

PRESENT: Chairman Norman Glaser
Senator Mike Sloan
Senator Don Ashworth
Senator James Kosinski Mr. Ed Shorr, Fiscal Analyst
Senator Floyd R. Lamb

ABSENT: Senator Carl Dodge - Excused
Senator William Raggio - Excused

GUESTS: Mr. Jack Davis, President Western Nevada Community
College, Boxing Comm. Member
Mr. Roy Tennison, Executive Director, Athletic Commission
Mr. Stephen F. Hyde, Vice President, Caesars Palace, L.V.

The meeting was called to order at 12:25 p.m. in Room 213 on Wednesday, March 14, 1979, with Senator Norman Glaser in the Chair.

A.B. 439

Senator Mike Sloan opened his remarks with a suggested amendment to Assembly Bill No. 439, on NRS 467. 107, (Exhibit "A"). Senator Sloan said that he had asked Mr. Andrew Grose of the Legislative Counsel Bureau to list what fees are charged for fights in other states, (attached to back of Exhibit "A").

Senator Sloan said that his amendment would cause the production of \$2,000 more revenue on the Hilton fight in March than the original mandate or the bill as it currently stands.

Mr. Jack Davis, member of the Nevada Boxing Commission, stated that Senator Sloan's amendment would be acceptable to the Commission.

Senator Don Ashworth said that on Senator Sloan's proposed amendment, Section 1, Sub-Section (a), should be clarified by stating "4 percent of the total gross gate receipts", or this could be interpreted to mean the gross receipts of the hotel.

Chairman Glaser said that if this were passed, it would not be "stop-gap" legislation as had been previously discussed, but would be a long-standing mandate. Mr. Davis concurred with this remark.

Senator Lamb asked why on Line 7 of Page Two, it stated that the receipts would be taxed up to \$1 million and no higher? Mr. Roy Tennison, Executive Director of the Athletic Commission, stated that taxing in excess of \$1 million may preclude a boxing organization from coming to Nevada.

Mr. Stephen F. Hyde, Vice President of Caesars Palace in Las Vegas, stated that "the fights at best are a losing proposition for the hotels". Mr. Hyde said that if the promoter is taxed in excess of \$1 million, he will pass that expense on to the hotel. Mr. Hyde said that his hotel's arena only has 4200 seats, and they cannot gross \$1 million to \$1.5 million.

Senator Kosinski asked what would be the result if the fighters were required to obtain a license, and their "purses" were taxed? Senator Sloan said if that concept is going to be considered then participants of every professional sport, i.e., tennis, golf, etc., should be taxed in the same manner. Senator Sloan asked if the purpose for this legislation was to create revenue, or regulate boxing?

Senator Kosinski mentioned to Mr. Tennison that it had been suggested that the receipts from the fights would go into the General Fund, and the Commission would present their budget to the money committees like any other State agency. Senator Sloan said that this was not the subject of the bill, A.B. 439, under discussion.

Mr. Tennison said that in determining what should be the extent of taxation, input from the hotels and knowledge of what it would take to maintain the Boxing Commission was analyzed, and the \$1 million figure was reached. Mr. Tennison said that this determination was made with no consideration that the Commission was a revenue-making body.

Chairman Glaser said that A.B. 439 should contain a "repeal" section for July, 1981, so that the Commission would have to return to the Legislature and demonstrate their "track record". Senator Lamb felt that the Commission should be placed on the General Fund budget, now. Senator Sloan commented that it might be difficult to appropriate a budget for the Biennium when the Commission doesn't know how many fights they are going to actually have. Senator Lamb said that they could go to Interim for any excess funding.

Chairman Glaser asked that action be taken on Senator Sloan's amendment.

Senator Ashworth moved that Assembly Bill No. 439 be amended to read in Sub-Section (a) of Section One, "(a) 4 percent of the total gross gate receipts,...."

Senator Sloan seconded the motion.

The motion carried. (Senators Raggio and Dodge - Absent)

Senator Sloan moved that surplus of revenue over \$100,000 should be reverted to the State General Fund.

Senator Ashworth seconded the motion.

Senator Lamb moved that the motion be amended to state that the Boxing Commission be placed under the State Budgetary, General Fund process.

Senator Kosinski seconded the motion.

The motion carried. Senator Sloan voted "No". (Senator Raggio and Dodge - Absent)

The Committee discussed Sub-Section (b) of Section One, and questioned how excess receipts over \$1 million should or should not be taxed.

Senator Ashworth moved that Sub-Section (b) of Section One of Assembly Bill No. 439 should be amended to read, "(b) 3 percent of the first \$1,000,000 and 1 percent of the excess paid to a promoter...."

Senator Lamb seconded the motion.

The motion carried. (Senators Raggio and Dodge - Absent)

There being no further business, the meeting adjourned at 1:10 p.m.

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

Norman Glaser
Approved By: Senator Norman Glaser,
Chairman

NRS 467.107

467.107 Promoter's additional license fee payable on total gross receipts.

1. In addition to the payment of any other fees and [moneys] money due under this chapter, every promoter shall pay an additional license fee of: [4 percent of the total gross receipts of any boxing contest, wrestling exhibition, or combination of such events, exclusive of any federal tax or tax imposed by any political subdivision of this state. The license fee shall apply uniformly at the same rate to all promoters or clubs subject to it.]

(a) 4 percent of the total gross receipts, exclusive of any federal tax or tax imposed by any political subdivision of the state; and,

(b) 3 percent of the first \$1,000,000 paid to a promoter or a co-promoter for the sale, lease or other exploitation of broadcasting, television or motion picture rights of the contest.

Without any deduction for commission, brokerage fees, distribution fees, advertising, fighter's purses or other expenses or charges.

2. [For the purposes of this section, total gross receipts of every promoter shall include:

(a) The gross price charged for the sale, lease or other exploitation of broadcasting, television or motion picture rights of such contest or exhibition without any deductions for commissions, brokerage fees, distribution fees, advertising or other expenses or charges.

(b) The face value of all tickets sold and complimentary tickets issued.

(c) Any sums received as consideration for holding a boxing contest, wrestling exhibition or combination of such events at a particular location.]

The Commission, shall by regulation, govern the treatment of complimentary tickets issued.

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March 13, 1979

M E M O R A N D U M

TO: Senator M. H. Sloan

FROM: Andrew P. Grose, *Research Director*

SUBJECT: Pending Legislation on Boxing Taxation in New York and California

A 3001 is now pending in New York. It has had no hearing and one is not scheduled. The sponsor is a freshman Republican. This bill would limit the gross receipts tax from radio, TV and closed circuit TV to those coming from within the state only. I'm not sure how they would figure this out in the case of network radio and TV but the concept is clear. This would considerably reduce the tax. A similar provision in Nevada would virtually eliminate that part of the gross receipts.

In California, A.B. 182 was introduced by Alatorre and it also deals with the radio and TV receipts. It would exempt the first 25 percent of radio and TV receipts from the 5 percent gross receipts tax but tax the remainder at that rate. The bill was scheduled for committee hearing but it was postponed at the request of the sponsor.

If the New York bill passed, the effect on the taxpayer would be significant but it doesn't appear that the California bill would have a similar effect.

APG/jld

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EXHIBIT A

LEGISLATIVE COMMISSION (702) 885-5627
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March 9, 1979

M E M O R A N D U M

TO: Senator M. H. (Mike) Sloan
FROM: Andrew P. Grose, *Research Director*
SUBJECT: Taxation of Boxing in Other States

You requested that we examine the taxation of boxing in California, Florida, Illinois, Louisiana, New Jersey and New York. For each state, we examined the taxes directly related to boxing matches as well as personal and corporate income taxes. This is not a detailed tax analysis, however. We did not dig into the individual income tax statutes to see what sort of deductions are allowed and other details. That can be done if it becomes necessary. As you will see, for the most part all six states have higher taxes than Nevada.

California:

There is a 5 percent tax levied on all gross receipts of a fight from all sources; gate, radio, TV, etc. Federal taxes are deducted first.

There is also an 11 percent personal income tax that could be levied against purses.

Florida:

There is a 4 percent admission tax on the gate. Other revenues would fall under the corporate income tax rate of 5 percent. The corporate tax is based on a formula that allots 50 percent to sales, 25 percent to property and 25 percent to labor in the state. In the case of a fight in Florida, at least 75 percent of the gross would be subject to corporate income tax. There is no personal income tax in Florida.

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Illinois:

There is a 10 percent tax on all ticket sales. Other revenues would fall under the corporate income tax rate of 4 percent. Purses could be subject to a 2 1/2 percent personal income tax.

Louisiana:

There is a flat 5 percent tax on all gross receipts from all sources with no deductions of any kind. Fighters' purses could be subject to a 6 percent personal income tax.

New Jersey:

There is a 10 percent tax on all gate receipts and a 5 percent tax on all other receipts. For championship fights, the 10 percent gate tax may be lowered to 5 percent. Purses could be subject to a 2 1/2 percent personal income tax.

New York:

There is a 5 percent tax on all gross receipts of a fight. Federal taxes are deducted first. Purses could be subject to 15 percent personal income tax if the purse is \$30,000 or more.

In all cases where fight proceeds are not taxed beyond gate receipts, corporate income taxes come into play. In all of the states listed, except Florida, fighters are also subject to personal income tax.

APG/jld
Encl.