460 | 191,976 | 370,553 | 446,524 |
| Total Loss to State and Local Governments | 55,140 | 110,053 | 164,756 | 515,327 | 1,346,716 | 2,450,850 | 3,132,383 |

EXHIBIT "F"

C I G A R E T T E T A X D I S T R I B U T I O N

| | 1969-70 | 1970-71 | 1971-72* | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-80 PROJECTED | 1980-81 PROJECTED |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------|----------------------|----------------------|
| Carson City | 235,485 | 257,138 | 302,197 | 319,931 | 338,044 | 354,277 | 356,970 | 349,314 | 354,590 | 358,136 | 361,717 | 367,143 |
| Churchill | 116,998 | 177,391 | 147,584 | 156,245 | 165,101 | 173,233 | 174,334 | 170,595 | 173,172 | 174,904 | 176,653 | 179,303 |
| Fallon | 79,848 | 83,869 | 57,811 | 61,202 | 64,672 | 67,561 | 68,289 | 66,824 | 67,834 | 68,512 | 69,197 | 70,235 |
| Clark | | | | | | | | | | | | |
| Boulder City | 151,465 | 161,685 | 144,531 | 155,029 | 169,899 | 178,046 | 179,400 | 175,544 | 178,203 | 179,985 | 181,785 | 184,412 |
| Henderson | 467,378 | 499,489 | 453,680 | 486,632 | 533,302 | 558,878 | 563,125 | 551,049 | 559,370 | 564,964 | 570,614 | 579,173 |
| Las Vegas | 2,403,313 | 2,653,782 | 3,480,742 | 3,733,558 | 4,091,949 | 4,287,873 | 4,320,455 | 4,227,817 | 4,291,648 | 4,334,564 | 4,377,910 | 4,443,579 |
| North Las Vegas | 687,429 | 778,748 | 1,260,222 | 1,277,309 | 1,178,048 | 1,234,541 | 1,243,922 | 1,217,252 | 1,235,630 | 1,247,986 | 1,260,466 | 1,279,373 |
| Douglas | 101,665 | 111,308 | 134,432 | 142,321 | 150,378 | 157,598 | 158,797 | 156,391 | 157,738 | 159,315 | 160,908 | 163,322 |
| Elko | | | | | | | | | | | | |
| Carlin | 42,762 | 45,272 | 35,751 | 37,850 | 39,994 | 41,911 | 42,231 | 41,813 | 41,949 | 42,368 | 42,792 | 43,434 |
| Elko | 263,259 | 272,774 | 207,507 | 219,686 | 232,677 | 243,272 | 245,118 | 239,863 | 243,484 | 245,919 | 248,379 | 252,105 |
| Wells | 44,768 | 46,801 | 29,434 | 31,162 | 32,926 | 34,507 | 34,769 | 34,022 | 34,537 | 34,882 | 35,231 | 35,759 |
| Esmeralda | 18,078 | 18,929 | 12,289 | 13,010 | 13,747 | 14,406 | 14,516 | 14,207 | 14,419 | 14,563 | 14,709 | 14,930 |
| Eureka | 22,401 | 23,700 | 18,524 | 19,610 | 20,721 | 21,716 | 21,881 | 20,412 | 21,734 | 21,951 | 22,171 | 22,504 |
| Humboldt | 65,859 | 69,680 | 54,469 | 57,665 | 60,935 | 63,858 | 64,342 | 62,963 | 63,913 | 64,552 | 65,198 | 66,196 |
| Winnemucca | 100,847 | 105,707 | 70,888 | 74,192 | 78,398 | 82,157 | 82,782 | 76,007 | 82,231 | 83,053 | 83,884 | 85,142 |

EXHIBIT "F"

CIGARETTE TAX DISTRIBUTION

| | 1969-70 | 1970-71 | 1971-72* | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-80 PROJECTED | 1980-81 PROJECTED |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------------|----------------------|----------------------|
| Lander | 45,736 | 49,450 | 52,086 | 55,145 | 58,269 | 61,063 | 61,527 | 60,207 | 61,117 | 61,728 | 62,345 | 63,280 |
| Lincoln | 47,869 | 50,086 | 52,061 | 53,941 | 55,868 | 57,588 | 57,872 | 57,061 | 57,619 | 57,995 | 58,375 | 58,951 |
| Caliente | 23,131 | 24,381 | 17,896 | 18,917 | 20,052 | 20,980 | 21,140 | 20,688 | 20,999 | 21,209 | 21,421 | 21,742 |
| Lyon | 127,892 | 136,470 | 121,344 | 128,466 | 135,745 | 142,258 | 143,338 | 140,263 | 142,381 | 143,805 | 145,243 | 147,422 |
| Yerington | 51,699 | 54,260 | 39,269 | 41,575 | 43,931 | 46,036 | 46,387 | 45,393 | 46,078 | 46,539 | 47,004 | 47,709 |
| Mineral | 184,843 | 194,443 | 137,754 | 145,839 | 154,103 | 161,496 | 162,723 | 159,234 | 161,637 | 163,253 | 164,886 | 167,359 |
| Nye | 105,257 | 111,755 | 92,311 | 97,729 | 103,270 | 108,220 | 109,043 | 106,704 | 108,315 | 109,398 | 110,492 | 112,149 |
| Gabbs | 22,488 | 23,680 | 17,075 | 18,079 | 19,103 | 20,019 | 20,170 | 19,847 | 20,034 | 20,234 | 20,436 | 20,631 |
| Pershing | 36,536 | 38,006 | 21,471 | 22,732 | 24,020 | 25,171 | 25,362 | 24,818 | 25,193 | 25,445 | 25,699 | 26,084 |
| Lovelock | 56,892 | 58,997 | 30,692 | 32,494 | 34,337 | 35,982 | 36,255 | 35,476 | 36,012 | 36,372 | 36,736 | 37,287 |
| Storey | 16,588 | 17,540 | 13,578 | 14,374 | 15,189 | 15,918 | 16,039 | 15,706 | 15,933 | 16,092 | 16,253 | 16,497 |
| Washoe | | | | | | | | | | | | |
| Reno | 1,870,916 | 1,996,458 | 1,775,804 | 1,880,026 | 1,986,579 | 2,081,848 | 2,097,670 | 2,052,690 | 2,083,684 | 2,104,521 | 2,125,566 | 2,157,449 |
| Sparks | 604,058 | 645,792 | 589,481 | 624,167 | 659,447 | 691,074 | 696,325 | 661,395 | 691,682 | 698,599 | 705,585 | 716,169 |
| White Pine | 169,101 | 177,191 | 116,714 | 123,566 | 109,701 | 91,204 | 91,897 | 89,926 | 91,285 | 92,198 | 93,120 | 94,517 |
| Ely | 117,348 | 123,007 | 81,587 | 86,377 | 113,139# | 141,269 | 142,346 | 138,972 | 141,398 | 142,812 | 144,240 | 146,404 |
| Administrative | | | | | | | | | | | | |
| Costs | | 33,000 | 57,000 | 57,000 | 60,000 | 60,000 | 93,000 | 96,000 | 109,958 | 116,808 | 119,144 | 121,526 |

*Reapportionment using 1970 Federal Census figures.

#East Ely annexation by Ely changed apportionment.

1. If no incorporated city, the entire amount to the county.
2. If one incorporated city within a county, apportioned between the city and the county on a population basis.
3. If two or more incorporated cities within a county, the entire amount is apportioned among the cities in proportion to relative population.

The actual tax collected in fiscal year 1977-78 was \$11,157,844. The estimate for fiscal year 1978-79 is \$11,158,000. The projections for fiscal year 1979-80 is \$11,158,000 and for fiscal year 1980-81 is \$11,158,000. The amounts to be distributed to the State are fiscal 1977-78 \$8,885,113; fiscal year 1978-79 \$8,885,000; fiscal year 1979-80 \$8,885,000 and fiscal year 1980-81 \$8,885,000.

We are not projecting an increase in liquor tax revenues as it appears that California abandoning its fair trade laws on liquor sales will seriously affect Nevada sales. The first six months of fiscal year 1978-79 actually show a small decline over the same period in fiscal year 1977-78.

g. Real Property Transfer Tax:

The tax is imposed at the rate of 55 cents per \$500.00 of the unencumbered value or fraction thereof of each deed by which lands, tenements or other realty is granted, assigned, transferred or otherwise conveyed to or vested in another person, providing the compensation exceeds \$100.00. Exempted from the tax are transactions for an interest in real property if encumbered for the purpose of securing a debt; transfers recognizing true ownership; transfers without consideration between joint tenants and tenants in common; transfers between spouses and certain other special occurrences. Seventy five percent of the tax revenue is deposited in the State General Fund and twenty five percent is retained by the county in which the transfer is recorded for the county general fund. Collections during fiscal years 1977-78 were \$2,666,291. The estimate for fiscal year 1978-79 is \$3,199,549. Projections for 1979-80 is \$3,839,459 and for fiscal year 1980-81 is \$4,607,351.

Property Tax:

Article 10 of the Constitution limits the ad valorem (according to value) property tax levied to not more than 5 cents on \$1.00 of assessed valuation. NRS 361.225 specifies that all property subject to taxation shall be assessed at 35% of its full cash value. This ratio is, of course, set by the Legislature and is subject to revision. Full cash value is defined in NRS 361.025 as "the amount at which the property would be appraised if taken in payment of a just debt due from a solvent debtor."

a. Tax Rate:

The \$5.00 tax rate per \$100.00 of assessed value currently has some set allocations limiting the amount of the tax rate available for counties, cities, and special districts. Included in this category are:

1. State share set by Chapter 484, Page 1002 of the Advance Sheets for the 1977 session - 25 cents.
2. State aid to the medically indigent per NRS 428.370 - 11 cents.
3. School district mandatory levy per NRS 387.195.2(a) - 70 cents.
4. School district optional levy per NRS 387.195.2(b) - 80 cents.

TOTAL: Set aside tax rates: \$1.86.

In addition, NRS 387.195.2(c) mandates a tax rate for retirement of school district debt service. The counties levying such rates range from a zero in Esmeralda and White Pine to .7023 cents in Clark County with the average being 29 cents. This leaves an average balance of \$2.85 in the tax rate available for division between the counties, cities, towns and all special and general districts.

b. Assessment of Property:1. County Assessment:

The county assessors are required by NRS 361.260 to annually ascertain by diligent inquiry and examination all real and personal property in his county and determine the full cash value of all such property and then assess the same at 35% of the full cash value. In addition, the assessor is to reappraise property using standards approved by the Department of Taxation at least once every five years. Property so reappraised is then accepted at that value for the intervening four years. Thus, at any given point in time, 80% of

the property in the county is valued at an appraisal that was conducted from one to four years in the past. The assessors are to use the cost, market and income approach to value (NRS 361.227) and to give weight to each factor as, in his judgment, is proper. The cost approach considers an estimate of the value of the vacant land, plus replacement or reproduction costs of any improvements made minus any allowed depreciation. The market value approach considers comparable sales in the vicinity; the price at which the property sold to the present owner and the value of the property for the use to which it was actually put during the fiscal year of assessment. The income approach is done by estimating value by capitalization of the fair economic income expectancy.

The majority of the county assessors utilize only the "comparable sales" authority in determining the value of residential properties. While this is a valid test of true worth, when it is coupled with a reappraisal done only every five years, the result is a drastic escalation of property taxes to the average homeowner - particularly in those sections of the state where rapid growth has combined with the constraints of natural resources to limit the availability of housing. As noted, authority does exist for the assessor to take into consideration and give weight to the cost approach and the other factors in the market approach to value.

2. Central Assessments and Valuations: The Tax Commission does establish values for inter-state and inter-county business operations. (NRS 361.320) These are the Utility and Transportation Companies whose operations and volume are, normally, extensive. The income and cost approach to value are utilized though the market approach can be considered in terms of the stock and debt values of such companies. At the request of the county assessor, the Commission will establish values for utility companies that operate entirely within a county.

The inter-state and inter-county valuations established are then distributed on a "mile-Unit" basis to the counties in which the company operates. The total mileage is determined and the values then proportioned to the counties on a ratio basis. A slight variation to this formula is utilized when 75% or more of the physical property of an electric company is devoted to use outside the State of Nevada. This formula allocates more of the valuation on a situs basis to the county in which the largest share of the physical plant is located.

The Commission, annually, establishes the value of all livestock. (NRS 461.325) Such valuations are determined through average market prices for the preceeding years.

Agricultural land is also classified based on productivity (tons of crop, animal unit months of forage,

etc) (NRS 361.325). This approach to value recognizes the importance of ranching and farming to the economy and the need to tax such land based on its actual use rather than market value. Owners of agricultural or open space land desiring to maintain values based on current use must comply with the provisions of NRS Chapter 361A, the so called "Greenbelt Law." The provisions of this chapter insure that speculators anticipating conversion of the land to some higher use, are not able to obtain windfall tax profits for the years that the land is kept in agricultural use pending conversion. The county assessors must make separate determinations on the value of such land based on the higher use and tax values so established that exceed the agricultural assessments become a lien on the property for a period of not to exceed 7 years. If the property is converted to a higher use, the lien, together with interest at 6% per annum, becomes due and payable.

The Commission also centrally establishes the value of mobile homes each year. (NRS 361.325) Depreciation schedules are determined and the values of such mobile homes decrease in the same manner, but not for the same periods, as values of motor vehicles. Due to the varying physical condition of identical mobile homes of the same vintage, certain inequities are created. The matter is also complicated by the incomplete listing by an objective organization of the current market value of all makes and manufacturers of mobile homes. Taxes on mobile homes, while considered as personal property, may be collected quarterly in the same manner as real property if the taxes exceed \$100.00 and the mobile home is located in a county with a population exceeding 100,000.

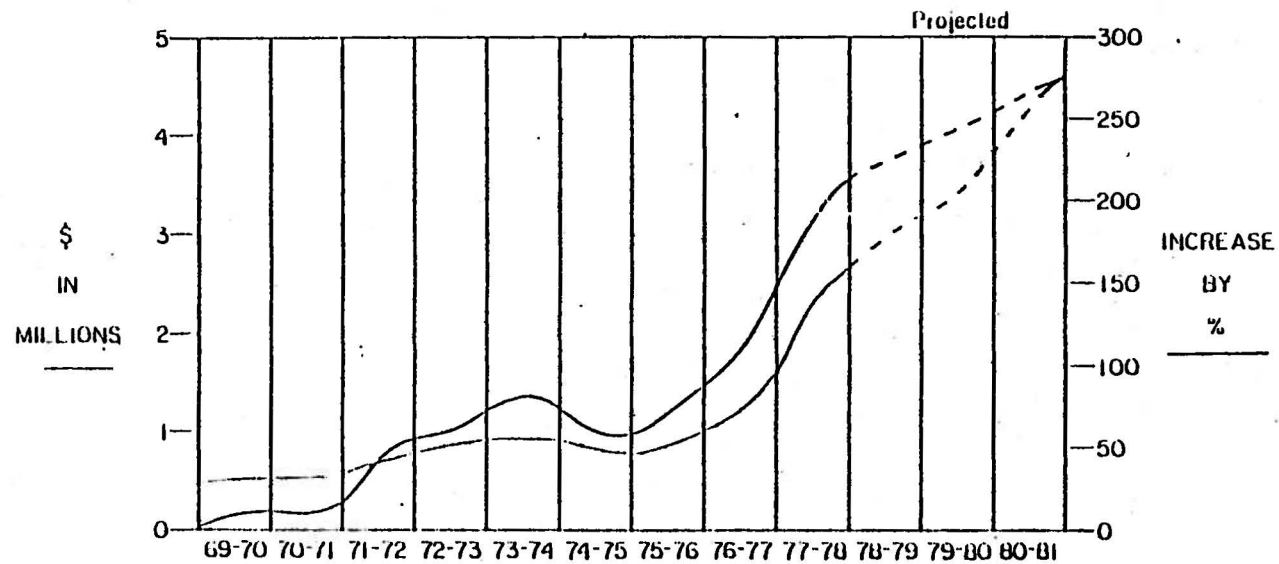
Bank Shares

The Department of Taxation, annually, determines the aggregate capital of each bank in the State and proportions such amount to the individual counties in which the banks or branches thereof are located. (NRS Chapter 367) From the full cash value of the bank shares, the value of the real property of the banks, as determined by the county assessors is deducted to insure that no dual taxation on the value of the bank shares occurs. Taxes are paid by the bank to the respective counties and the bank may elect not to recoup the bank shares tax from individual share holders. Total bank share values (at 35% of full cash) in fiscal year 1977-78 were \$46,406,689. For fiscal year 1978-79 - \$56,520,022.

Net Proceeds of Mines & Operating Mine Assessments

This has sometimes been called Nevada's only income tax. Under the authority of NRS Chapter 362, the Department of Taxation computes the gross yield of each operating mine every 6 months. From this figure, deductions for costs of extracting, transporting, reducing, refining and sale of the ore are made. Also allowed

REAL PROPERTY TRANSFER TAX COLLECTIONS*



| YEAR | TOTAL REVENUE | % | YEAR | TOTAL REVENUE | % |
|---------|---------------|---------|---------|---------------|-----------|
| 1969-70 | \$ 531,907 | • 11.65 | 1970-71 | \$ 555,659 | • 4.47 |
| 1971-72 | 701,232 | • 40.60 | 1972-73 | 910,769 | • 16.50 |
| 1973-74 | 919,613 | • 1.00 | 1974-75 | 760,440 | (- 17.31) |
| 1975-76 | 1,000,084 | • 31.51 | 1976-77 | 1,603,784 | • 60.36 |
| 1977-78 | 2,666,291 | • 66.25 | 1978-79 | 3,199,549 | • 20.00 |
| 1979-80 | 3,839,459 | • 20.00 | 1980-81 | 4,607,351 | • 20.00 |

* January 1, 1968 - June 30, 1971 5% County 95% State
 July 1, 1971 - Present 25% County 75% State

REAL PROPERTY TRANSFER TAX - PERCENTAGE OF DOLLARS GENERATED

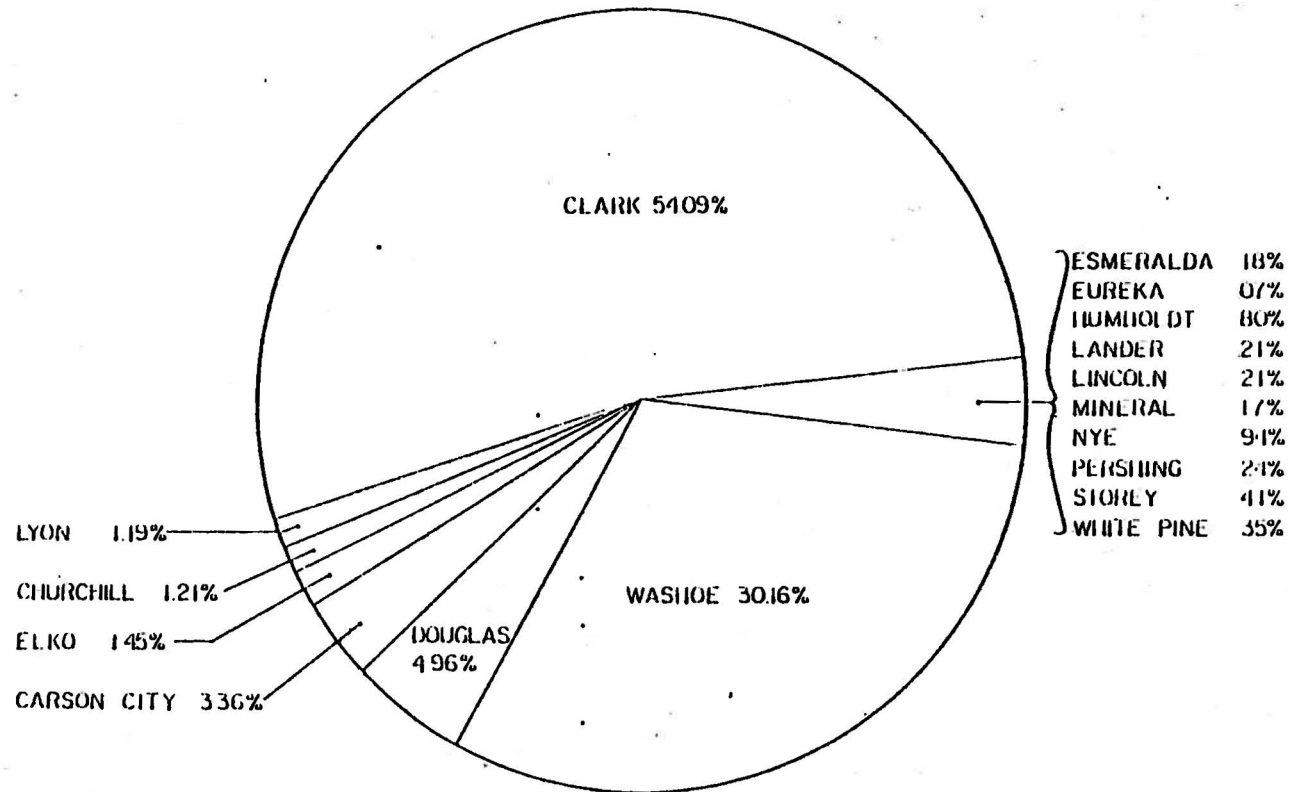


EXHIBIT "G"

REAL PROPERTY TRANSFER TAX COLLECTIONS

| | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 |
|-------------|---------|---------|---------|----------|----------|----------|---------|
| Carson City | \$ 494 | \$ 657 | \$ 824 | \$ 8,208 | \$ 9,063 | \$ 7,682 | \$6,786 |
| State | 9,388 | 12,477 | 15,649 | 24,623 | 27,197 | 23,046 | 20,358 |
| Churchill | 352 | 313 | 365 | 2,837 | 2,823 | 2,663 | 2,602 |
| State | 6,685 | 5,901 | 6,931 | 8,511 | 8,481 | 7,989 | 7,806 |
| Clark | 16,219 | 16,337 | 15,277 | 98,619 | 120,355 | 119,451 | 98,265 |
| State | 308,164 | 310,412 | 290,270 | 295,858 | 361,545 | 358,354 | 294,795 |
| Douglas | 653 | 894 | 775 | 8,099 | 9,552 | 10,292 | 7,951 |
| State | 12,399 | 16,988 | 14,725 | 24,298 | 28,711 | 30,876 | 21,853 |
| Elko | 688 | 574 | 562 | 5,008 | 6,551 | 8,475 | 4,691 |
| State | 13,255 | 10,913 | 10,679 | 15,025 | 19,690 | 25,425 | 14,073 |
| Esmeralda | 82 | 39 | 27 | 145 | 223 | 79 | 87 |
| State | 1,566 | 734 | 511 | 434 | 698 | 237 | 261 |
| Eureka | 98 | 57 | 52 | 610 | 684 | 523 | 1,051 |
| State | 1,853 | 1,084 | 986 | 1,830 | 2,059 | 1,569 | 3,153 |
| Humboldt | 244 | 193 | 196 | 2,844 | 2,328 | 3,919 | 3,016 |
| State | 4,638 | 3,665 | 3,721 | 8,531 | 6,973 | 11,757 | 9,108 |
| Lander | 1,740 | 92 | 70 | 1,573 | 456 | 1,158 | 1,054 |
| State | 33,068 | 1,743 | 1,327 | 4,718 | 1,376 | 3,450 | 3,126 |
| Lincoln | 64 | 56 | 38 | 397 | 508 | 744 | 564 |
| State | 1,214 | 1,053 | 719 | 1,190 | 1,506 | 2,232 | 1,692 |
| Lyon | 264 | 369 | 247 | 2,820 | 4,022 | 2,901 | 2,704 |
| State | 5,112 | 7,008 | 4,704 | 8,461 | 12,110 | 8,703 | 8,112 |

EXHIBIT "C"

REAL PROPERTY TRANSFER TAX COLLECTIONS

| | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Mineral | 111 | 52 | 70 | 580 | 523 | 538 | 753 |
| State | 2,127 | 991 | 1,322 | 1,738 | 1,582 | 1,614 | 2,259 |
| Nye | 408 | 550 | 251 | 3,220 | 1,760 | 1,342 | 2,266 |
| State | 7,759 | 10,450 | 4,780 | 9,660 | 5,264 | 4,026 | 6,798 |
| Pershing | 90 | 223 | 113 | 1,863 | 980 | 1,051 | 493 |
| State | 1,706 | 4,229 | 2,138 | 5,589 | 2,946 | 3,153 | 1,473 |
| Storey | 50 | 29 | 113 | 394 | 547 | 277 | 508 |
| State | 942 | 547 | 2,156 | 1,181 | 1,649 | 831 | 1,614 |
| Washoe | 6,009 | 6,013 | 8,716 | 57,248 | 66,156 | 67,499 | 55,919 |
| State | 114,170 | 114,244 | 165,612 | 171,744 | 198,707 | 202,347 | 161,757 |
| White Pine | 143 | 151 | 87 | 843 | 928 | 1,367 | 1,427 |
| State | 2,723 | 2,869 | 1,646 | 2,529 | 2,816 | 4,101 | 4,281 |
| Total | \$554,380 | \$531,907 | \$555,659 | \$781,232 | \$910,769 | \$919,613 | \$760,740 |

January 1, 1968 - June 30, 1971 - 5% County 95% State

July 1, 1971 - Present - 25% County 75% State

EXHIBIT "G"

REAL PROPERTY TRANSFER TAX COLLECTIONS

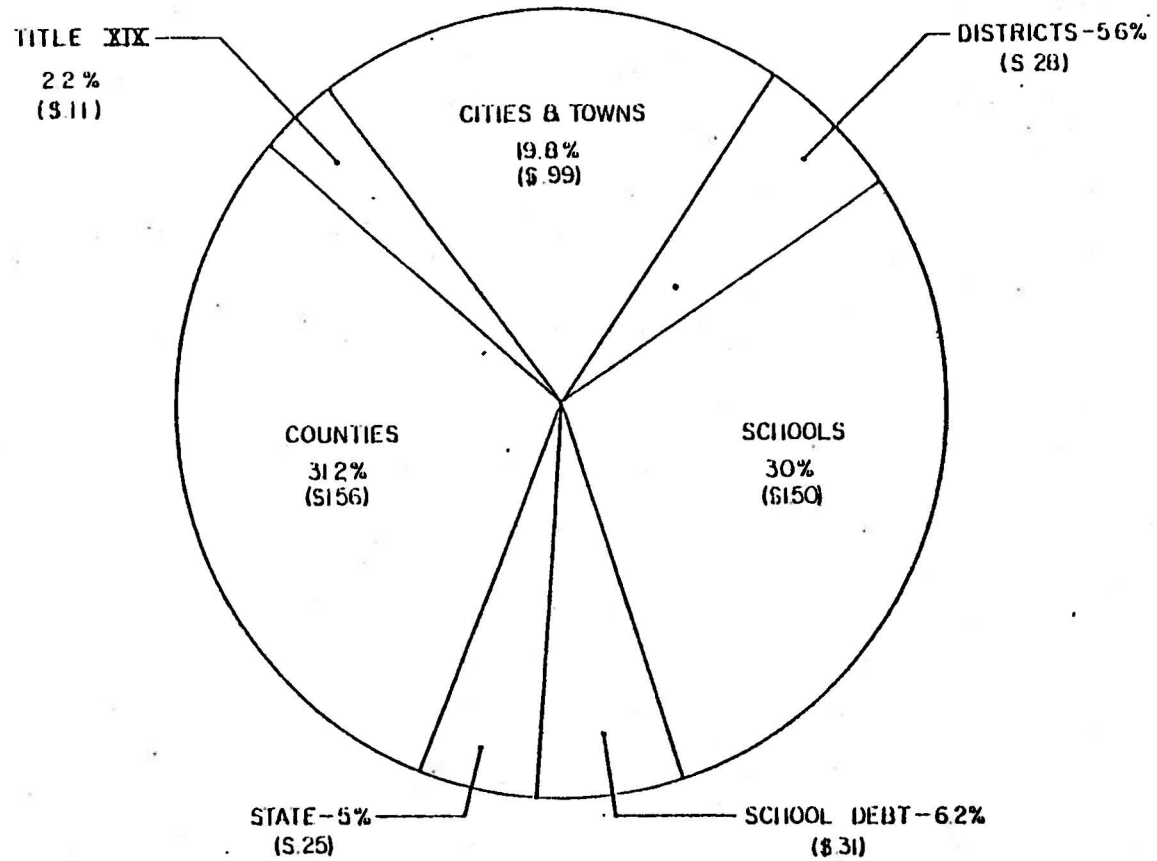
| | 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-80 PROJECTED | 1980-81 PROJECTED |
|-------------|----------|-----------|-----------|----------------------|----------------------|----------------------|
| Carson City | \$ 9,165 | \$ 15,469 | \$ 22,399 | \$ 26,879 | \$ 32,555 | \$ 39,067 |
| State | 27,494 | 46,406 | 67,196 | 80,536 | 96,644 | 115,972 |
| Churchill | 3,243 | 4,666 | 8,046 | 9,656 | 11,588 | 13,906 |
| State | 9,729 | 13,998 | 24,123 | 28,947 | 34,737 | 41,685 |
| Clark | 127,948 | 212,432 | 338,143 | 405,771 | 486,925 | 584,311 |
| State | 383,844 | 637,296 | 1,104,339 | 1,325,205 | 1,590,247 | 1,908,297 |
| Douglas | 8,975 | 16,951 | 33,059 | 39,671 | 47,605 | 57,127 |
| State | 26,925 | 50,853 | 99,177 | 119,013 | 142,815 | 171,379 |
| Elko | 7,212 | 7,757 | 9,669 | 11,603 | 13,923 | 16,707 |
| State | 21,636 | 23,270 | 29,006 | 34,808 | 41,778 | 50,134 |
| Esmeralda | 60 | 421 | 1,211 | 1,453 | 1,743 | 2,091 |
| State | 181 | 1,262 | 3,632 | 4,358 | 6,270 | 7,476 |
| Eureka | 1,147 | 623 | 450 | 540 | 648 | 778 |
| State | 3,440 | 1,868 | 1,350 | 1,620 | 1,944 | 2,332 |
| Humboldt | 2,506 | 3,834 | 5,308 | 6,370 | 7,644 | 9,172 |
| State | 7,519 | 11,503 | 15,924 | 19,108 | 22,930 | 27,516 |
| Lander | 728 | 1,415 | 1,369 | 1,643 | 1,971 | 2,365 |
| State | 2,185 | 4,244 | 4,107 | 4,929 | 5,915 | 7,099 |
| Lincoln | 545 | 675 | 1,408 | 1,690 | 2,028 | 2,434 |
| State | 1,635 | 2,025 | 4,223 | 5,067 | 6,081 | 7,297 |
| Lyon | 2,522 | 3,518 | 7,925 | 9,511 | 11,413 | 13,695 |
| State | 7,566 | 10,555 | 23,744 | 28,528 | 34,234 | 41,080 |

EXHIBIT "G"

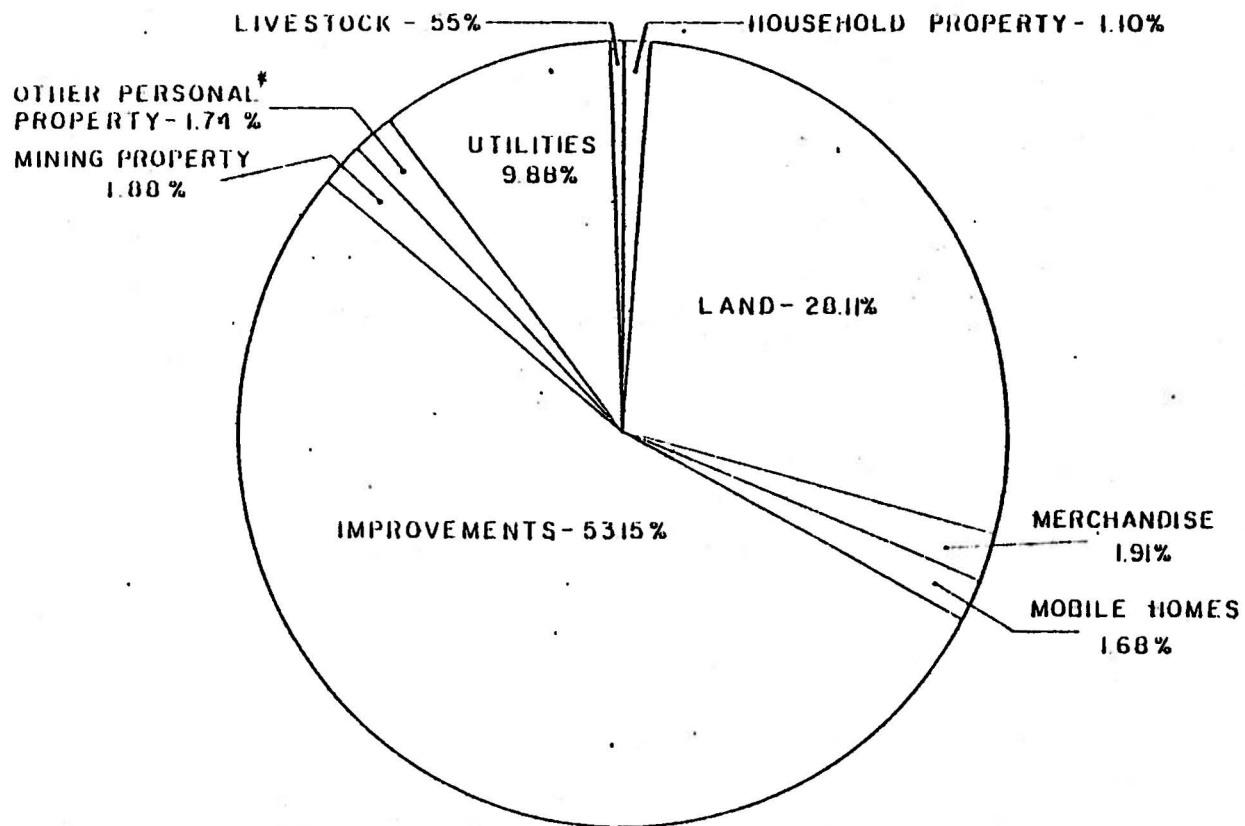
REAL PROPERTY TRANSFER TAX COLLECTIONS

| | 1975-76 | 1976-77 | 1977-78 | 1978-79 PROJECTED | 1979-78 PROJECTED | 1980-81 PROJECTED |
|------------|-------------|-------------|-------------|----------------------|----------------------|----------------------|
| Mineral | 976 | 1,016 | 1,157 | 1,389 | 1,667 | 2,001 |
| State | 2,929 | 3,048 | 3,473 | 4,167 | 5,001 | 6,001 |
| Nye | 1,645 | 3,049 | 6,270 | 7,524 | 9,028 | 10,834 |
| State | 4,936 | 9,147 | 18,810 | 22,572 | 27,086 | 32,504 |
| Pershing | 1,341 | 1,197 | 1,631 | 1,957 | 2,349 | 2,819 |
| State | 4,024 | 3,591 | 4,894 | 5,872 | 7,046 | 8,456 |
| Storey | 453 | 589 | 2,706 | 3,248 | 3,898 | 4,678 |
| State | 1,358 | 1,768 | 8,117 | 9,741 | 11,689 | 14,027 |
| Washoe | 80,665 | 126,178 | 201,010 | 241,212 | 289,454 | 347,344 |
| State | 241,993 | 378,535 | 603,030 | 723,636 | 868,364 | 1,042,036 |
| White Pine | 890 | 1,156 | 2,335 | 2,803 | 3,363 | 4,035 |
| State | 2,669 | 3,469 | 7,005 | 8,407 | 10,089 | 12,107 |
| Total | \$1,000,084 | \$1,603,784 | \$2,666,291 | \$3,199,549 | \$3,839,459 | \$4,607,351 |

5 DOLLAR TAX DISTRIBUTION

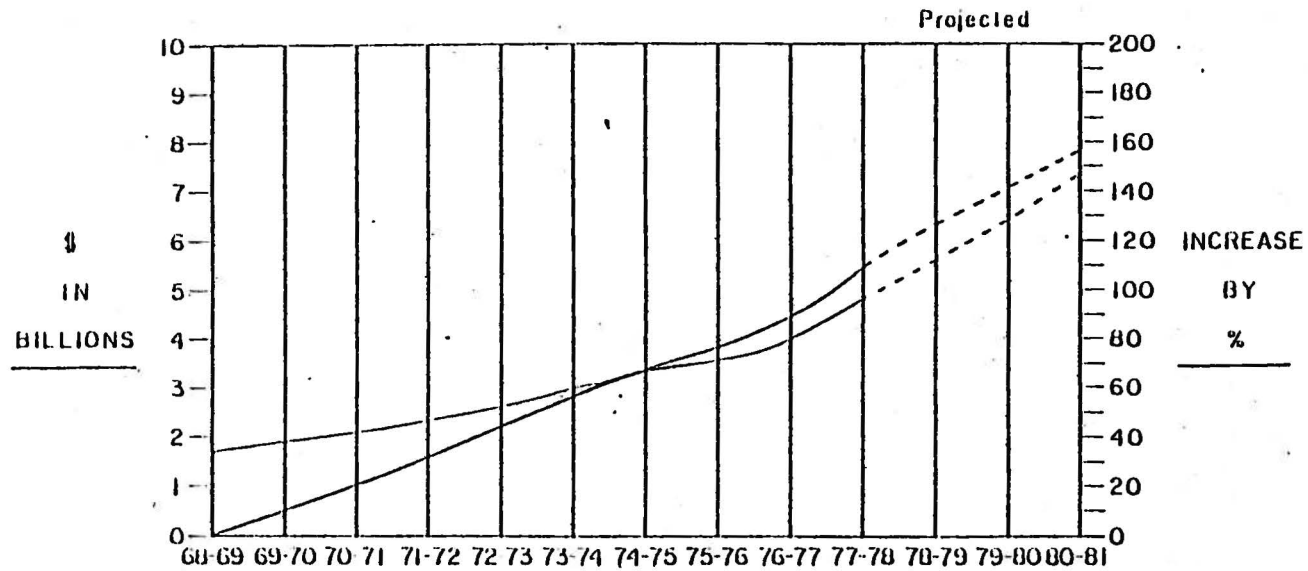


AD VALOREM BASE DISTRIBUTION



* INCLUDES BANK SHARES

STATE TOTAL REAL-PROPERTY ASSESSED VALUATION



| YEAR | VALUATION | % | YEAR | VALUATION | % |
|---------|---------------|--------|---------|---------------|--------|
| 1968-69 | 1,708,027,707 | | 1969-70 | 1,889,406,425 | +10.62 |
| 1970-71 | 2,087,909,113 | +10.51 | 1971-72 | 2,329,764,395 | +11.58 |
| 1972-73 | 2,628,505,923 | +12.02 | 1973-74 | 2,939,163,846 | +11.82 |
| 1974-75 | 3,305,269,075 | +12.46 | 1975-76 | 3,543,355,007 | +7.20 |
| 1976-77 | 3,989,574,838 | +12.59 | 1977-78 | 4,816,301,461 | +20.72 |
| 1978-79 | 5,609,941,447 | +16.48 | 1979-80 | 6,408,007,583 | +14.23 |
| 1980-81 | 7,344,511,431 | +14.61 | | | |

EXHIBIT "C"

ASSESSED VALUATION BY COUNTY

| | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 | 1974-75 |
|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Carson City | 42,353,005 | 43,176,648 | 50,615,363 | 63,218,326 | 68,631,707 | 80,154,957 | 90,069,213 |
| Churchill | 25,515,687 | 29,049,740 | 32,596,505 | 34,785,686 | 38,550,872 | 42,710,758 | 47,406,916 |
| Clark | 853,370,337 | 939,234,374 | 1,045,846,510 | 1,200,912,249 | 1,317,194,006 | 1,487,140,513 | 1,665,102,816 |
| Douglas | 60,246,083 | 65,451,975 | 69,715,615 | 74,611,497 | 82,640,021 | 96,401,617 | 111,419,453 |
| Elko | 74,547,059 | 80,450,709 | 84,420,276 | 90,813,486 | 107,715,971 | 123,149,060 | 143,703,073 |
| Esmeralda | 5,260,593 | 5,967,547 | 7,029,936 | 7,432,608 | 9,110,869 | 10,404,364 | 11,366,333 |
| Eureka | 20,186,947 | 16,593,374 | 16,229,036 | 16,545,629 | 18,142,333 | 21,460,042 | 28,134,933 |
| Humboldt | 33,079,390 | 33,672,860 | 35,401,205 | 34,576,779 | 39,261,126 | 44,305,889 | 51,080,492 |
| Lander | 15,370,085 | 20,274,057 | 21,018,369 | 21,054,114 | 21,997,931 | 23,500,000 | 26,100,000 |
| Lincoln | 9,298,843 | 10,136,611 | 10,387,341 | 10,505,176 | 12,305,824 | 13,422,571 | 16,343,660 |
| Lyon | 46,821,254 | 52,184,037 | 60,481,414 | 63,814,962 | 62,174,116 | 65,967,290 | 75,796,391 |
| Mineral | 9,641,408 | 11,264,111 | 14,339,818 | 15,390,019 | 17,190,596 | 19,240,193 | 21,000,049 |
| Nye | 23,541,852 | 24,771,688 | 27,914,788 | 31,824,523 | 45,031,787 | 48,600,000 | 58,489,996 |
| Pershing | 21,147,194 | 21,330,000 | 22,831,137 | 23,407,399 | 25,376,424 | 27,539,989 | 29,808,887 |
| Storey | 4,695,908 | 4,831,166 | 5,584,118 | 5,848,091 | 5,863,899 | 6,513,499 | 7,808,305 |
| Washoe | 428,155,224 | 482,210,999 | 543,102,585 | 595,258,490 | 687,951,305 | 778,211,787 | 878,768,440 |
| White Pine | 34,786,838 | 48,806,529 | 40,395,097 | 39,745,361 | 49,366,136 | 50,731,317 | 42,870,060 |
| TOTAL | 1,708,027,707 | 1,889,406,425 | 2,087,909,113 | 2,329,764,395 | 2,628,505,923 | 2,939,163,846 | 3,305,269,075 |

EXHIBIT "G"

ASSESSER VALUATION BY COUNTY

| | 1975-76 | 1976-77 | 1977-78 | 1978-79 | 1979-80 PROJECTED | 1980-81 PROJECTED |
|-------------|---------------|---------------|---------------|---------------|----------------------|----------------------|
| Carson City | 103,081,217 | 119,511,647 | 171,766,470 | 199,871,536 | 240,985,111 | 294,507,904 |
| Churchill | 48,550,828 | 53,224,610 | 58,313,840 | 66,000,000 | 72,045,600 | 78,378,408 |
| Clark | 1,802,285,995 | 1,981,645,919 | 2,463,414,881 | 2,877,142,736 | 3,287,135,576 | 3,770,673,219 |
| Douglas | 118,294,544 | 159,364,848 | 175,871,528 | 193,458,681 | 223,328,701 | 257,587,324 |
| Elko | 150,977,828 | 150,566,409 | 148,583,033 | 163,441,336 | 173,296,849 | 180,055,426 |
| Esmeralda | 13,140,188 | 12,785,437 | 15,627,430 | 17,292,470 | 19,196,371 | 21,377,079 |
| Eureka | 35,871,490 | 30,267,605 | 35,623,897 | 37,594,543 | 42,568,301 | 46,676,142 |
| Humboldt | 58,141,753 | 61,612,991 | 71,461,729 | 80,594,538 | 90,886,461 | 102,029,141 |
| Jander | 26,000,000 | 30,292,254 | 34,022,467 | 37,000,000 | 40,570,500 | 44,367,899 |
| Lincoln | 19,266,431 | 21,769,153 | 25,320,122 | 29,500,000 | 34,541,550 | 40,123,464 |
| Lyon | 69,118,261 | 73,209,051 | 83,005,105 | 90,000,000 | 96,075,000 | 100,994,040 |
| Mineral | 22,611,244 | 23,833,001 | 28,373,339 | 30,000,000 | 32,817,000 | 35,918,207 |
| Nye | 62,413,581 | 79,518,091 | 89,968,521 | 120,000,000 | 144,240,000 | 173,313,208 |
| Pershing | 34,527,323 | 36,500,206 | 38,507,507 | 40,500,000 | 43,776,450 | 47,304,832 |
| Storey | 8,044,211 | 9,823,776 | 10,165,152 | 10,368,455 | 11,415,669 | 12,344,904 |
| Washoe | 925,179,883 | 1,096,868,945 | 1,313,128,716 | 1,568,177,152 | 1,806,226,444 | 2,088,539,637 |
| White Pine | 45,850,230 | 48,780,895 | 53,147,724 | 49,000,000 | 48,902,000 | 50,300,597 |
| TOTAL | 3,543,355,007 | 3,989,574,838 | 4,816,301,461 | 5,609,941,447 | 6,408,007,583 | 7,344,511,431 |

FISCAL IMPACT BDR 32-491
ESTIMATED LOSS

| <u>SCHOOLS</u> | <u>1979-1980</u> | <u>1980-1981</u> |
|----------------|--------------------|--------------------|
| Carson City | \$ 349,189 | \$ 394,584 |
| Churchill | 98,035 | 110,780 |
| Clark | 3,743,377 | 4,230,016 |
| Douglas | 137,370 | 155,228 |
| Elko | 152,425 | 172,240 |
| Esmeralda | 903 | 1,020 |
| Eureka | 4,081 | 4,612 |
| Humboldt | 93,814 | 106,010 |
| Lander | 25,259 | 28,543 |
| Lincoln | 18,413 | 20,807 |
| Lyon | 58,524 | 66,132 |
| Mineral | 49,208 | 55,605 |
| Nye | 33,038 | 37,333 |
| Pershing | 29,435 | 33,262 |
| Storey | 1,290 | 1,458 |
| Shoshone | 1,953,564 | 2,207,527 |
| White Pine | 84,977 | 96,024 |
| TOTAL | \$6,832,902 | \$7,721,181 |

State
13,665,804

State
15,442,362

3,358,501

3,795,047

TOTAL

\$ 23,557,207

\$ 26,959,640

| <u>LOCAL GOVERNMENT</u> | <u>1979-1980</u> | <u>1980-1981</u> |
|-------------------------|--------------------|--------------------|
| Gardner City | 174,933 | 197,674 |
| Churchill | 42,681 | 48,229 |
| Fallon | 16,417 | 18,552 |
| Clark | | |
| Boulder City | 53,402 | 60,343 |
| Henderson | 167,913 | 189,742 |
| Las Vegas | 1,288,211 | 1,455,679 |
| North Las Vegas | 370,800 | 419,004 |
| Douglas | 68,490 | 77,394 |
| Elko | | |
| Carlin | 8,816 | 9,962 |
| Elko | 51,069 | 57,708 |
| Wells | 7,258 | 8,201 |
| Humboldt | 24,780 | 28,001 |
| Winnemucca | 31,885 | 36,030 |
| Lincoln | 5,912 | 6,681 |
| Caliente | 3,300 | 3,729 |
| Lyon | 22,122 | 24,998 |
| Yerington | 7,159 | 8,090 |
| Mineral | 23,189 | 26,204 |
| Nye | 13,665 | 15,442 |
| Gabbs | 2,857 | 3,228 |
| Pershing | 5,863 | 6,625 |
| Lovelock | 8,381 | 9,471 |
| Storey | 650 | 735 |
| Shoshone | | |
| Reno | 719,828 | 813,405 |
| Sparks | 238,920 | 269,980 |
| TOTAL | \$3,358,501 | \$3,795,097 |

Estimates of sales tax loss if this proposal becomes law are based on a survey made by this Department in the summer of 1978. The survey included major independent and chain food stores that account for 61 percent of food store sales in Nevada. Using their actual sales and the percentage each store gave as to food for human consumption, an average of 73.3 percent of the sales by food stores would be exempt from sales tax.

NEVADA STATE GAMING TAXES

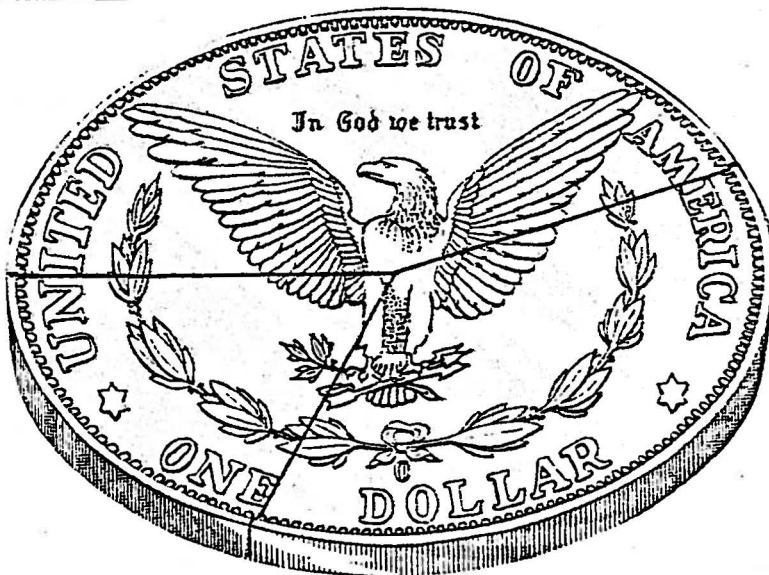
Total State gaming tax collections for the fiscal year ending June 30, 1978 amounted to \$121.7 million dollars, representing approximately 44% of the General Fund Revenues. Casinos paid on the average, 7.1% of their gross gaming revenue as gaming taxes and license fees to all levels of government. (Federal, State, County and Local). These taxes amounted to 4.4% of all casino income from gaming, rooms, food and beverage, etc., and are paid over and above the usual taxes and license fees paid by other businesses.

In fiscal year 1978, 115 major casinos grossing over \$1 million dollars from gaming, netted, after an estimated allowance for Federal Income Tax, 7% of total sales. The following presentation lists ten distinct taxes and license fees. However, for convenience, these have been grouped into five categories.

UNRESTRICTED
GENERAL FUND REVENUES
FISCAL 1978

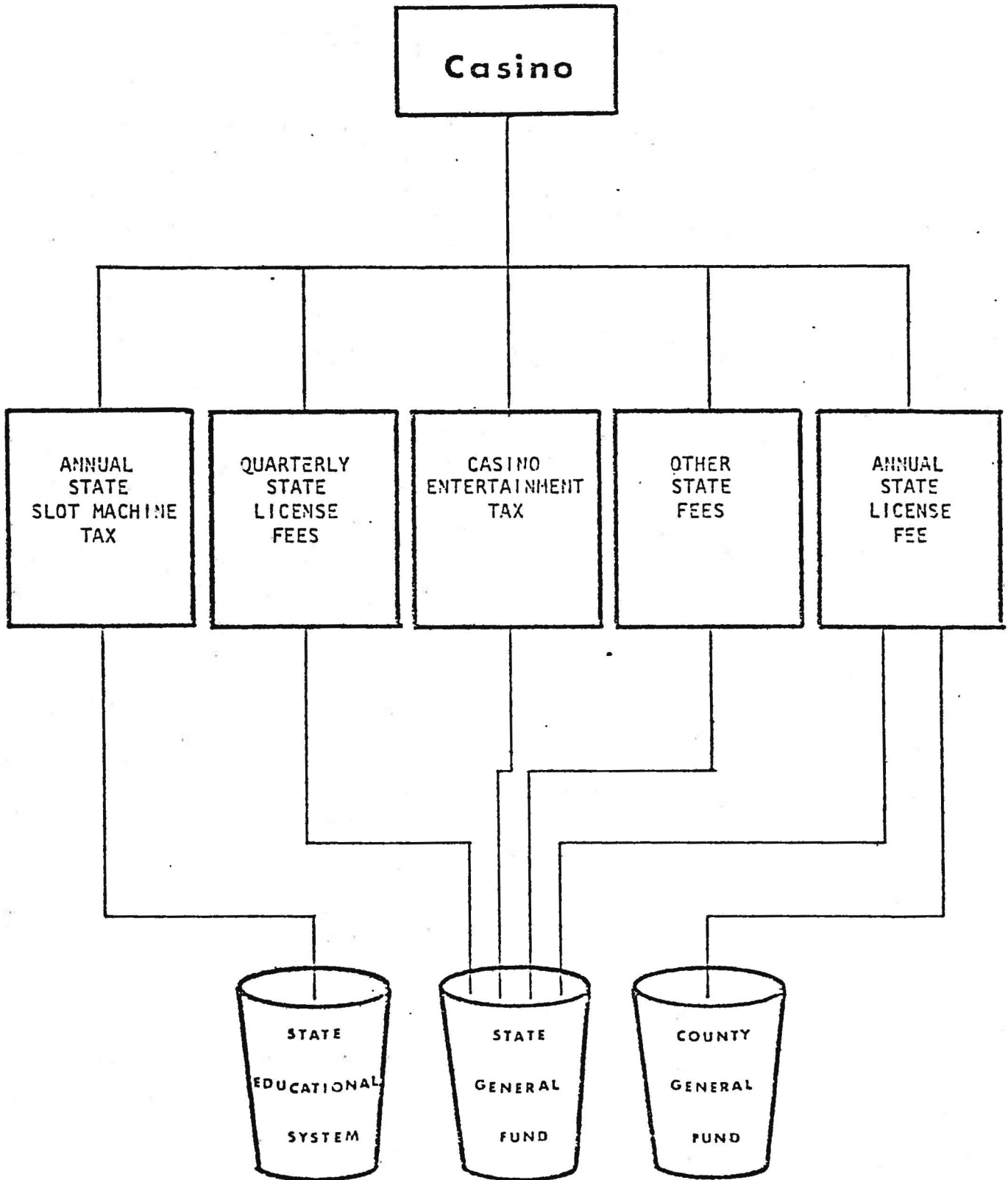
EACH DOLLAR OF TOTAL COLLECTIONS CONSISTED OF:

GAMING
44¢



SALES & USE
38¢

OTHER
18¢



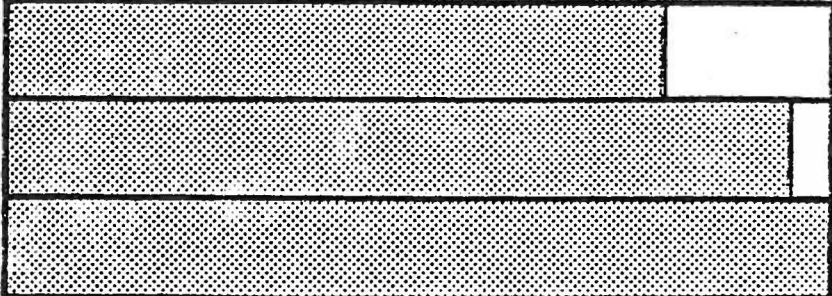
ANNUAL STATE SLOT MACHINE TAX
(FEDERAL SLOT TAX CREDIT)

Beginning with fiscal year, July 1, 1973, Congress enacted legislation allowing the State of Nevada to collect 80% or \$200.00 per year of the \$250.00 Federal Tax imposed on slot machines. The proceeds of this tax are distributed as shown. The first \$5 million dollars is expended for capital construction within the University system, and the balance is deposited to the State Distributive School Fund. As a result of recent changes in the Congressional law, on July 1, 1979, the state rate will increase to 95% or \$237.50 per slot machine per year and will further increase to 100% or \$250.00 as of July 1, 1980. The increased collections are designated by Nevada Statute for specific Higher Education Construction projects. The first year's increase will be in excess of \$2.6 million dollars, based on the 71,000 slot machines presently licensed. The additional increase for 1980 fiscal year should exceed \$3.5 million dollars.

ANNUAL STATE SLOT MACHINE TAX
(FEDERAL SLOT TAX CREDIT)
(NRS 463.386)

PROCEEDS - FIRST \$5,000,000 TO HIGHER EDUCATION CAPITAL
CONSTRUCTION FUND - BALANCE TO STATE DISTRIBUTIVE SCHOOL
FUND.

TOTAL FEE - \$250 - AS SET BY FEDERAL STATUTE, FOR FISCAL
YEARS STARTING JULY 1 AND ENDING JUNE 30.

| | | FOR EACH MACHINE STATE COLLECTS | |
|-------------------|--|---------------------------------------|----------|
| 1978 and prior |  | 80% | \$200 |
| 1979 | | 95% | \$237.50 |
| 1980 and later | | 100% | \$250 |

FEDERAL TAX CREDIT
ON SLOTS
(AT 80%)

| <u>FY ENDED</u> <u>6/30</u> | <u>AMOUNT</u> <u>COLLECTED</u> | <u>PERCENT OF</u> <u>TOTAL COLLECTIONS</u> |
|--------------------------------|-----------------------------------|---|
| 1974 | \$10,050,893 | 13.5% |
| 1975 | \$10,380,786 | 12.6% |
| 1976 | \$11,253,417 | 12.3% |
| 1977 | \$12,726,896 | 12.4% |
| 1978 | \$14,603,370 | 12.0% |

PERCENTAGE FEES

Legislation providing for percentage fees based on gross revenue was first introduced in 1945. The rate at that time, was 1% of all gross revenue exceeding \$3,000 per quarter. Over the years, the rate has been increased to the current rate of 3% of the first \$150,000 of gross revenue plus 4% of the next \$250,000 and 5 1/2% of all revenue exceeding \$400,000. Percentage fees contribute the largest portion of all state gaming taxes and make one of the most important single tax contributions to the State General Fund. It is interesting to note that out of 280 nonrestricted locations, 123 (44%) contribute 97% of the total percentage fee collections and 98% of all combined state gaming collections.

(NGC-1)
PERCENTAGE FEES
(NRS 463.370)

3% OF FIRST \$150,000 GROSS GAMING REVENUE QUARTERLY,
PLUS 4% OF NEXT \$250,000 GROSS GAMING REVENUE QUARTERLY,
PLUS 5½% OF QUARTERLY GROSS GAMING REVENUE WHICH EXCEEDS
\$400,000

PENALTIES FOR LATE FILING

25% OF AMOUNT DUE
\$25 MINIMUM
\$1,000 MAXIMUM

PROCEEDS TO STATE GENERAL FUND

PERCENTAGE FEE

| <u>FY ENDED</u> <u>6/30</u> | <u>TOTAL</u> <u>COLLECTION</u> | <u>PERCENT OF</u> <u>TOTAL COLLECT.</u> |
|--------------------------------|-----------------------------------|--|
| 1974 | \$48,134,081 | 64.7% |
| 1975 | \$53,686,373 | 65.0% |
| 1976 | \$61,130,546 | 67.0% |
| 1977 | \$68,494,502 | 66.9% |
| 1978 | \$83,305,807 | 68.5% |

QUARTERLY FLAT FEES - GAMES AND SLOTS - NONRESTRICTED

Quarterly flat license fees, based on the number of games and slot machines to be operated, were added to the gaming taxation statutes in 1967 at the various rates shown, and contribute only a minor portion to total collections averaging just over 5% per year.

STATE LICENSE FEES
FOR
NONRESTRICTED SLOT MACHINES
&
GAMES

| FY ENDED <u>6/30</u> | <u>SLOTS</u> | <u>GAMES</u> | TOTAL <u>COLLECTED</u> | PERCENT OF <u>TOTAL COLLECTION</u> |
|-------------------------|--------------|--------------|---------------------------|---------------------------------------|
| 1974 | \$1,588,540 | 2,787,958 | \$4,376,498 | 5.9% |
| 1975 | \$1,752,380 | 3,159,320 | \$4,911,700 | 6.0% |
| 1976 | \$1,811,970 | 3,271,022 | \$5,082,992 | 5.6% |
| 1977 | \$1,965,370 | 3,405,684 | \$5,371,054 | 5.2% |
| 1978 | \$2,348,030 | 4,147,594 | \$6,495,624 | 5.3% |

RESTRICTED LICENSE FEES

Restricted licenses are issued to those locations operating 15 or less slot machines and no other type of gaming. These locations pay a license fee of \$25.00 per slot machine per quarter. There are approximately 6,300 slot machines licensed in the restricted category which represents 8.79% of all licensed slot machines. The amount of revenue received from these licensees is likewise relatively insignificant when compared to total gaming collections.

(NGC-14)
QUARTERLY STATE LICENSE FEES
FOR
RESTRICTED LICENSES
(NRS 463.373)

\$25 PER SLOT MACHINE PER QUARTER

| | |
|---------------------------|-------------------|
| PENALTIES FOR LATE FILING | 25% OF AMOUNT DUE |
| | \$25 MINIMUM |

PROCEEDS TO STATE GENERAL FUND

QUARTERLY STATE LICENSE FEE
FOR
RESTRICTED LICENSES

| <u>FY ENDED</u> <u>6/30</u> | <u>AMOUNT</u> <u>COLLECTED</u> | <u>PERCENT OF</u> <u>TOTAL COLLECTIONS</u> |
|--------------------------------|-----------------------------------|---|
| 1974 | \$498,125 | 0.7% |
| 1974 | \$540,924 | 0.7% |
| 1976 | \$520,790 | 0.6% |
| 1977 | \$572,200 | 0.6% |
| 1978 | \$595,976 | 0.5% |

CASINO ENTERTAINMENT TAX

The Casino Entertainment Tax was enacted as an additional state gaming tax measure in 1965 when Congress abandoned the Federal Cabaret Tax. Although contributions from this tax have steadily increased over the years, the rate of growth from the CET has not paralleled the growth rate of percentage fees. Several areas of concern with respect to this tax, have recently come to our attention which may result in a considerable reduction of this source of revenue. Of primary concern is the practice of licensees selling admission tickets to patrons of showrooms. It has been established that the CET does not apply to the price of admission; thus resulting in a potential drastic reduction of Casino Entertainment Tax revenues.

(NGC-11)
CASINO ENTERTAINMENT TAX
(NRS 463.401)

10% OF AMOUNTS PAID FOR:

- ADMISSIONS
- MERCHANDISE
- REFRESHMENTS
- SERVICES

WHILE ESTABLISHMENT IS PROVIDING ENTERTAINMENT.

PENALTIES FOR
LATE PAYMENT

25% OF AMOUNT DUE
\$25 MINIMUM
\$1,000 MAXIMUM

CASINO ENTERTAINMENT TAX

| <u>FY ENDED</u> <u>6/30</u> | <u>AMOUNT</u> <u>COLLECTED</u> | <u>PERCENT OF</u> <u>TOTAL COLLECTIONS</u> |
|--------------------------------|-----------------------------------|---|
| 1974 | \$ 9,672,655 | 13.0% |
| 1975 | \$11,149,245 | 13.5% |
| 1976 | \$11,212,411 | 12.3% |
| 1977 | \$12,997,927 | 12.7% |
| 1978 | \$14,199,758 | 11.7% |

OTHER STATE FEES

At the present time in Nevada, there is only one disseminator of Horse Racing information who pays a tax of \$10 per day for each of the 16 race books receiving information.

The two Jai Alai Frontons in Nevada are taxed at the rate of 2% on the total amount of all wagers. This amounted to \$210,845 for the fiscal year ending June 30, 1978.

The taxes levied against Manufacturers and Distributors are somewhat minimal. The primary purpose for licensing manufacturers and distributors is to control those engaged in the business of manufacturing and distributing gaming devices such as electronic slot machines, "21" games, Roulette tables, cards, dice, and gaming chips and tokens used in gaming establishments.

Inspection fees are those fees charged for the cost of inspecting devices and other gaming paraphernalia. This inspection is sometimes carried out in the field, however, much of it is done in our laboratory facilities in the Board offices.

OTHER STATE FEES

| | |
|---|--|
| RACEBOOK - (NRS 463,450) LICENSEES WHO DISSEMINATE HORSERACING INFORMATION | - \$10 PER DAY PER RACEBOOK SERVED |
| PARI-MUTUEL POOLS (JAI ALAI) NRS 464,040 | - 2% OF TOTAL WAGERS |
| MANUFACTURERS, SELLERS & DISTRIBUTORS OF GAMING DEVICES (NRS 463,660) | |
| A) ISSUANCE OR RENEWAL OF A MFG. LIC. | - \$500 |
| B) ISSUANCE OR RENEWAL OF A SELLERS OR DISTRIBUTORS LIC. | - \$200 |
| INSPECTIONS (NRS 463,670) | - BASED ON COST OF INSPECTION |

OTHER STATE FEES

| <u>FY ENDED</u> <u>6/30</u> | <u>AMOUNT</u> <u>COLLECTED</u> | <u>PERCENT OF</u> <u>TOTAL COLLECTIONS</u> |
|--------------------------------|-----------------------------------|---|
| 1974 | \$237,852 | 0.3% |
| 1975 | \$355,474 | 0.4% |
| 1976 | \$395,716 | 0.4% |
| 1977 | \$449,505 | 0.4% |
| 1978 | \$409,563 | 0.3% |

ANNUAL STATE LICENSE FEES

These fees are based on the number of games operated in a particular location. The fee is collected on a calendar year annual basis by the State and distributed equally to the seventeen counties after costs of administration are deducted. During the fiscal year ending June 30, 1978, each county received \$119,658.53. The cost of administration was \$66,205, which amounted to 1.72% of the authorized gaming control budget for that year.

ANNUAL STATE LICENSE FEE

| <u>FY ENDED</u> <u>6/30</u> | <u>AMOUNT</u> <u>COLLECTED</u> | <u>PERCENT OF</u> <u>TOTAL COLLECTIONS</u> |
|--------------------------------|-----------------------------------|---|
| 1974 | \$1,400,550 | 1.9% |
| 1975 | \$1,513,850 | 1.8% |
| 1976 | \$1,585,100 | 1.7% |
| 1977 | \$1,814,150 | 1.8% |
| 1978 | \$2,100,400 | 1.7% |