

Library

Date: April 6, 1981

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MEMBERS PRESENT: Chairman Stewart
Vice Chairman Sader
Mr. Thompson
Miss Foley
Mr. Beyer
Mr. Price
Mr. Chaney
Mr. Malone
Mrs. Cafferata
Mrs. Ham
Mr. Banner

MEMBERS ABSENT: None

GUESTS PRESENT: Greg Bessemer, Bishop Manogue High School
M. Gould, Nevada Library Association
Jack Logan, Muscular Dystrophy Association
Barbara E. Savoy, Medic Alert Foundation
Fairy Ulter, St. Mary's Hospital
C.G. Munson, Harrah's
R.E. Cahill, Nevada Resort Association
Jerry Higgins, Gaming Industry Association
Manuel Wedge, Washoe Assoc. Retarded Citizens
Ralph G. DePalma, M.D., University of Nevada
Linda J. Cahoon, Flips Gymnastics Corp.
Elizabeth Lenz, Doctors' Wives of Washoe Co.
Carol Coppola, Doctors Wives of Washoe County
Coe Swobe, United Way of Northern Nevada
Karol McClellan, Multiple Sclerosis Society
Kim McClay, Carson High School
Cliff Hanks, Carson High School
Karen Hall, Carson High School
Vicky Pardini, Carson High School
Joan T----, Carson High School
Shari Owen, Carson High School
Lynnda Dee Kinkel, Carson High School
Sheila Leslie, Community Services Agency of Washoe County
Wally Rusk, South Reno Lion's Club
Gordon Cupples, South Reno Lion's Club
Leon L. Alexander, Sparks Host Lion's Club
Dan Watkins, MDA

Chairman Stewart called the meeting to order at 8:10 a.m. and announced to the committee that the following bills would be taken up in a work session on April 7: AB 157, AB 246, AB 240, AB 255, AB 303, and AB 340.

SB 25: Provides that circulation records of libraries are not public records and restricts disclosure of such records.

Martha Gould, President of the Nevada Library Association, began her testimony by reading from the attached EXHIBIT A. To comments by Mr. Price, Mrs. Gould stated that within the past month there was a lawsuit brought before the Washington State Library by the moral majority, demanding to see the names of all people who had borrowed a sex education film. The same problem has arisen in a number of states and cities throughout the United States. Mrs. Gould felt the concerns of the Legislative Sub-Committee and the delegates to the Governor's Conference in 1978, due to censorship problems in Clark County, is one ploy of a group that censors -- not only to attack the title of a book but to also attack the librarian or teacher who may have used the material. It was her opinion that the feeling of the sub-committee was that this is preventative medicine and the Library Association heartily supports it.

Mrs. Cafferata moved DO PASS SB 25, seconded by Mr. Price, and carried unanimously.

AJR 24: Proposes to amend Nevada Constitution to allow raffles for charity.

Coe Swobe, an attorney in Reno, felt that prior to amending the Constitution, quite a bit of thought ought to be given to something of this magnitude, especially since we are in an area that deals a great deal with gambling and the resort industry. He stated that the United Way, and especially in the City of Reno, was concerned with the definition of lottery. He felt that a problem would be created in that if the Constitution allowed this, the same thing would occur as did with marriage chapels, which come under the guise of religious organizations. He felt this would be better handled through a state statute or a local ordinance, commenting that if handled through the Constitution and it proves wrong, it would require another six years to get rid of it. He suggested that an interim study be made of what constitutes a lottery.

Chairman Stewart commented that at this point there is nothing that can be done to authorize by legislation or by city or county ordinance since there is a general prohibition which exists in the Constitution. Mr. Swobe felt that the definition should be researched before the Constitution is amended. By way of further explanation to Chairman Stewart on the problem with wedding chapels, Mr. Swobe stated it is very difficult to regulate them because they come under the guise of a church. If the Consti-

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tution allows a lottery to a charitable group, the same problem with regulation could occur.

Mr. Price commented that his intern had researched lotteries statewide and added that there isn't a fraternal organization, church or other entities that aren't illegally conducting raffles of some type. He agreed that there was a problem with discerning between a raffle and a lottery. He asked why Mr. Swobe felt this type of gambling was any different from other types of gambling. Mr. Swobe commented that his concern was that it would not easily be regulated if allowed for charity. He added that he felt the system was currently working fine except in Washoe County, with the problem lying in too strict an interpretation by the City Attorney in Washoe County.

Gordon Cupples, representing the South Reno Lions Club, testified by reading from the attached EXHIBIT B.

Greg Bessemer, representing Bishop Manogue High School in Reno, stated they are in favor of AJR 24 for the reason that the school cannot exist without outside funds. The school has an enrollment of approximately 600 to 700 people and the tuition has been raised to \$1,000, which still falls short because of defaults. In the past people have donated a side of beef, given a discount on a car, or a trip to Hawaii which have been raffled off with the proceeds going to the school. It was his opinion that the only people hurt by not having lotteries are the clubs, which will not donate to the school. He felt the IRS would enforce the amendment if it passes. If the school folds up, there are 650 students which will have to be put in the public schools which are already filled to capacity. He concluded that raffles are the school's only source of revenue and AJR 24 should be passed if only to keep one private school in business.

Miss Foley asked if the school had been having raffles in the last few years. Mr. Bessemer stated that they had been having them until the principal had been contacted by the Attorney General's office and notified it was an offense, at which time the money from the last raffle was refunded.

Mr. Beyer asked how much money was normally raised in a year. Mr. Bessemer indicated it was whatever the deficit was and not a profit situation. He stated that currently a cafeteria is needed so funds are required.

Mr. Price commented that in their situation, someone had clearly decided the push the issue of lotteries and backed the Attorney General up against the wall, leaving him no option.

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Miss Foley asked about the possibility of hiring an independent fundraiser. Mr. Logan stated that the MDA, as with most charitable organizations, has full time paid staff people.

Mr. Stewart asked what kind of lotteries the MDA uses. Mr. Logan stated it does not use lotteries.

Chuck Munson, Chairman of the Harrahs Donation Committee, stated he has some philosophical problems with AJR 24. He commented that he shared some of Mr. Swobe's apprehensions that this could be perverted to intemperance and excess if the Constitution is amended. There is a proliferation of charitable causes in the world, this state and every city. He indicated his committee gets hundreds of requests, most recently being one from Bishop Manogue High School for a donation to help build a kitchen. It was his feeling that unless there is limiting language in the amendment to encompass only simple kinds of fundraising by small groups of people for generally small purposes, it is subject to a great deal of potential peril as the years pass and people figure out that forming a charity and running a lottery beats working. He suggested that an analysis of the situation be done to permit those things intended, but would guard against excesses which could very likely occur.

Mr. Price questioned why lotteries should be prohibited in the first place. Mr. Munson stated he could give a background of the section of the Constitution which prohibits lotteries. He continued by saying that there was a Louisiana lottery in the early 1800's which was grossly mishandled, creating a great groundswell of public opinion opposed to lotteries. It was about that time that the Nevada Constitution was being drafted and is probably the reason it got into the Constitution.

Mr. Price commented that since Nevada is so expert in enforcing other types of gambling regulations, he did not feel there would be such a great problem enforcing lotteries and raffles.

Chairman Stewart asked if Harrahs conducted raffles or lotteries. Mr. Munson stated that the only thing which comes close to that is what they do with their employees. Harrahs supports heavily the United Way and encourages its employees to participate by donating a day's pay. At the conclusion of each drive on an annual basis, there is a drawing for employees who have participated in the United Way and they are eligible to receive prizes, with the top prize usually being a sports car. He stated that their attorneys did not feel this met the tests of a lottery since the employee does not buy a ticket which entitles him to something.

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To a question from Mr. Sader, Mr. Munson stated he had no objection to a senior citizens group or some other group raffling off Thanksgiving turkeys. He added that Nevada has every form of gambling except lotteries. Lotteries will bring federal heat, lottery payouts are reportable for federal tax purposes and subject to withholding within certain dollar limits. He suggested that very serious consideration be given to how lotteries are going to be regulated and controlled before passing the bill.

Jerry Higgins of the Gaming Industry Association in Reno, stated their concern is not with raffles, but with opening up the subject of lotteries. Upon a question from Chairman Stewart on the difference between raffles and lotteries, Mr. Higgins did not have a precise definition. He commented that the different kinds of lotteries being conducted in other states are instant lottery, daily numbers, weekly numbers, weekly lotto, special subscription, and the like. He passed out as information to the committee the attached EXHIBIT C. It was his opinion that these types of things would have to be policed by a new division of the Gaming Control Board. He stated there was no concern with raffles held by various churches and fraternal organizations, but with the possibilities of what might develop. He left the study done in 1976 called Gambling in America with the Chairman, which has a section on lotteries (maintained in Chairman's file).

Robbins Cahill of the Nevada Resort Association supported Mr. Munson's concept of the Louisiana lottery. He felt there were problems with control and with the definition of charity. He alluded to the crimes committed in the name of charity. He agreed with Mr. Higgins' comments and felt there are people who would take advantage of this type of opening.

Mrs. Cafferata commented that it is necessary to raise money for some of these organizations and there should be some wording which would help control abuses of the resolution.

Mr. Price commented that the Legislature has an obligation not only to the gaming industry, but also the private sector, including charitable organizations. It was his feeling that this obligation cannot be upheld without the possibility of problems. Mr. Cahill responded by saying that he did not feel we need to dilute our main economy with the potential that a bill of this kind may have.

Miss Foley commented that there should be some way to statutorily tighten up the definition of charity in order to avoid abuses. She added that she did not see how the statutes could be changed without first amending the Constitution and felt that something needs to be done since charities cannot survive without raffles.

She continued by saying that the IRS keeps close tabs on non-profit charitable organizations and the way that they are taxed and pointed out that not anyone can become a non-profit charitable organization. Mr. Cahill felt there were a lot of abuses with that respect.

Mr. Price asked Mr. Higgins if part of his concern was that this bill would open the door to state lotteries. Mr. Higgins stated it was and that the Senate resolution addressing that would be heard Wednesday.

Mr. Sader asked if Mr. Higgins felt they could assist in drafting language which would help to cure the problems foreseen by his people. Mr. Higgins felt that could be done and felt it just a matter of defining what a drawing and raffle is.

Elizabeth Lenz, representing the Board of Directors of Doctors' Wives of Washoe County, stated they are a charitable organization and felt the conflicts with the resolution could be handled with language. She pointed out that anyone who has tried to get a solicitor's license or achieve tax exempt status realizes that it is not a very easy thing to do and is well controlled. The problem, of course, is with those people who do not attempt to get the licenses. She agreed that it cannot be ignored that charitable organizations are breaking the law and do need help in order to continue these small money raising efforts. Mrs. Lenz stated she did not share any concern with pressures on future legislators since pressures come from all directions and must be reacted to at the time. She concluded that her organization is in favor of relief in this respect for charitable organizations.

Manuel Wedge, Administrator of the Washoe Association for Retarded Citizens, stated that prior to coming to this meeting was all for the lottery without any reservations. After listening to the testimony, he expressed concerns and felt the committee should understand the plight of the non-profit sector or the charities. He stated that when the non-profit entities first started, they were started with the concept of the utilization of volunteers for staff, service providers, administrators and fundraisers. Over the years, because of necessity and because of the quality of programs needed to service the community needs, they have been forced to hire staff. He added that volunteers no longer exist in the great numbers that they once did since in the past they were mainly women who were home taking care of the family and had extra time on their hands. Today, women are becoming professionals in their own right and for economic reasons are also employed in the competitive industry. Since the Reagan Administration, with which Mr. Wedge agrees, the WARC has been cut \$90,000 already. Luckily WARC will have no problem since it has its thrift stores and the Pier 1 Imports which generate its income.

Mr. Wedge felt that some kind of fund raising is necessary and commented that WARC is continually and consistently stopped from having a raffle and yet there are raffles occurring in other parts of the state. He added that the non-profit entity today is in deep financial trouble and the responsibility is becoming more day by day. He did agree that he was concerned by the abuse by some non-profit organizations and did agree with Mr. Higgins and Mr. Cahill in that respect. Another concern expressed was with non-profit organizations that might not be respectable organizations coming into the state, raising the funds, and taking them out to use for other purposes. He felt the Constitution should be amended and allowed to go before the people for a vote and then future legislation for strict controls.

Mr. Malone expressed concern about the fact that in remedying the situation, schools such as Bishop Manogue will have to do away with raffles for up to 3 years. Mr. Wedge argued that some agencies cannot be allowed to have raffles while others are denied that opportunity. Mr. Malone countered that rather than looking at a long range cure, it is necessary to look today for a cure.

Mr. Wedge continued by saying that if the non-profit sector no longer exists due to the lack of funds or a guaranteed income, there will be a definite increase in crime and drug and alcohol abuse. He felt the lottery is needed, but stressed the need for strict rules and regulations.

To Mr. Chaney's question, Mr. Wedge was not sure but felt that it might be understood that the difference between a raffle and a lottery is that a raffle might be for a bottle of whiskey or something tangible where a lottery is for a sum of money.

Karol McClellan, Director of the National Multiple Sclerosis Society, Northern Nevada Chapter, stated they are primarily in business to raise money for research to find the cause and cure of multiple sclerosis and to provide patient services in the chapter area. It is their desire to have other ways of raising funds and the raffle would definitely be an asset in those efforts.

Sheila Leslie, representing the Community Services Agency of Washoe County, stated they support AJR 24. She did not understand the concern with controls since it is already necessary to obtain a solicitation permit, file reports which show the expenditure of the funds, etc. She added that one way of establishing themselves as a charity is to provide a tax exempt number from the IRS. She did agree that there might be a problem with those people who did not apply for the necessary permits. She added that without raffles, her agency will die due to a lack of funds. The CSA does not currently use raffles but would if they were legalized.

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Leon Alexander, the Zone Chairman of the Lions Club, commented that none of the money collected by the Lions goes towards the administration costs of the Lions International but comes out of the pockets of the members. He continued by giving a run down of the Lions organizations, its practices, etc. He went on record by saying that the Lions International is in favor of AJR 24.

Miss Foley asked if the Lions Club gives to just one charity or to a variety of charities. Mr. Alexander stated that each club gives to its own charities such as playground projects, etc.

Miss Foley asked if the funds raised go into a pool to be distributed or are they raised for a specific purpose. Mr. Alexander stated the funds go into a charitable fund which is a general fund and then disbursed as approved by a board within the year. To another question by Miss Foley, Mr. Alexander indicated that almost all the charitable money remains in the state unless it is voted to send money to a little town in Brazil for a schoolroom.

Since there was no further testimony on AJR 24, Chairman Stewart appointed a sub-committee to look into the legal questions of the bill, consisting of Mrs. Cafferata, Mrs. Ham and Miss Foley, with Mrs. Cafferata acting as chairman.

The meeting was adjourned at 10:05 a.m.

Respectfully submitted,


Jor Jan M. Martin
Committee Stenographer

NOTE: EXHIBIT D is a letter received subsequent to this meeting in support of AJR 24.

**61st NEVADA LEGISLATURE
ASSEMBLY JUDICIARY COMMITTEE
LEGISLATION ACTION**

DATE: April 6, 1981

SUBJECT: SB 25: Provides that circulation records of libraries are not public records and restricts disclosure of such records.

MOTION:

DO PASS XX AMEND _____ INDEFINITELY POSTPONE _____
RECONSIDER _____

MOVED BY: Cafferata SECONDED BY: Price

AMENDMENT:

MOVED BY: _____ SECONDED BY: _____

AMENDMENT:

MOVED BY: _____ SECONDED BY: _____

VOTE:	MOTION		AMEND		AMEND	
	YES	NO	YES	NO	YES	NO
Thompson	XX	---	---	---	---	---
Foley	XX	---	---	---	---	---
Beyer	XX	---	---	---	---	---
Price	XX	---	---	---	---	---
Sader	XX	---	---	---	---	---
Stewart	XX	---	---	---	---	---
Chaney	XX	---	---	---	---	---
Malone	XX	---	---	---	---	---
Cafferata	XX	---	---	---	---	---
Ham	XX	---	---	---	---	---
Banner	XX	---	---	---	---	---
TALLY:	<u>11</u>	---	---	---	---	---

ORIGINAL MOTION: Passed XX Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____
AMENDED & PASSED _____ AMENDED & DEFEATED _____

ATTACHED TO MINUTES OF April 6, 1981

NEVADA LIBRARY ASSOCIATION

EXHIBIT A

TESTIMONY BEFORE ASSEMBLY COMMITTEE ON JUDICIARY FOR SB 25

Martha Gould, President, NLA

Mr. Chairman, members of the Committee, SB 25, a bill dealing with the confidentiality of the records of a public library, or other library which contain the identity of a user and the books, documents, films, recordings, etc. borrowed by a user, passed the Senate with a vote of 19 in favor, and one opposed. This bill reflects the concerns voiced by citizens, and the the Interim Sub-Committee studying libraries. To quote from the study, " First Amendment freedoms, particularly freedom of the press, meant little if citizens do not have access to the thoughts and ideas covering the broadest possible spectrum. The role of libraries in giving meaning to the constitutional freedoms is too often overlooked. This concern is reflected in the recommendation for a statement of state policy...This is the right of privacy each citizen has concerning what they read. Not only should every citizen have the right to read any book or periodical, every citizen should also be able to read anything without fear that someone will monitor or review their reading habits...Attorney General's Opinion #80-6 supports the confidentiality of library records and says that those records are not public documents... The Sub-Committee recognized, however, that the opinion is just that. While it as legal weight, it does not have the effect of law...The Sub-Committee recommends statutory protection for the privacy of library patron ...records."¹

The Nevada Library Association supports SB 25, as did the vast majority of the Senate. There were a goodly number of citizens at the hearing before the Senate Committee on Human Resources and Facilities also in support of this bill. Taking into consideration your time constraints, I urged that it was not necessary for many to appear each to say basically the same thing. We felt that knowledge of support for this bill, that was shown in the Senate, would be obvious to the members of this Committee.

NEVADA LIBRARY ASSOCIATION

I would like to end this testimony by quoting from the Attorney General's Opinion # 80-6. "No other Nevada statute expressly makes library circulation records or the identity of library patrons confidential, and we have found no reported judicial decision in this or any other jurisdiction which has so held. However, we firmly believe that if the courts of our state were faced with the issue they would rule that the First Amendment to the United States Constitution, which is applicable to the states through the Fourteenth Amendment, *Gitlow v. New York*, ...makes confidential that information in library circulation records which would disclose the identity of library patrons in connection with the materials they have obtained for their personal reading...Freedom of the press is a fundamental personal right which is not confined merely to newspapers and periodicals. *United States v. Caldwell*... The constitutional guarantee embraces the circulation of books as well as their publication. *Bantam Books Inc. v. Sullivan*...The rights of freedom of speech and press necessarily protect the right to receive information and ideas..." *Stanley v. Georgia*... *Martin v. Struthers*..."².

The Nevada Library Association asks that Assembly Judiciary give this bill a "DO PASS."

1. Nevada. Legislative Commission. Libraries and other systems for storing information. Bulletin # 81-15. Author, December 1980. page 12.
2. Nevada. Attorney General. Opinion # 80-6 Libraries--Library circulation records are not "public records" under NRS 239.010; rather they are, by constitutional law, to be confidential. page 2.



STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL
CAPITOL COMPLEX
CARSON CITY 89710

RECEIVED
NEVADA STATE LIBRARY
CARSON CITY, NEVADA 89710

RICHARD H. BRYAN
ATTORNEY GENERAL

LARRY D. STRUVE
CHIEF DEPUTY ATTORNEY GENERAL

March 10, 1980

Opinion No. 80-6

Libraries--Library circulation records are not "public records" under NRS 239.010; rather, they are, by constitutional law, to be confidential.

Joseph J. Anderson, State Librarian
Nevada State Library
Capitol Complex
Carson City, Nevada 89710

Dear Mr. Anderson:

Recently you inquired of this office with respect to the following:

QUESTION

Do the circulation records of Nevada public libraries constitute "public records" open for general inspection under the provisions of NRS 239.010?

ANALYSIS

In an informal letter opinion dated October 20, 1970, former Attorney General Harvey Dickerson concluded that library circulation records were merely internal book-keeping devices used for keeping track of publications and documents and were therefore not "public records." Although we concur with General Dickerson's overall conclusion, we do so for the somewhat broader reasons set forth herein.

NRS 239.010, in part, provides that "all public books and public records of state, county, city, district, governmental subdivision and quasi-municipal corporation officers and offices of this state (and all departments thereof), the contents of which are not otherwise declared

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by law to be confidential, shall be open at all times during office hours to inspection by any person...." No other Nevada statute expressly makes library circulation records or the identity of library patrons confidential, and we have found no reported judicial decision in this or any other jurisdiction which has so held. However, we firmly believe that if the courts of our state were faced with the issue they would rule that the First Amendment to the United States Constitution, which is applicable to the states through the Fourteenth Amendment, Gitlow v. New York, 268 U.S. 652, 666 (1925), makes confidential that information in library circulation records which would disclose the identity of library patrons in connection with the materials they have obtained for their personal reading. We would note that we are joined in this view by the Texas Attorney General. See Texas Open Records Decision No. 100 (July 10, 1975).

Freedom of the press is a fundamental personal right which is not confined merely to newspapers and periodicals. United States v. Caldwell, 408 U.S. 665, 704 (1972). The constitutional guarantee embraces the circulation of books as well as their publication. Bantam Books, Inc. v. Sullivan, 372 U.S. 58 (1963). The rights of freedom of speech and press necessarily protect the right to receive information and ideas, regardless of their social worth. Stanley v. Georgia, 394 U.S. 557, 564 (1969); Martin v. Struthers, 318 U.S. 141 (1943).

Also fundamental is the right to be free, except in very limited circumstances, from unwanted governmental intrusion into one's privacy:

"The makers of our constitution undertook to secure conditions favorable to the pursuit of happiness. They recognized the significance of man's spiritual nature, of his feeling and of his intellect. They knew that only a part of the pain, pleasure and satisfactions of life are to be found in material things. They sought to protect Americans in their beliefs, their thoughts, their emotions and their sensations. They conferred, as against the government, the right to be let alone-- the most comprehensive of rights and the

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right most valued by civilized man."
Olmsted v. United States, 277 U.S. 438,
478 (1928) (Brandeis, J., dissenting).

The effect of the decision in Stanley v. Georgia,
supra, was to free every American from an unconsented inquiry
into the contents of his personal library. Mr. Justice
Marshall eloquently wrote at page 565 of the opinion:

"If the First Amendment means anything, it
means that a state has no business telling
a man, sitting alone in his own house, what
books he may read or what films he may watch.
Our whole constitutional heritage rebels at
the thought of giving government the power
to control men's minds."

If that be so, we equally believe the state has no
business telling, or assisting others to tell, a man's
neighbors what books he has checked out at the local public
library to read in the privacy of his own home. If the
privacy of a privately purchased library is constitutionally
protected, the same principle surely applies to the contents
of a "library" on loan to an individual.

In free speech and press cases the United States
Supreme Court has frequently mentioned the "chilling effect"
a particular governmental statute or practice may have on
the otherwise free exercise of constitutional rights, and it
has been generally zealous in its pronouncements in favor of
maximum freedom in the absence of a compelling and overriding
state interest. If library circulation records were held to
be open to public inspection under a statute like NRS 239.010,
we can foresee a potentially significant chilling effect on
the reading habits of library patrons, particularly those
who may choose to read controversial or unorthodox materials
which are not in favor with some segment of the public or a
particular governmental agency. To the extent that such
persons may therefore be deterred from reading materials
because of a fear of public disclosure of their own private
reading habits, they would be denied the right to receive
information and ideas guaranteed to them by the First and
Fourteenth Amendment. The state through its public records
statute would, in effect, be impermissibly contracting the

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spectrum of available knowledge. Cf. Griswold v. Connecticut,
381 U.S. 479 (1965).

Our state and county libraries are citadels of information for the private pursuit of education and entertainment. Thousands of public dollars are expended yearly by our libraries to purchase all types of material intended to be read and enjoyed by our citizens. It is simply inconceivable that the Legislature would have intended an interpretation of the term "public records" as used in NRS 239.010 to encompass library circulation records, where to do so could have a significant effect on the use the public is willing to make of the contents of our libraries. The establishment and operation of our state and county libraries represents a commitment to intellectual freedom in this state which the office of the Attorney General enthusiastically supports and defends.

CONCLUSION

Based upon the rulings of the United States Supreme Court noted above, it is our opinion that library circulation records are not "public records"; rather, they are, as a matter of constitutional law, to be confidential.

Respectfully submitted,

RICHARD H. BRYAN
Attorney General

By: William E. Isaeff
Deputy Attorney General

South Reno



Lions Club, Inc.

Chartered December 13, 1949

April 1, 1981

Mr. Janson Stewart, Chairman
Assembly Judiciary Committee
401 South Carson Street
Legislative Building
Carson City, Nevada 89710

RE: Assembly Joint Resolution
No. 24

Dear Mr. Chairman:

Would you be kind enough to apprise the Committee that the South Reno Lions Club membership unequivocally endorses Assembly Joint Resolution No. 24.

The passage of the Resolution will be of enormous assistance to Lions Clubs in raising funds for the charitable purposes for which Lions Clubs are widely recognized, and in particular, it's local charities which comprise the major part of it's charitable efforts.

Your assistance will be very greatly appreciated.

Kindest regards.

Very truly yours,

SOUTH RENO LIONS CLUB

By

Dale Devine
President

* "As a source of revenue to the States, lotteries are relatively inefficient compared to broad-based forms of taxation. They are also more regressive than most other forms of gambling since individuals in lower income brackets spend proportionally more money on them than do persons with higher incomes. No State now derives more than 3 percent of its total revenues from lotteries, and it would be futile for State policymakers to look to lotteries as a substitute for traditional forms of taxation. Although a well-managed State lottery can make a modest contribution to satisfying a State's overall revenue needs, the Commission recommends that in this instance, the earmarking of lottery revenues for specific State programs be avoided because this practice tends to warp the budgetary process and to deprive State officials of the flexibility required to meet changing needs."

"If a State were to be unwilling to forgo the revenues from such lotteries, it would be preferable to have them operated by private entrepreneurs who were as strictly licensed and controlled as are the casino operators in Nevada. Then, at least, the participants would be fully aware that the games were designed only to make money, with the States imposing taxes and licensing fees to generate revenues."

* Gambling in America
Commission on the Review of the National Policy Toward Gambling
Washington: 1976

Maine Lottery: A Gamble That Didn't Pay Off

THE VALLEY TIMES
NORTH LAS VEGAS

DEC 14 1980

BY GEORGE B. MERRY

The Christian Science
Monitor News Service

For the first time since state-run lotteries began springing up nearly two decades ago at least one of them may be withering away.

Maine Gov. Joseph E. Brennan, concerned over a decline in revenue produced by this form of legalized gambling in his state, is considering a move to end the lottery.

Similar dissatisfaction abounds among state lawmakers and at least two proposals, one to abolish the operation outright and another to radically reorganize it, have been readied for debate in the 1981 legislative session.

The uncertainty over the future of the Maine lottery comes at a time when lotteries in Arizona, Colorado, and the District of Columbia are on the way, having received voter approval in the Nov. 4 election.

Of the 14 states that currently have this form of legalized gambling, only Maine and Vermont have encountered revenue-decline problems in recent years. In Vermont, the situation "seems to have been turned around," explains Duane Burke, director of the Maryland-based Public Gaming Research Institute.

The Maine problem, say Mr. Burke and observers on the scene, can be partially attributed to the small population of the state. They note that lotteries tend to be financially more successful in larger states with large numbers of blue-collar workers.

State lotteries, which netted some \$2.6 billion last year, have grown at a more modest pace during 1980, says Burke. He notes that present projections indicate revenue increases are running slightly ahead of the rate of inflation.

Critics of the Maine lottery, including state Rep. Louis Jalbert of Lewiston, say they believe the program "was oversold from the start" and never came close to bringing to Maine coffers the projected \$10 million a year.

Thus far, the biggest yield was \$2.6 million for the 12 months ending June 30, 1976. In each succeeding year the revenue generated dropped. Last year only \$996,000 was netted.

Lottery foes maintain that it is time to close the operation down before it begins to lose money.

But they concede that prospects for such legislation are considerably diminished by the state's fiscal problems, including an overall shortfall in tax receipts. Hopes remain that the lottery will become a significant contributor to the state's income.

In the view of Richard J. Carey, the state lottery director, a good part of the Maine lottery's decline stems from the recession that has hit some parts of Maine particularly hard, bringing high unemployment with it.

"Things are beginning to turn around," he insists, holding that the daily "numbers game" introduced last July "has been doing quite well."

The lottery commission, responding to a warning from Governor Brennan to get the program on track or prepare for abolition, has voted to drop its weekly drawings, effective Jan. 22. This has been the least successful part of the agency's gambling program and its elimination will chop operating expenses by \$150,000, according to Mr. Carey.

Brennan never has been supportive of the lottery. In 1974, when he was Democratic floor leader in the state Senate, he vigorously opposed the proposal that established it.

Sources close to the governor suggest that, short of outright abolition, he might push for legislation to greatly increase his voice in how the lottery is run, through a strengthened executive director.

Although voter approval is not needed to abolish the lottery, some who are backing legislation to end it hold that the people should have a say in the matter.

They note that the state-run gambling operation came into being only after it was supported 155,000 to 90,000 on the 1964 statewide ballot.

Besides Maine and Vermont, the other states with lotteries are Connecticut, Delaware, Illinois, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, and Rhode Island.

1029

2/2/81

Where I Stand

HANK GREENSPUN

The old Spanish Lottery game. State Sen. Wilbur Falls is reading a joint resolution for a state lottery when the Nevada Legislature convenes after the first of the year.

The proceeds, as indicated by the good senator, will go to alleviate the tax burden of the property owner, the schools, the young and the old.

For years, the only connotation my mind has been able to summon up at the suggestion of a lottery is the old Spanish Lottery racket that has been exposed many times all over the world but still beguiles the public.

The vast bulk of those who have little or no chance of ever acquiring a financial bonanza solely through their own mental or physical efforts are gullible prey for the get-rich-quick schemes of promoters who never seem to run out of prospects for every conceivable racket.

Sucker lists of every variety are available to the sharp operator, and if you've ever entered a contest or written for a cure for baldness, eventually you will receive a letter from Barcelona, Spain.

The letter, in an almost illegible style and just barely readable, will inform the receiver that the writer is confined in a Spanish prison. He has won the equivalent of a half-million dollars in a lottery, but unfortunately the money is buried on the outside.

He needs a few dollars to bribe the guards so he can escape. And if you help his departure from the Bastille, he will be in position to split half the winnings.

Your name, he adds, has been furnished by a mutual friend and the letter swears you to secrecy.

If you believe that nobody is gullible enough to fall for such a trap, you are even more naive than the usual brand of sucker.

A combination of a letter from the land of the pirates, a prison secret and a huge sum of money are sufficient to intrigue the imagination of practically anyone who has a little larceny in him and is looking for a windfall.

Many letters are sent out and often the responses come by cable seeking to get in on the big deal. The trap has been set and many of the gullible are finally induced to part with their cash to effect the big escape.

Communication is immediately cut off and someone is a little poorer but wiser.

So talking lotteries to me does set up a sort of mental block as to where racket ends and reality begins.

The poor, the seniors and the school kids are the perfect emotional and romantic combination to spring the trap for the gullible to pour out their cash.

And though the public is always the beneficiary during the talking or letter-writing stages, somehow the money doesn't always wind up where originally intended.

Buying a lottery ticket is about as secure an investment as sending cash to a convict in a Spanish prison. One can hardly lose, but there is even less chance to win.

There is no plausible reason to oppose lotteries in a state that permits dice-throwing, wheel playing and games of chance with playing cards, but if there can be any moral justification for opposing another ruse to separate the citizen from his money, it is that lotteries prey primarily on the poor.

The experience of those states where lotteries have been legalized, with practically every corner candy store and barber shop hawking lottery tickets, shows that it is the income group least able to buy anything but food and clothing that will expend its last monies on pie-in-the-sky ventures.

LAS VEGAS SUN
LAS VEGAS, NEVADA

DEC 19 1980

And the lotteries in New Hampshire and elsewhere that were supposed to produce a panacea to the tax burdens of the little man have never lived up to their rosy estimates and are producing less and less each year.

What has developed in most of these states with publicly controlled lotteries are gigantic pork barrels for friends and relatives of the less-than-scrupulous politicians who sponsor these ventures.

The proceeds seldom go for the purposes for which they were originally intended.

Schools, care of the elderly, a better life for our senior citizens and tax relief for homeowners are legitimate functions of society and the responsibility of the tax dollar.

To Mickey Mouse legitimate obligations of the social order with gaming schemes that seldom reach out to the needy is just another method of robbing the poor.

There are legal and legitimate methods of raising the revenue needed for society's obligations without further impoverishing those who can least afford it. So let's forget the panaceas and the con games and get down to the basics of governing for the greatest good for the greatest number.

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Study Calls State Lotteries a Bad Bet, Says Local Bookie Offers Better Odds

WASHINGTON (AP)—State lotteries are a bad bet, says a professor who directed a federally funded study of gambling. The local bookie or numbers runner can offer you better odds for winning, the study showed.

In a report issued Sunday, G. Robert Blakey of Cornell University said state gambling operations paid out only a small part of the total betting revenue in prizes to winners because states used the games to make money for government services.

Illegal gambling operations pay a much higher proportion of the take to winners, Blakey reported.

"Apart from the question of legality or morality, no one but a fool would gamble with state-run operations," he wrote. "If the state is willing to forgo its revenue-raising objective, then perhaps state lotteries or bookmaking could compete on an equal basis with the illegal numbers games and bookmaking. But the numbers operators and bookies, who don't worry about taxes, can always give customers better odds."

The report was issued by the Law Enforcement Assistance Administration, which financed the two-year study at a cost of \$75,805. The 934-page report traces the history of gambling and the laws regulating it from the 11th century to the present.

For the last 14 years, the United States has been experimenting with legal state-operated lotteries as a means of raising state revenues and avoiding tax increases. The 13 states now operating lotteries are New Hampshire, Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Rhode Island, the report said.

For several decades, many states

have permitted parimutuel betting at racetracks, which the states tax and regulate. New York City and several other areas in New York state also operate off-track betting corporations.

All forms of gambling have been legal in Nevada since 1931, and the state regulates gambling operations but runs none of its own. New Jersey plans to allow casinos to open soon in Atlantic City.

In discussing state lotteries, Blakey said, "Although bettors 'win' lottery prizes on occasion, the only entity which consistently 'wins' is the state. It wagers nothing but sets the rules of the game. Compared to other forms of gambling, the state lottery pays out in winnings only a small portion of the total revenues."

He said sports bookmakers "generally pay out 95.5 cents on the dollar; slot machines, 75 cents to 95 cents; and numbers games, 60 cents to 70 cents." Those forms of gambling are illegal in most places.

"The state lotteries—by statute—pay only about 40 cents to 45 cents into the prize fund for every dollar wagered," the report said.

Blakey concluded that lotteries were an undesirable form of taxes and an inefficient way for states to raise money.

"In general," the report said, "persons in lower income groups have the most incentive to purchase lottery tickets. Leading routine lives for lack of money, they derive comparatively more benefit from the lottery's excitement and potential profits than do the affluent . . . Although contrary evidence exists, it appears that many of those who play the lottery are those who can least afford it."

In addition, the lottery may be "an

uneconomical way to raise revenue because its profits are so unpredictable," the report said.

Connecticut, for example, ran up a \$6.5 million deficit in 1972 because lottery profits were not as high as officials had expected, the report said.

Noting the trend toward legalized gambling, Blakey said:

"The nation seems to be heading for the worst of both worlds. Illegal gambling will flourish in a twilight zone between formal prohibition and half-hearted enforcement. By its side, there will develop legal games—first, lotteries, then off-track betting, finally perhaps state-run, or at least state-regulated, casinos."

"Gambling policy will have changed in a hope to increase tax revenues and reform law enforcement, comparatively little income will endure, and the corruption and inefficiency of law enforcement and the obstruction of the courts will continue."

1332

lotteries reduced

State Lotteries: Harmless Sport Or Consumer Swindle?

By NEAL R. PEIRCE

Contributing editor, National Journal
Special to The Bee

WASHINGTON — As gamblers, Tom and Philomena Drake of McMurray, Pa., have a lot to learn.

Last month, in a desperate bid to win that pot of gold at the end of the rainbow — \$1,000 a week for life — the Drakes began to invest their life savings of \$20,000 in the Pennsylvania lottery's Instant Bingo game.

At last report, having emptied their savings account and sold their car, the Drakes were still patiently scraping the film off \$1 lottery tickets in search of the magic numbers or letters that would put them on easy street forever.

They would have done better to take off for Las Vegas instead. Casino roulette tables return up to 95 cents for the average dollar wagered. Slot machines spew back 75 to 95 cents. Illegal numbers games return 60 to 75 cents, horse track betting 82 cents. But like most state lotteries, Pennsylvania's returns a paltry 45 cents.

"No one but a fool would gamble with state-run operations," says Cornell Prof. G. Robert Blakey, who conducted a two-year lottery study for the Law Enforcement Assistance Administration. Consumer's Union concluded: Lotteries are "a legal sucker bet."

BUT EVEN IF the Drakes should beat the odds (35 million to 1 on each ticket, 1,700 to 1 on 20,000 tickets), does happiness await them? Many big-time lottery winners have succeeded only in screwing up their lives. Sociologist H. Roy Kaplan, who interviewed 34 of New Jersey's million-dollar winners, found disturbed relationships between winners and their families and friends, replete with jealous bidding for a piece of the winner's fortune.

Since New Hampshire introduced the first 20th century state lottery in 1964, the games have spread to 14 states and been "improved" regularly to bolster revenue and stop public interest from flagging.

But despite sharply increased gross revenues — estimates run as high as \$1.5 billion for this year — lotteries remain one of the most oversold, misguided and morally reprehensible innovations in state policy this century.

LOTTERIES ARE sold as painless way for states to avoid new taxes, and most bettors believe that. In fiscal



1976, they did produce profits of \$497 million. But even that sum was only one-half of 1 per cent of the \$104 billion it took to run state and local governments in the lottery states.

Lotteries are highly inefficient revenue producers because prizes and administrative costs eat up 55 to 60 per cent of gross. By contrast, it costs less than 5 cents on the dollar to collect most taxes. The lottery states could recover far more through pared-down bureaucracies and more progressive tax systems.

Because lotteries take money from many people and return it to few, economists say they are a form of tax — and a very inequitable one. Middle- and upper-income people may buy most lottery tickets, but the poor spend a larger share of their income on them. In short, through lotteries, the government makes poor people poorer.

LOTTERY BOOSTERS claim their games compete with illegal gambling and thus impair organized crime. It's hard to find a law enforcement officer who agrees.

Says Jonathan L. Goldstein, U.S. Attorney in New Jersey and one of the nation's top crime fighters: "The state lotteries make gambling respectable and thus create new clienteles for organized crime to prey upon. You become addicted to a lottery system." From there, Goldstein says, it's a short step to illegal gambling that enriches organized crime, including the mob's narcotics operations, taking over legitimate

businesses and corruption of the police.

Goldstein's charge of a tie between lotteries and criminal activity was supported by the National Gambling Commission's findings that lotteries tend to increase participation in illegal numbers games, and that participation in illegal gambling is more frequent in states with legal gambling than in those which prohibit it.

FBI Director Clarence M. Kelley, another lottery critic, points to the problem of the big loser: "Like alcoholics or narcotics users, many gamblers are unable to resist their compulsion to buck the odds, even when they cannot afford it. That means they may add to the national crime rate by stealing, swindling and embezzling."

SO FAR, THE modern lotteries have escaped the gross corruption that wracked their 19th-century predecessors. Although incompetent management forced temporary closing down of the New York and Delaware lotteries, there have been no known indictments or convictions stemming from lottery scandals.

But the aroma of scandal — real or potential — is already evident in heavy patronage staffing of some lottery commissions, political influence in doling out highly profitable lottery outlets, irregular expense

1233

Calley

consultative and promotional contracts, and the gangland-style slaying of New York's leading owner of lottery ticket vending machines.

Proponents argue that lotteries are a voluntary, harmless form of entertainment, overwhelmingly backed by citizens in referenda. The gambling commission found 61 per cent of the public favored lotteries.

THE PROMOTIONAL advantage is all with lottery proponents (except in the South, where religious opposition remains strong). Accentuating the riches to be won, state lottery advertisements now appear legally on television and accost the consumer in at least 70,000 ticket outlets, from drug stores to supermarkets. Lottery tickets, the gambling commission observed, "are in the unique position of being the only consumer product that is widely advertised and backed by the prestige and integrity of state government."

Stating the minority's case, a Twentieth Century Fund task force noted: "Most players will lose money. Stripped of its theatrical trappings, gambling is nothing more than a consumer swindle."

Legal lotteries, U.S. Attorney Goldstein observed, "begin to blur people's ethical and moral values. It's a very grave error for states to participate and keep on promoting them."

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Delaware paper: time for state to rethink its gamble

THE VALLEY TIMES
NORTH LAS VEGAS

DEC 2 9 1976

Legalized state lotteries are revenue raising schemes, which translates into: "Something that will allow political figures to avoid the hateful political decision to generate needed revenues by the more orthodox method of levying taxes."

Insofar as a successful lottery makes it feel less painful for the citizens to contribute to the support of their government, the schemes are worthwhile.

There can be a special benefit. If the lottery is attractive enough to draw money from an outside jurisdiction.

That might be if Pennsylvanians thought favorably enough of Delaware's operation to contribute some of their dollars to the support of Delaware's government.

WHAT A LEGAL state lottery should not be, however, is a gamble with the funds contributed by taxpayers.

For example, the orthodox lotteries — in the purist view the only lotteries — guarantee a certain return to bettors. After the specified amount of prize money is deducted from receipts and expenses are paid, the remainder goes to the state. The state is not gambling. It is, more or less, taking the house cut off the top.

When a state gets itself involved in the genuine risks entailed in real

gambling, however, it's a different matter.

The duty of elected or appointed officials is to make sure nobody is playing fast and loose with taxpayers' money.

THAT'S WHAT happened the other day when Delaware lottery director Peter Simmons decided that "smart money" was in a position to influence the outcome of the Touchdown II betting pools, based on what certainly seemed to have been a poorly calculated "line" of probable scores.

Mr. Simmons at first said that all bets were off; wagering money would be refunded.

The word "welsh" — or "renege" if you prefer — was uttered in ugly tones.

There was a good deal of what might most gently be described as rancor from several sides.

A network TV commentator made a remark to the effect that no bookie on a street corner could get away for a minute with what the state of Delaware proposed to get away with.

ATTORNEY GENERAL Richard R. Wier Jr. then came back with a ruling that the bets had to be paid off — and that the losers would have to accept their losses.

Well, the famous TV broadcaster aside, the fact is that a state cannot be expected to act like a bookie. Bookies, in fact, can take steps if they find

themselves in positions comparable to that faced by Delaware before the outcome of the weekend's games were known.

We have trouble envisioning, however, a situation where this state could have sent some of its agents out into the streets to lay off bets and protect Delaware from an unfavorable wagering situation.

THE MERE FACT that the state's operation was vulnerable to such pressures as were evident recently, with actual threats of physical violence against certain individuals reported, makes it good sense to rethink the state's position in the business of sports betting.

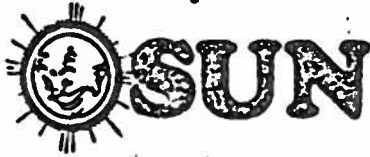
After the recent awkwardness, the governor's Economic Advisory Council, partly on the advice of leading banker Edward Hagemeyer, said it would not even attempt to estimate state lottery revenues in the coming year.

The lottery itself — the real lottery as opposed to this risk gambling that the state suddenly found itself involved in — may still provide valuable assistance to Delaware in its present financial straits.

But our advice, if anyone asks us for it, will be to think long and hard before certifying any further schemes to gamble officially against certain odds.

—The (Wilmington, Del.)
News Journal

MAY 11 1976



Editorial

Lotteries Unwanted In Nevada

Justice Department officials charge the New Hampshire state lottery commission has been operating "through a pattern of racketeering" in violating federal law by mailing tickets and renewal applications across state lines.

In the middle 1960s, when an effort was made to remove the constitutional prohibition of lotteries in Nevada, fear was expressed by state gaming control authorities that— should the movement be successful— it wouldn't be long before Nevada was in hot water with the feds for the same reason New Hampshire recently was censured.

Serious

Had the repeal effort been successful, the consequences probably would have been far more serious for Nevada than for the rock-ribbed New England state.

The Justice Department has asked the U.S. District Court to issue an order forbidding the state from continued violation of federal anti-lottery laws. New Hampshire officials would be required to make quarterly compliance reports to the U.S. attorney for the next five years.

Even though the Nevada repealer was pushed by a private outfit that wanted to operate a lottery with only a portion of the proceeds going to the state, Nevada's legal gaming industry undoubtedly would have paid some dire penalties had similar violations be detected in any local operation.

Haven

Any infractions surely would have been viewed as reinforcement of the belief held by some Washington officials that our state is a haven for the unsavory and that all who live here are actual or potential lawbreakers.

It's almost certain that had a Nevada lottery even been accused of federal violations, dozens of investigators, Justice Department sleuths of various talents and lawyers would have descended upon the state in great force.

Come to think of it, that's what's happened anyway, so it's a good thing further bait wasn't thrown out to lure anymore "crimebusters" to our peaceful state.

To: Chair and members Assembly Comm. Judiciary
From: Pat Geary, President Reno Jaycees
Subject: Assembly Joint Resolution No. 24

On behalf of the Reno Jaycees I would like to express our support for the pending Assembly Joint Resolution No. 24. The availability of raffles for charity purposes would greatly enhance our efforts to serve the inhabitants of the Reno/Sparks Community who are less fortunate than we.

As the President of the no. 1 civic club of northern Nevada with over 125 members, I would like to ask your help in passing this measure. This measure if enacted, would significantly multiply our fund raising capabilities in our annual efforts for Easter Seals, Juvenile Diabetes, Muscular Dystrophy, and many other similar causes.

Please keep us informed on this matter.

Sincerely,


Pat Geary, President
Reno Jaycees

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