

Date: Feb. 21, 1979

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PRESENT: Chairman Norman Glaser
Senator Carl Dodge
Senator William Raggio
Senator Don Ashworth
Senator James Kosinski
Senator Mike Sloan

Mr. Ed Shorr,
Fiscal Analyst

ABSENT: Vice- Chairman Floyd Lamb

GUESTS: Mr. Roy Tennison, Executive Officer, Athletic Commission
Assemblyman Hickey, A.B. 439
Assemblyman Mann, A.B. 439

The meeting was called to order on Wednesday, February 21, 1979, in Room 231, at 4:35 p.m., with Senator Norman Glaser in the Chair.

A.B. 439 (See Exhibit "A")

The Senate Committee on Taxation had met on Tuesday, February 20, 1979, at 6:00 p.m., in Joint Hearing with the Assembly Committee on Taxation. At that Joint Hearing, various amendments had been discussed, and later that evening the bill drafters had prepared these changes for the Senate Committee's approval this date.

Assemblyman Mann stated that Section One of the bill is merely a description; Section Two was a consolidation of the face-value of tickets on closed-circuit television, which is taxable at .03¢ on the \$1.00, and the "live-gate" would also be taxed, (See Exhibit "B").

Senator Sloan asked if this bill is supported by the Athletic Commission? Mr. Tennison responded "yes", this bill incorporates what the Athletic Commission submitted to the bill drafter on January 23, 1979.

Senator Kosinski stated that for the third time he would like to request copies of the existing contracts, copies of the correspondence which has been mailed on this, and copies of the regulations of the Athletic (Boxing) Commission. He stated that this was necessary to judge what will be appropriate in the future.

Assemblyman Mann said that A.B. 439 will be handled as an "emergency measure", and that later on Assemblyman Price, Chairman of the Assembly Taxation Committee, has stated that another bill will be drafted after extensive public hearings have been held.

A.B. 439 (Cont.)

Senator Kosinski stated that this bill could only be made temporary by providing an expiration date, and stating that existing legislation would become effective upon that expiration date.

Senator Dodge said that one of the major concerns he has is a potential malfeasance charge against the Athletic Commission members, because the procedures followed by the Boxing Commission previously and up to the time that the contracts were written, were supported by an Attorney General's opinion. Senator Dodge said that the Commission was following the guidelines that were set by this previous opinion, until recently when they received another A.G. opinion that said this procedure was not proper.

Assemblyman Hickey said that he didn't feel that himself and other Assemblymen took a position that the Commission had been operating illegally. Senator Dodge said that even so, nothing had been said about the earlier opinion, and it had been implied that the Commission members had been operating under malfeasance.

Chairman Glaser said to Mr. Tennison that the Committee would appreciate having the information that Senator Kosinski requested. Mr. Tennison said that he would be happy to provide them, as they were public information.

Senator Raggio stated that he felt there are still problems with A.B. 439. The Senator said that the changes made in NRS Section 467.104 of A.B. 439 are still not adequate to cover "live-gate" receipts, and refers only to a "live" match on closed-circuit television. Assemblyman Mann said that Mr. Frank Daykin, Legal Counsel, stated that these both are covered by Sec. "d". Senator Raggio said that he disagrees with Mr. Daykin, as the entire "bone of contention" was whether the fighter's purses could be deducted. Assemblyman Mann said that the current Attorney General's opinion states that the purses cannot be deducted.

Senator Dodge said that this legislation should be temporary as suggested by Senator Kosinski in order to cover the two scheduled fights in Las Vegas during the last weekend in February, and then it would expire April 1, 1979. Assemblyman Mann said that A.B. 439 was only conceived to handle the two scheduled fights.

Mr. Tennison said that under the current A.G.'s opinion no deductions can be made from the television revenue, as taxes must be paid on the entire amount. Mr. Tennison added that under the current law if everything is taxed at 4%, with no deductions allowed, the promoters for boxing would not find Nevada an attractive area for their

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A.B. 439 (Cont.)

productions, and that is why this bill was introduced.

Chairman Glaser recessed the meeting until Mr. Frank Daykin, Legal Counsel, or a member of his staff could be reached in regards to clarifying the amendments on the reprint.

Mr. Daykin was not immediately available, and due to the time limit on the legislation the following motion was made:

Senator Sloan moved that Line 11 of Page One stay at .04¢, and that Line 23 of Page One be changed from .02¢ to .04¢ (see final reprint on Exhibit "A"); and that on Page Two, Line 23 be added to state, "This act expires by limitation on April 1, 1979."

Senator Don Ashworth seconded the motion.

The motion carried. (Senator Lamb - Absent)

Chairman Glaser announced that this legislation would be handled as an "emergency" measure in order to expedite its passage through the Senate floor to the Assembly.

There being no further business, the meeting adjourned at 5:30 p.m.

Sheba L. Frost
Respectfully Submitted By:
Sheba L. Frost, Secretary

Norman Glaser
Approved By: Senator Norman Glaser,
Chairman

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ASSEMBLY BILL # 439
(2nd Reprint)

(REPRINTED WITH ADOPTED AMENDMENTS)

SECOND REPRINT

A. B. 439

ASSEMBLY BILL NO. 439—COMMITTEE ON TAXATION

FEBRUARY 20, 1979

Referred to Committee on Taxation

SUMMARY—Revises certain fees for promoters of boxing and wrestling events. (BDR 41-1952)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

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

AN ACT relating to boxing and wrestling; revising certain fees for promoters; and providing other matters properly relating thereto.

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

- 1 SECTION 1. NRS 467.104 is hereby amended to read as follows:
- 2 467.104 1. [Any] *Except as provided in subsection 4, any person*
- 3 *who charges and receives an admission fee for exhibiting any live boxing*
- 4 *or sparring match, wrestling exhibition or performance on a closed-*
- 5 *circuit telecast, or motion picture, shall, within 72 hours after [such] that*
- 6 *event, furnish to the commission a verified written report on a form which*
- 7 *is supplied by the commission, showing the number of tickets sold and*
- 8 *issued or sold or issued, and the gross receipts therefor without any*
- 9 *deductions.*
- 10 2. [Such] *That person shall also, at the same time, pay to the com-*
- 11 *mission a license fee, exclusive of federal taxes thereon, of 4 cents*
- 12 *for each \$1 or fraction thereof received for admission [at such exhibi-*
- 13 *tion.] to:*
- 14 (a) *The telecast or motion picture, if any; and*
- 15 (b) *The live exhibition.*
- 16 The license fee [shall apply] *applies uniformly at the same rate to all*
- 17 *persons subject to it. The license fee [shall] must be based on the face*
- 18 *value of all tickets sold and, at the discretion of the commission, all com-*
- 19 *plimentary tickets issued.*
- 20 3. *If that person receives an amount in addition to these receipts as*
- 21 *consideration for holding the exhibition at a particular location or site, he*
- 22 *shall pay a license fee, exclusive of federal taxes thereon, on this addi-*
- 23 *tional amount of 4 cents for each \$1 or fraction thereof.*

Original bill is 2 pages long.
Contact the Research Library for
a copy of the complete bill.



HILTON HOTELS CORPORATION

INTER-OFFICE CORRESPONDENCE

EXHIBIT "B"

To: Frank Johnson

From: Ron Amos

Unit:

Date: Feb. 16, 19

Subject: NEVADA TAX LAW FOR BOXING EVENTS

Using the Holmes-Ocasio WBC World Heavyweight Championship boxing card as a base for figures, Nevada tax computations under the current state law (enforced), current state law (not enforced-old system) and new bill being introduced are as follows:

CURRENT STATE LAW ENFORCED

Television Rights Fee	\$2,600,000	@4%	\$104,000
Fighters Purses	3,000,000	@4%	120,000
Hotel Guarantee (Site Fee)	700,000	@4%	28,000
Live Gate (Estimate)	500,000	@4%	20,000
			<u>\$272,000</u>

CURRENT STATE LAW NOT ENFORCED

*Television Fee	\$2,600,000	None	None
*Fighters Purses	3,000,000	None	None
Hotel Fee	700,000	@4%	\$ 28,000
Est. Live Gate	500,000	@4%	20,000
			<u>\$ 48,000</u>

NEW BILL

Television Fee	\$1,000,000	@2%	\$ 20,000
Hotel Fee	700,000	@2%	14,000
Est. Live Gate	500,000	@3%	15,000
			<u>\$ 49,000</u>

(*) -- Procedure has been to not tax fighters purses and to subtract fighters purses from television fee. In this case, there would be no taxes on either, because fighters purses exceeded television figure.

NOTE: (1) Under all three of the above, you reduce the taxes by giving the outside promoter the live gate and making up the difference between the live gate and the hotel guarantee. In the case of the Holmes-Ocasio fight card, it reduces the taxes by \$20,000.

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- (2) Roy Tennison, Executive Officer for the Nevada State Athletic Commission, has informed me that, under the Current State Law Enforced, they will not be taxing fighters purses but also will not allow them to be deducted from the television fee, either.
- (3) Allowing (1) and (2) above, the figures in all three systems break down as follows:

CURRENT STATE LAW ENFORCED

Television Fee	\$2,600,000	@4%	\$104,000
Hotel-Gate	700,000	@4%	28,000
			<u>\$132,000</u>

CURRENT STATE LAW NOT ENFORCED

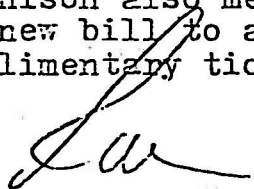
Hotel-Gate	\$ 700,000	@4%	\$ 28,000
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NEW BILL

Television Fee	\$1,000,000	@2%	\$ 20,000
Est. Gate	500,000	@3%	15,000
Hotel, difference between \$700,000 and gate	200,000	@2%	4,000
			<u>\$ 39,000</u>

Also, under the current state law, there is no allowance for deduction of complimentary tickets in live gate sales. There is, however, a NSAC ruling to allow for 1 to 3% of the total. And there no tax on press tickets. The current state law over rules the NSAC rule.

Tennison also mention that the NSAC is adding a clause in the new bill to allow the NSAC to determine the amount of complimentary tickets.



CC: Frank Shattuck