

MEMBERS PRESENT: Chairman Bremner
Vice Chairman Hickey
Mr. Bergevin
Mr. Brady
Mr. Coulter
Mr. Glover
Mrs. Hayes
Mr. Horn
Mr. Marvel
Mr. Rhoads
Mr. Robinson
Mr. Vergiels
Mrs. Westall

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci
Deputy Fiscal Analyst; Mike Alastuey, Deputy
Budget Director;

Chairman Bremner called the meeting to order at 8:30 a.m.

S.B. 320 Revises provisions on computation of gross revenue received
by gaming establishments.

Mr. Carl Dodge, Chairman of the Gaming Control Commission, said that for fiscal year 1980 ending June 30, 1980, the volume of "credit play" in the gaming industry was 26% of the total, or \$1.77 billion. He noted that the collection record for that year in the industry was 96.9% which would indicate that the credit procedures of the casinos are based on good business practices. The remaining 3.1% that was uncollected for that period appears small but in a dollar amount it is \$55 million. Of that amount, Mr. Dodge added, \$40 million resulted following proper credit inquiries bearing in mind that of that \$55 million the industry is losing 94.5% and the state is losing 5.5%. In issue is \$15 million of uncollected markers resulting from what the state has contended were improper credit practices in the first instance.

Mr. Dodge indicated that it is the desire of the industry to be able to exercise their own business decisions in the situations in which they discounted or compromised a credit marker. He noted that the actual fiscal note of this legislation is \$375,000. Half of the \$15 million that is in issue is \$7.5 million and the state will collect 5.5% of that \$7.5 million which is the \$375,000 figure.

Chairman Bremner asked if S.B. 320 changes the current procedures by the Gaming Control Board in credit procedures. Mr. Dodge said that S.B. 320 represents a solution to a problem that has been longstanding. Currently, when a marker is discounted the casino takes a 100% loss and the state then assess them an additional 5.5% tax.

Chairman Bremner asked if this legislation opens up a potential for abuse in the area of credit practices. Mr. Dodge said that page 2, line 15, subsection 1 does not apply to any credit instrument which is settled for less than its face amount for the purpose of "(a) inducing a partial payment, (b) compromising a dispute, or (c) retaining a patron's business for the future." He noted there may be a potential for abuse regarding (c) but if it is properly handled there will be no abuses. Regulations are pending which would establish guidelines whereby it would be evident, from the state's standpoint, that the marker was compromised in order to retain a customer. If after two years, Mr. Dodge added, there appears to be abuses resulting from a good faith compromise in this situation then corrective action will need to be taken.

Mr. Dodge commented that during fiscal year 1980, \$170 million in revenue was collected at the state level and felt that the \$375,000 does not have a significant impact on the revenue structure of the State of Nevada.

Mr. Dodge remarked that it was his opinion that this piece of legislation is the most important, in total, that the gaming industry has in this session of the legislature.

Mr. Hickey asked what is the history of credit markers, percentage wise, against the gaming revenue. Mr. Dodge said that 26% of the total volume is involved in "credit play." Additionally, Mr. Hickey asked if for every dollar that is given a credit marker what percentage is uncollected. Mr. Dodge said 3.1%. Mr. Hickey requested that the next session of the legislature be informed of any change in the percentage of uncollected revenue from markers.

Mr. Robinson asked to what extent is the monitoring for abuse of credit markers carried out. Mr. Dodge said that the Gaming Control Board has in the past and will continue to make inquiry about the legitimacy of credit papers, fraud and skimming.

Chairman Bremner asked if the total fiscal impact of this legislation will not be known for 2 years. Mr. Dodge said that the approximate fiscal note is \$372,000.

Mr. David Russell, representing the Gaming Industry Association, said that both the industry association and the resort association are in favor of this legislation.

S.B. 712 Makes appropriations and authorizations for capital improvements.

Mr. Glover moved DO PASS, seconded by Mr. Vergiels. Motion approved.

S.B. 713 Authorizes expenditures during fiscal years 1981-82 and 1982-83 by state officers, agencies.

Mr. Hickey moved DO PASS, seconded by Mr. Glover. Motion approved.

S.B. 714 Increases salaries of persons in unclassified service of state.

Mr. Robinson moved DO PASS, seconded by Mrs. Hayes. Motion approved.

S.B. 320 Revises provisions on computation of gross revenue received by gaming establishments.

Mr. Horn moved DO PASS, seconded by Mr. Robinson. Motion approved.

Chairman Bremner adjourned the meeting at 9:10 a.m.