

Chairman May called the meeting to order at 2:10 p.m. with the following members and guests present:

PRESENT: Mr. May, Chairman
Mr. Coulter, Vice Chairman
Mr. Bergevin
Mr. Brady
Mrs. Cafferata
Mr. Craddock
Mr. Marvel
Mr. Price
Mr. Rusk
Mr. Stewart
Mrs. Westall

A.B. 134 - Increases state license fee on gross revenue of gaming and prohibits local increases.

Chairman May advised the committee it had been his original intention to vote on this measure today but he has, subsequently, had two amendments proposed and would ask for consideration by committee on them.

Copies of Amendment No. 671 (attached as Exhibit I) were distributed to the members of the committee and then reviewed by Mr. May. He called attention to the first change in the amendment, (Section 1, page 1, lines 5 and 6) and explained that there had been some apprehension expressed that if this became effective on July 1st of this year, local governments might, possibly, take advantage of it by adding on some type of gross tax between the end of this session and the effective date of the bill; this change would prohibit that.

The next change was on page 1, Section 2, line 17 whereby they would increase the tax to 5 3/4's% rather than 6% as originally planned.

Another alternative was to put a \$10 fee per quarter on every restricted and non-restricted slot machine in the state (see attached Exhibit II, Amendment No. 673).

He explained that a one-quarter of 1% increase would be added only to the top grossers in the state. He then went over Exhibit III (attached) which is a projected gaming percentage and quarterly tax report from the Gaming Control Board showing the revenues to be derived from the 1/4% and the \$10 per slot machine per quarter increases. In response to a question from Mr. Craddock, Chairman May directed his attention to the top of page 1 of the bill (lines 17 and 18) where it states \$400,000 per quarter year; That is addressing those operations which have a gross revenue of 1/6th per year. Mr. Stewart asked if anyone had an idea of which hotels would come under this category and was

advised by Mr. Robbins Cahill, Nevada Resort Association, that if you are talking about \$400,000 per quarter, they would all come under that figure. He understood the purpose of this act, originally, was to impose this tax on the larger establishments without taking in the smaller casinos.

Mr. Price advised the committee that he, too, had requested an amendment which is similar and distributed copies of his proposal (attached as Exhibit IV is Amendment No. 674) which primarily addresses the date for the fees charged by the counties and provides that the fees for games of chance must not exceed that fee which was in effect on January 1, 1981. Additionally, he proposed a credit or deduction to gross revenue that would go against those amounts of money that is used to promote tourism and also for an increase to 6% as the original proposal called for, but that would sunset on July 1, 1983 and then drop back to 5%. That would be hitting them pretty heavy for the first two years but they would get a break after that.

Mr. Frank Daykin had been requested to appear before the committee and explain the provisions in the amendments that have been proposed and Chairman May turned the meeting over to him for that purpose.

Mr. Daykin first went over Amendment No. 671 and answered questions from the committee. He pointed out that this does have a sunset provision which is found at the top of page 2, and then proceeded through the proposed language explaining how each provision would apply and elaborating on the sunset provision. Sections 3 and 4 would provide that, effective July 1, 1983, the tax would revert from 5 3/4's to 5 1/2%. Also adding another section to the bill which will increase the tax on non-restricted slot machine operations; that is operations having 16 or more machines or any number of machines in conjunction with table games increases from \$40 per year to \$50 correspondingly changing the quarterly fee. He added that there is no sunset provision on the slot machine portion of the bill - only the gross revenue will sunset.

Mr. Bergevin pointed out that the figures they have call for a \$10 per quarter increase not a \$10 per year; Mr. May concurred that it is to be \$40 per year - a \$10 per quarter flat tax which will be on all slot machines, whether they are restricted or unrestricted. It was agreed that the figures in the amendment should be changed (on page 2) from \$50 to \$80 and from \$12.50 to \$20.00.

Addressing the next amendment (#673) Mr. Daykin explained that this increases the restricted slot machine licenses by \$10 per quarter by adding a section amending NRS 463.373 which would correspond with the previous amendment.

Chairman May pointed out that in addressing the next concept, if we had gone with the original bill and taken the 1/2% as originally proposed for 1980-81 it would have yielded \$10,800,000 where now the yield is somewhere in the neighborhood of \$8,613,000 but hopefully it

will not impact the industry to a point where it will create a hardship that the 1/2 of 1% may have.

Mr. Bergevin referred back to Amendment No. 671, on page 3, line 3 and stated he would like to suggest some language that would be more appropriate. He suggested that the effective date be "on passage and approval of this act" but he is aware that some counties may have raised their fees prior to this time. Mr. Daykin explained that this says "the license fee charge for local government for persons who desire to conduct, operate or carry on any gambling, slot machine or any game of chance", so this would freeze flat fees as well as percentage fees. If we desire to freeze only percentage fees then we would have to rewrite more than just that last line. Mr. Bergevin emphasized that he likes the language the way it is written because in this act we are placing an additional burden on the gaming industry of \$9.3 million and the following year it will be increased to \$10.3 million. It is going to be a tax that will continue to grow. We passed a bill this morning having to do with the Nevada Industrial Insurance that will put an \$8 1/2 million bill on the gaming industry. He feels they have to have some kind of protection from ever-increasing taxation.

Mr. Daykin commented that if you want to be sure that you are not foreclosing changes which might have been made since December 31 and yet do not wish to open the door to any maneuver which might take place after this amendment is off, you could say, "which was in effect on April 27, 1981"? That is, any past date that is as close as possible, forecloses maneuver and yet doesn't work an unintended hardship. This suggestion was agreed upon by the committee members.

Mr. Craddock brought up the fact that the Government Affairs Committee has a bill to retro-fit sprinkler systems alarms in hotels and casinos which is now in a subcommittee. There is an indication that they might be talking about a cost projection for the gaming industry of between \$75 and \$100 million over a relatively short period of time. That is taking into consideration the fact that the \$1 million to \$10 million operators in Reno and Sparks area are already facing a 4.5% deficit over the course of the next year. It is his opinion that we are treading on pretty trecherous grounds unless we take a look at several areas within this concept.

Mr. May explained that in talking to Senator Ashworth, they have agreed to hold a joint hearing on this bill and he suggested we proceed with consideration of the amendments that have been suggested and if we can pass the bill out, as amended, a hearing can be scheduled as soon as possible.

Mrs. Cafferata stated, for the record, that her step-father works in the slot machine business and she would therefore not participate in

781

that area.

It was brought out that Amendment No. 671 needs to be amended with two changes: #1 the effective date and #2 to clean up the flat quarterly \$10 tax on slot machines.

Testifying next was Mr. Jerry Higgins with the Gaming Industry Association who stated that their position has not changed since the previous hearing, i.e., they oppose any increase in the gross gaming tax at this time because of the present economic situation. They urged that if we are going to pass this bill with these amendments that the local government caps are extremely important. We have all gone through the situation where the local governments have acted between the sessions of the legislature and it has had a significant effect; he emphasized that they hope we will firmly cap, as proposed in the bill, any increase in the local government.

Mr. Stewart advised him that the bill we have already passed (SB 411) contains a provision dealing with the increases of all license fees; the other provision would allow the increases as long as they came in within 80% of the CPI. This amendment would disregard any CPI and says that what you have now on the books is what you must retain. He is aware that there are some entities that haven't raised any gaming fees for 20 years and others have had raises within the last three.

Mr. May then introduced Mr. Emmett Sullivan who owns Cardovan Company in Las Vegas and is a route operator having approximately 500 machines and the un-official spokesman for the restricted slot operators in the state. Mr. Sullivan explained that they were aware that they were going to be getting a slot increase but they want to go on record as being opposed to the 40% bump in the flat fee. Some of the operators might have trouble making up the 40% increase at one time; they know they are going to get the increase but, the question is how bad?

Following further general discussion, the following motions were made:

Mr. Craddock moved to adopt amendments #671 and #673 and re-refer the reprinted bill back to the committee; seconded by Mr. Coulter. On the vote, the motion failed by a vote of 5 voting aye and 6 voting nay.

There followed considerable discussion again on what procedure would be followed if we passed the bill out.

A motion was then introduced by Mr. Bergevin that we amend this bill and move to do pass. The amendment to include the date of April 27, 1981 in Section 1 and amend Section 4 to make an increase of \$40

per slot per year on the unrestricted licenses. Motion seconded by Mrs. Westall.

Considerable discussion followed this motion and Mr. Bergevin subsequently withdrew his motion and Mrs. Westall withdrew her second.

More discussion was held on the burden we are placing on the gaming industry, the sunset provisions contained herein, the tighten-your-belt concept which some members felt we were not recognizing and whether sufficient time for testimony on this concept had been made available.

A motion was then made by Mr. Craddock, seconded by Mrs. Cafferata that we amend this bill and refer it back to this committee. The amendment (671) will be revised to include the two changes discussed previously on the effective date and the \$40 slot tax. The motion failed on a vote of 5 aye, 6 nay.

Mrs. Westall urged the committee to pass the bill out to the floor as a show of intent by the committee to pass out some appropriate legislation; she feels that if we don't pass the bill out in some form, we are running the risk of losing the entire tax package.

After brief discussion, Mr. Rusk moved to approve this bill and do pass as written; motion seconded by Mrs. Westall and failed on a vote of 3 voting aye and 8 voting nay.

Mr. Price brought up his proposed amendment No. 674 and explained what it does. This amendment places a cap on local government and provides a mechanism whereby the gaming commission would set up regulations which would allow for deductions from gross revenue for money spent on tourism; it moves the tax on the large operations up to the 6% as suggested in the original bill and on July 1, 1983 it sunsets back and reverts to 5% and then we drop it back 1/2%. We will be reviewing this in the next session and can then correct any problems it may have caused. Mr. Craddock pointed out that the way the amendment is drafted it says the applicant may deduct from the gross revenue an amount equal to the amount spent on promotions etc. In his opinion, that seems to be pretty iron-clad and he objected to that particular part of the amendment. Mr. Price stated that this amendment will provide revenue of \$12.8 million the first year and \$13.6 million the second year.

Mrs. Westall pointed out that the industry probably spends most of their advertising money outside the state and we would probably end up losing money.

After a brief discussion, Mr. Price moved to adopt Amendment #674; motion died for lack of a second.

A motion was then made by Mr. Brady to adopt amendment #671 to bill #134 as amended and do pass; motion seconded by Mr. Marvel. The amendment was to be changed to include the two changes on the effective date and the \$40 slot tax. It was agreed that a joint hearing will be held next Thursday with the Senate Committee and Mr. May will handle the referral back to the Assembly Taxation Committee on the floor.

The motion carried by a vote of 10 voting aye, one voting nay. Mrs. Westall voting nay. A motion was then introduced by Mr. Bergevin to adopt Amendment #673; seconded by Mr. Marvel and carried with a vote of 10 voting aye, one voting nay; Mrs. Westall voting nay.

General discussion followed and a motion was then made by Mr. Price to re-refer this amended bill back to the committee for the specific purpose of having a joint hearing with the Senate; motion seconded by Mr. Stewart and carried by a vote of 9 voting aye, two voting nay; voting nay were Assemblymen Westall and Rusk. The joint hearing will be held next Thursday, at 2:00 p.m. in room 131.

Chairman May advised the committee he had a bill draft and asked for a motion for introduction of BDR 31-1645^{*}; a motion was made by Mr. Bergevin for a committee introduction, seconded by Mr. Stewart and carried unanimously.

A.B. 522 - Clarifies application of use tax provisions to mail order sales.

Chairman May had asked Mr. Daykin to draft a tough bill that would, hopefully, pick up some revenues that are presently being lost on sales tax from mail orders by Nevada residents. He asked Mr. Daykin to be present today to brief the committee members on the fiscal impact this is having on the state of Nevada.

Mr. Daykin explained what they undertook to do in this bill. He stated it is a short bill but it seems to get at the one loophole that may exist in the law now that it is permitted to be covered in the federal constitutional provision. In reading the federal cases, the state could not tax sales in Nevada by an out-of-state vendor who maintain no place of business here. We could apply the use tax to our own citizens for buying from the out-of-state vendor but then you have to catch the customer. But, if the out-of-state vendor maintains any place of business, you can require the vendor himself to pay the tax and pass it on to the customer. He pointed out that there is a procedural defect in the bill which can be easily remedied if they intend to pass it, i.e., we should have included amending Chapter 374, the Local School Support Tax in the same way.

Mr. Stewart asked if he was talking about a sales tax for the various counties and imposing it on the out-of-state vendors and was

*AB 517

784

advised by Mr. Daykin that was true. He pointed out that the Supreme Court case was in regard to the National Bellas Hess Corporation where-in it was decided that we cannot reach nor require the out-of-state vendor to collect the tax for us unless he has a place of business in this state. It is not limited to sales from that place of business but just his tie to this state. Mr. Stewart responded that he is familiar with a case coming out of the state of Washington relative to this same question of trying to tax an out-of-state business because they had a representative who was located in that state soliciting sales, meeting with various manufacturers, etc. He feels that, although they may not have an office here, their presence was frequent and almost daily. Mr. Daykin stated that he is, personally, not familiar with that Washington case but he does know his staff has discussed the National Bellas Hess case and would assume it was in relation to their research on this bill.

Mr. Roy Nickson, Department of Taxation, pointed out that there was a case in Florida (The Scripto Case) which dealt specifically with this subject and the Supreme Court ruled that the salesmen traveling in-state, making calls did give the state sufficient authority to impose the tax. That is included in our current jurisdictions standards adopted by the Tax Commission Regulation.

Mr. Daykin stated he remembers the Scripto Case being mentioned in the discussion but he is not sure whether the traveling salesman would be necessarily reached by this. He asked Mr. Nickson if he felt certain he has the authority to reach the traveling salesman under present law, so the fact that it is not covered in this bill would not detract from reaching those particular enterprises. He pointed out that if it were repetitious, we would not be gaining anything. He added that this does not "limit" but rather "enlarges" our authority, however that in light of the testimony heard today, he would like an opportunity to do some further research on this and study the Washington and Florida case law.

Mr. Marvel asked Mr. Nickson if his Department had ever been challenged and was advised that they had. They recently had occasion to audit Hollywood Mail Order Corporation which is a wholly-owned subsidiary of Fredericks of Delaware and Hollywood which operated three retail stores in Nevada and distributes their catalogues under the Hollywood Mail Order Corporation. The Deputy Attorney General assigned to the Department of Taxation indicated that since they were separate corporations, even though the merchandise that they vend is identical, that they could not require Hollywood Mail Order Corporation to collect and remit the tax on their catalogue sales. He was not aware of any change that could be made that would permit his department to collect the tax. This was concurred in by Mr. Daykin who stated he doubted any court would uphold that thinking because the Supreme Court has

pretty well laid down the test of connection. Whether we could do anything with an affiliated corporation is something that would have to be pursued.

There being no further testimony to be had, a motion was made by Mr. Marvel to amend, by adding the reference to Chapter 374 having to do with the Local School Support Tax and do pass; motion seconded by Mrs. Cafferata and carried unanimously.

A.B. 492 - Provides for tax on preparation and serving of food for human consumption.

Mr. May in initiating discussion of this measure advised the committee that there is an amendment to the title of this bill shown on Exhibit V, Amendment No. 642. He asked Mr. Daykin to go over the provisions of this bill for the benefit of those present.

Mr. Daykin explained that Question 9, which was adopted by the voters at the last election, goes back to the General Election of 1982. This would impose a constitutional requirement on the legislature to exempt food for human consumption from the basic sales tax, the local school support tax and the city-county relief tax. This bill would impose the tax, and you would eventually adjust the rate and distribution of that money to accord with whatever we do with those three taxes, so that it would fully replace them. It imposes a tax on the preparation and service of food in public eating places and is designed to be at the same rate as the then prohibited sales tax. Question 9 is not self-executing but will require legislative enactment and what this measure would do would be to get in ahead of the next legislative session and have this tax imposed contingent upon the passage of question 9 so it would immediately impose that tax effective January 1, 1983. That forecloses any possibility of there being a gap in the sales and use tax. If question 9 is not passed, this will never become effective; if question 9 is passed, the tax will automatically come off or we will have to remove it from food. You could tailor your removing act so as to dove tail with this and not expose the restauranter to double taxation at that point.

Amendment No. 642 amending the title of the bill is simply striking a superfluous phrase from the title of the bill.

Mr. Stewart moved to amend the title and do pass; seconded by Mr. Price and carried unanimously. Mrs. Cafferata was requested to carry this bill on the floor.

A.B. 379 - Provides for submission to voters of amendments to Sales and Use Tax.

Mr. May explained that this bill calls for a special election on June 2, 1981 and poses the question "there are exempted from taxes imposed by this chapter in gross receipts from sales, storage, use and other consumption of fixtures used for fire protection of buildings

whose construction is completed on or before July 1, 1981". He stated that Mr. Craddock is a member of a subcommittee of Government Affairs concerning this subject and suggested we hold any action until that subcommittee has completed their deliberations.

Mr. Bergevin pointed out that this bill must also be referred to the Committees on Ways and Means as it does have considerable fiscal impact.

Mr. Daykin interjected explaining that the date in this bill is probably appropriate because it refers to the completion of construction. What Mr. Craddock's subcommittee is still considering is, by what date the retrofitting must be complete, but you are applying it to all buildings constructed before July 1, 1981 and any building constructed afterwards will be required to comply with the code in the first place. He concurred with Mr. May's statement that it does call for a special election on Tuesday, June 2, 1981 but whether that special election is necessary would depend perhaps on the decision of Mr. Craddock's committee as to how quickly they want it. Unless you put it to a special election in June of this year, you won't have the tax off before January 1, 1983 and that may be a little late for some of the work you want done. Sections 1 to 12 would become effective upon passage and approval. A question was raised concerning the date for close of registration of the questions to be submitted to the special election (in section 4 of this bill). Mr. Daykin explained that he would have to check his notes to see if May 16th is in fact coincident with the close of registration for the municipal elections. He explained that he had, at one time, looked it up in another bill when there was a question raised about that date. That would be his only reservation concerning rapid passage of this measure.

Chairman May expressed a desire to hold action on this bill until the Committee on Government Affairs makes some determination on the retro-fitting aspect.

Mr. Daykin stated that in the interim he would check the registration date. There being no objections to holding the bill, that was the action.

The meeting was then adjourned.

Respectfully submitted,

Nykki Kinsley

Nykki Kinsley, Committee Secretary

787

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION	SENATE ACTION	Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to	Assembly
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>		-Joint-
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	Bill No. 134	Resolution No.
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	BDR 41-1348	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by	Committee on Taxation
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>		
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>		

Amendment No 671

Consistent with Amendments Nos. 672 or 673 if this amendment is adopted first.
 Conflicts with Amendment No. 674

Amend section 1, page 1, by deleting lines 5 and 6 and inserting:
"game of chance must not exceed the fee established for that purpose which was in effect on December 31, 1980."

Amend sec. 2, page 1, line 17 by deleting "[Five and one-half] Six" and inserting "Five and [one-half] three-fourths".

Amend the bill as a whole by renumbering section 3 as section 5 and adding new sections designated sections 3 and 4, following section 2, to read as follows:

"Sec. 3. NRS 463.370 is hereby amended to read as follows:

463.370 1. Except as provided in NRS 463.373, before issuing a state gaming license, the commission shall charge and collect from each applicant a license fee based upon all the gross revenue of the applicant as follows:

Three percent of all the gross revenue of an applicant which does not exceed \$150,000 per quarter year; and also

Four percent of all the gross revenue of an applicant which exceeds \$150,000 per quarter year and does not exceed \$400,000 per quarter year; and also

To: E & E
 LCB File
 Journal ✓
 Engrossment
 Bill

Drafted by: FWD:ML Date: 4-24-81

758
Arthur I

(Five and three-fourths) Five and one-half percent of all the gross revenue of an applicant which exceeds \$400,000 per quarter year.

2. Unless the licensee is operating under a license issued for less than a full calendar quarter, the commission shall charge and collect the fee prescribed in subsection 1, based upon the gross revenue for the preceding calendar quarter, on or before the last day of the first month of the calendar quarter for which the license is issued.

3. When a licensee is operating under a license issued for less than a full calendar quarter, the commission shall charge and collect the fee prescribed in subsection 1, based on the gross revenue received during that quarter, on or before the last day of the first month of the following calendar quarter of operation. The payment of the fee due for the first full calendar quarter of operation based on the gross revenue derived from gambling pursuant to this section must be accompanied by the payment of a fee in like amount for the next full calendar quarter. Thereafter, each quarterly license fee must be paid in advance based on the gross revenue of the preceding quarter. Any deposit made by the commission on July 1, 1969, must be treated as an advance payment.

4. All revenue received from any game or gaming device which is leased for operation on the premises of the licensee-owner to a person other than the owner thereof, or located in an area or space on such premises which is leased by the licensee-owner to any such person, must be attributed to the owner for the purposes of this section and be counted as part of the gross revenue of the owner. The lessee is liable to the owner for his proportionate share of such license fees.

5. If the amount of license fees required to be reported and paid pursuant to this section is later determined to be greater or less than the amount actually reported and paid by the licensee, the commission shall:

- (a) Charge and collect the additional license fees determined to be due, with interest thereon until paid; or
- (b) Refund any overpayment, with interest thereon, to the licensee. Interest must be computed at the rate of 7 percent per annum from the first day of the first month following either the due date of the additional license fees or the date of overpayment until paid.

Sec. 4. NRS 463.375 is hereby amended to read as follows:

463.375

1. In addition to any other state gaming license fees provided for in this chapter, before issuing a state gaming license to an applicant for the operation of 16 or more slot machines or for the operation of any number of slot machines together with any other game or gaming device, the commission shall charge and collect from such applicant a

license fee of [\$40] ^{\$80.00} ~~\$20~~ for each slot machine for each calendar year.

2. The commission shall charge and collect the fee prescribed in subsection 1, at the rate of [\$10] ^{\$20.00} ~~\$12.50~~ for each slot machine for each calendar quarter:

a) On or before the last day of the last month in a calendar quarter for the ensuing calendar quarter, from a licensee whose operation is continuing.

b) In advance from a licensee who begins operation or puts additional slot machines into play during a calendar quarter.

3. Except as provided in NRS 463.376, no proration of the quarterly amount prescribed in subsection 2 may be allowed for any reason.

4. The operator of the location where slot machines are situated shall pay the fee prescribed in subsection 2 upon the total number of slot machines situated in such location, whether such machines are owned by one or more licensee-owners.

Amend sec. 3, page 2, line 28, before "Section" by inserting "1."

Amend sec. 3, page 2, after line 29 by inserting:

"2. Section 3 of this act shall become effective on July 1, 1983."

Amend the title of the bill by deleting the second line and inserting:

"of gaming and on slot machines; prohibiting local increases of those fees; and providing other matters".

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION	SENATE ACTION	Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to <u>Assembly</u>	
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Joint	
Date: _____	Date: _____	Bill No. <u>134</u>	Resolution No.
Initial: _____	Initial: _____	BDR. <u>41-1348</u>	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	Proposed by <u>Committee on Taxation</u>	
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date: _____	Date: _____		
Initial: _____	Initial: _____		

Amendment No. 673

Can only be adopted after Amendment No. 671.
Conflicts with Amendment No. 672.

Amend the bill as a whole by adding a new section designated section 3.5, following section 3, to read as follows:

"Sec. 3.5. NRS 463.373 is hereby amended to read as follows:

463.373

1. Before issuing a state gaming license to an applicant for the operation of not more than 15 slot machines and no other game or gaming device, the commission shall charge and collect from such applicant a license fee of [25] \$35 for each slot machine for each quarter year.
2. The commission shall charge and collect the fee prescribed in subsection 1:
 - (a) On or before the last day of the last month in a calendar quarter, for the ensuing calendar quarter, from a licensee whose operation is continuing.
 - (b) In advance from a licensee who begins operation or puts additional slot machines into play during a calendar quarter.
3. Except as provided in NRS 463.386, no proration of the fee prescribed in subsection 1 may be allowed for any reason.
4. The operator of the location where slot machines are situated shall pay the fee prescribed in subsection 1 upon the total number of slot machines situated in such location, whether such machines are owned by one or more licensee-owners."

Exhibit II

GAMING PERCENTAGE FEES AND QUARTERLY TAXES

FISCAL YEAR	<u>PERCENTAGE FEES</u>	<u>QTRLY. FLAT FEES</u>
	Dollar increase of ¼% added	Dollar increase of \$10 per qtr. (\$40.00 per year)
1980/81	\$5,400,000 ⁽¹⁾	\$3,213,000 ⁽²⁾
1981/82	6,000,000	3,374,000
1982/83	6,800,000	3,543,000

Note Estimated Increases Over Previous Years

1980/81	(1) 10.7%	(2) 3.1%
1981/82	(1) 12.0%	(2) 5.0%
1982/83	(1) 12.0%	(2) 5.0%

April 24, 1981

Ernie III

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION	SENATE ACTION	Assembly	AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	AMENDMENTS to Assembly	
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill No. 134	Joint Resolution No.
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	BDR 41-1348	
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	Proposed by Mr. Price	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>		
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>		
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>		
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>		

Amendment N^o 674

Conflicts with Amendments Nos. 671, 672 and 673.

Amend section 1, page 1, by deleting lines 5 and 6 and inserting:
"game of chance must not exceed that fee which was in effect on
 January 1, 1981."

Amend sec. 2, page 1, by inserting between lines 18 and 19:
"An applicant may deduct from gross revenue an amount equal to the
 amount spent outside the state to promote tourism in the state. The
 commission shall adopt regulations specifying the expenditures
 which are deductible from gross revenue."

Amend the bill as a whole by renumbering section 3 as section
 4 and by adding a new section designated section 3, following
 section 2, to read as follows:

"Sec. 3. NRS 463.370 is hereby amended to read as follows:

463.370 1. Except as provided in NRS 463.373, before issuing
 a state gaming license, the commission shall charge and collect
 from each applicant a license fee based upon all the gross revenue
 of the applicant as follows:

Three percent of all the gross revenue of an applicant
 which does not exceed \$150,000 per quarter year; and also

Four percent of all the gross revenue of an applicant
 which exceeds \$150,000 per quarter year and does not
 exceed \$400,000 per quarter year; and also

[Six] Five percent of all the gross revenue of an applicant
 which exceeds \$400,000 per quarter year.

To: E & E
 LCB File
 Journal
 Engrossment
 Bill ✓

Drafted by DS:ml Date 1-21-81

Ernie D. Price

[An applicant may deduct from gross revenue an amount equal to the amount spent outside the state to promote tourism in the state. The commission shall adopt regulations specifying the expenditures which are deductible from gross revenue.]

2. Unless the licensee is operating under a license issued for less than a full calendar quarter, the commission shall charge and collect the fee prescribed in subsection 1, based upon the gross revenue for the preceding calendar quarter, on or before the last day of the first month of the calendar quarter for which the license is issued.

3. When a licensee is operating under a license issued for less than a full calendar quarter, the commission shall charge and collect the fee prescribed in subsection 1, based on the gross revenue received during that quarter, on or before the last day of the first month of the following calendar quarter of operation. The payment of the fee due for the first full calendar quarter of operation based on the gross revenue derived from gambling pursuant to this section, must be accompanied by the payment of a fee in like amount for the next full calendar quarter. Thereafter, each quarterly license fee must be paid in advance based on the gross revenue of the preceding quarter. Any deposit held by the commission on July 1, 1969, must be treated as an advance payment.

4. All revenue received from any game or gaming device which is leased for operation on the premises of the licensee-owner to a person other than the owner thereof, or located in an area or space on such premises which is leased by the licensee-owner to any such person, must be attributed to the owner for the purposes of this section and be counted as part of the gross revenue of the owner. The lessee is liable to the owner for his proportionate share of such license fees.

5. If the amount of license fees required to be reported and paid pursuant to this section is later determined to be greater or less than the amount actually reported and paid by the licensee, the commission shall:

(a) Charge and collect the additional license fees determined to be due, with interest thereon until paid; or

(b) Refund any overpayment, with interest thereon, to the licensee. Interest must be computed at the rate of 7 percent per annum from the first day of the first month following either the due date of the additional license fees or the date of overpayment until paid."

Amend sec. 3, page 2, by deleting lines 28 and 29 and inserting:

"Sec. 4. Section 1 of this act shall become effective upon passage and approval.

2. Section 3 of this act shall become effective on July 1, 1983."

Amend the title of the bill on the second line before "and" by inserting:

"providing for deductions from gross revenues for certain expenditures;".

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION

SENATE ACTION

Assembly

AMENDMENT BLANK

Adopted
Lost
Date:
Initial:
Concurred in
Not concurred in
Date:
Initial:

Adopted
Lost
Date:
Initial:
Concurred in
Not concurred in
Date:
Initial:

AMENDMENTS to Assembly
Bill No. 492 ~~Joint~~
~~Resolution No.~~
BDR. 32-1064
Proposed by Committee on Taxation

Amendment N^o 642



Amend the title of the bill to read:

"AN ACT relating to taxation; creating a separate tax on prepared food for human consumption; and providing other matters properly relating thereto."

E. J. ...