

**MINUTES OF THE
SENATE COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Eighty-second Session
April 27, 2023**

The Senate Committee on Legislative Operations and Elections was called to order by Chair James Ohrenschall at 4:11 p.m. on Thursday, April 27, 2023, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator James Ohrenschall, Chair
Senator Skip Daly, Vice Chair
Senator Nicole J. Cannizzaro
Senator Heidi Seevers Gansert
Senator Lisa Krasner

GUEST LEGISLATORS PRESENT:

Cameron (C.H.) Miller, Assembly District No. 7

STAFF MEMBERS PRESENT:

Nicolas Anthony, Policy Analyst
Bryan Fernley, Counsel
Jeff Koelemay, Counsel
Diane Rea, Committee Secretary

OTHERS PRESENT:

Nick Vassiliadis, Nevada Resort Association
Virginia Valentine, Nevada Resort Association
Ted Pappageorge, Secretary-Treasurer, Culinary Workers Union Local 226
Paul Catha, Culinary Workers Union Local 226
Bethany Khan
Douglas Goodman
Susan Martinez, Executive Secretary-Treasurer, Nevada State AFL-CIO

Senate Committee on Legislative Operations and Elections
April 27, 2023
Page 2

Marc Ellis, Communication Workers of America Local 9413
Theresa Burwell
Erika Keuten
Marlene Lockard, Service Employees International Union 1107
Victoria Partridge
Jolene Raise
Brianna Giselle Carbajal
Elsa Roldan
Alberto Rodriguez
Christine Saunders, Progressive Leadership Alliance of Nevada
Edward Gooddrich, International Alliance of Theatrical Stage Employees
Local 363
Thomas Bird, Nevada Alliance for Retired Americans
Charles Zemp, International Union of Bricklayers and Allied Craftworkers
Local 13 Nevada
Russ James, National Nevada AFL-CIO
Russell Rowe, Boyd Gaming Corporation
Lynn Chapman, Nevada Eagle Forum
Janine Hansen, Nevada Families for Freedom
Andrew Diss, Senior Vice President and Chief Strategy Officer, Meruelo Gaming
Marcos Lopez, Nevada Policy Research Institute
Paul Moradkhan, Vegas Chamber
Michael Ryan
Cyrus Hojjaty
Peter Guzman, Latin Chamber of Commerce

CHAIR OHRENSCHALL:

We have one bill to hear today, Assembly Joint Resolution (A.J.R.) 5, and Assemblyman Cameron (C.H.) Miller is here to present it.

ASSEMBLY JOINT RESOLUTION 5: Proposes to amend the Nevada Constitution to revise provisions relating to lotteries and the sale of lottery tickets. (BDR C-986)

ASSEMBLYMAN CAMERON (C.H.) MILLER (Assembly District No. 7):

Assembly Joint Resolution 5 is a measure proposing to amend the Nevada Constitution to revise provisions relating to lotteries and the sale of lottery tickets. Assembly Joint Resolution 5 will not create a lottery in Nevada; it will give Nevadans the opportunity to vote on whether they want a lottery.

Why do we need to do that? We need to give the people this opportunity because more than 3 million people call Nevada home. In 1860, Nevada had only 40,000 residents when it ratified its Constitution, modeled after California's, prohibiting the operation of a lottery, lottery sales or the sales of lottery tickets. The lottery was on a sharp downturn. Lotteries were unregulated by the government, fraught with corruption and mismanagement, and people were not doing what they were supposed to do.

By 1895, an antilottery act prohibited lotteries across all 44 states. Our newly formed Constitution reflected the collective views and opinions of the union we were joining—union that had just one year previously declared all persons held as slaves should and would be free.

I give you this brief history to the true and real reason why Nevada's Constitution prohibited the lottery since our inception as a State. Whenever we consider changing something stabilizing history and reflective of who we are, it is important to know what we represent and what we believe in as a State.

In 1964, states started bringing back the lottery. They were government-regulated and - operated. Due to a hurricane which devastated the region and Puerto Rico, there was a need to rebuild hospitals. In 1934, Puerto Rico instituted a government-regulated lottery, which is like what we are talking about today.

Forty-five states, District of Columbia, Puerto Rico and the Virgin Islands have modernized their constitutions to support the operations of modern-day, government-regulated and - operated lotteries.

In 1931, we were the first State to legalize widespread gambling and most recently become the first female majority Legislature. Good stewardship requires we take the time to modernize our statutes and our Constitution. We must really consider this prohibition may be outdated and not reflective of the views, beliefs and cultural norms of the 3 million folks calling Nevada home.

What is most exciting about this time and the opportunity we have with A.J.R. 5 is we can give Nevadans a chance to say if they want to continue spending their money in other states with their lotteries. This is about giving Nevada voters the opportunity to decide.

We all know people who drive to one of our Nevada borders to purchase lottery tickets when the jackpot is in the billions, contributing to what other states are doing for their residents. Idaho earned \$73 million in 2022, with 62 percent of that going to education, which was about \$45 million. In Arizona in 2022, \$269 million went to health care, public education and tribal college dual-enrollment programs. Oregon raised \$909 million in 2022, funding a multitude of programs like outdoor school and veteran services. Something interesting to note about Oregon's lottery is its website claims the lottery is its second largest funding source after state income tax. California gave \$2 billion to education, 79 percent for public schools.

California's ten highest-selling lottery retailers surround the Nevada border, and the two highest sales are on the border of Nevada at Primm and at Gold Ranch. In 2009, a Primm store pulled in \$30 million in sales.

Nevadans are already playing the lottery in a significant way. Many of us go to these borders to buy lottery tickets, putting lots of money into the good and worthy programs supporting youth in other states while we continue to suffer at home unable to service all the needs of our youth.

Nevada is one of five states that does not have a lottery and one of two states with neither a lottery nor a state income tax. Our no lottery, no state income tax twin is Alaska.

Most importantly, our youth are struggling in a multitude of areas because of the revenue streams we do not have. We are leaving money on the table, and one of the areas which is most severe is mental health. If Nevada decides to have a lottery, I want the money to go toward youth mental health.

We have seen and heard the reports ranking Nevada at the bottom of mental health resources and investments therein but at the top in suicide rates of our youth. As a youth, I had to battle suicidal thoughts in my teens and near attempts in my adult years. I had the help of mental health professionals in my younger years and leaned on my faith in adulthood. I was elected to represent the voice of 70,000 people in District 7. At one time I was standing on the thirty-first floor of a building with one leg over the edge. I might not be here today had I made a different decision than the one that brought me here today.

As a member of this Body, we are tasked with the responsibility of shaping policies I believe will support the well-being of our youth. A few weeks ago, the Assembly Ways and Means Committee heard from every school district in our State that all spoke about the severe state of mental health issues among their staff and students. We did not get into this problem overnight; it is certainly not one we will fix overnight.

We must think about how to address this with a long-term resource investment strategy. I wanted to bring forward the possibility of the lottery and take it to the people of Nevada to decide if they want it in their State or prefer to continue driving to the borders, spending their money in other states to help their youth succeed and thrive.

It is time we give Nevadans the opportunity to have a say on this issue. We need the money. If we can find additional revenue streams, we should diversify our income.

We do not have a problem tearing down old useless relics like the lottery prohibition and building something brand new like a world-class cannabis industry or our exploding professional sports economy. We need to make a change.

Assembly Joint Resolution 5 proposes to amend the Nevada Constitution to allow the Legislature to provide, by law, for the operation and regulation of lotteries, including authorizing the sale of lottery tickets. The resolution prohibits the Legislature from enacting laws which grant a special charter to any person or entity to operate a lottery or sell lottery tickets. This ensures the public continues to be protected against such lotteries once vulnerable back in the day.

I want to address a concern some of our gaming operators have with regard to a special charter. My understanding is they think they will not be able to participate in the lottery as retailers. Legal counsel at Legislative Counsel Bureau (LCB) confirmed this would not bar any business the State may authorize to sell lottery games on behalf of Nevada.

If there is a lottery in Nevada, the Constitution would not bar the State from allowing other businesses or entities to sell lottery tickets, to be retailers on behalf of the State's lottery. The resolution prohibits any political subdivisions within the State from operating a lottery or selling lottery tickets. The lottery

shall be State-regulated. That means another county or city could not decide to start a lottery of its own.

Assembly Joint Resolution 5 does not remove the authorization of charitable nonprofit activities to operate a lottery in the form of a raffle or drawing. If the Boy Scouts or church community wanted to operate a lottery for the purposes of fundraising, they would still do so. That was amended by the Nevada Constitution back in 1990.

SENATOR KRASNER:

We all know the three largest industries in this State are tourism, gaming and mining. My concern is if we divert money away from traditional casino resorts, we are going to lose jobs. I am wondering if you can address that because it is a concern.

ASSEMBLYMAN MILLER:

Both of my parents have 40-plus years of employment in the gaming industry. What I find challenging is understanding if we can set up a lottery in Nevada and have gaming as retail partners, how is it a competition? How does it divert when we bringing the casino industry into it? It brings them an additional revenue stream.

I do not understand how it loses jobs. If industries are not in a position to operate those lottery retailing operations, they must hire someone. I see it creating a couple of jobs within a casino or gaming. I could see no loss to anyone; one or two more people would be hired to run the retail lottery operations.

SENATOR DALY:

In your presentation, you touched on a special charter, similar organization, where we charter somebody else to run a lottery and not have it regulated under the State. I just want to be clear this would prohibit having to partner with many retailers. Would it stop us from joining the national lottery processes? When you are changing the Constitution, we neither want it wide open, nor too narrow so we limit options because we do not know what the future holds or what these changes will be.

ASSEMBLYMAN MILLER:

Yes. The simplest thing possible is a flat repeal. In conversation with LCB staff, the question came up, if we do a flat repeal, does this open the State and Nevadans to any type of lottery? We made revisions and got to where only Nevada could operate a lottery. If we wanted, at the time the legislation is enacted and creates the lottery, legislation would consider joining one of the national multistate lottery games. We are not prohibited from joining within the Constitution. This Legislature or the future Legislature would determine whether to participate in those.

SENATOR DALY:

The Legislature would have to put language in the Constitution to limit the Legislature because one Legislative Body cannot dictate what the next one would do. Without the limiting factor, it can only be done through legislation, certain things are prohibited by legislation.

SENATOR SEEVERS GANSERT:

The hospitality industry is the largest in the State and employs thousands. You do not think this is a threat to the industry where many members could lose their jobs because of a reduction in the gaming investment within the State?

ASSEMBLYMAN MILLER:

I do not know or understand how this would result in a loss of jobs. No one has been able to articulate how it would result in the loss of jobs or investment by gaming partners into developing more gaming establishments. All our gaming partners in Nevada decided to go to other states that already had lotteries and build and invest in them. Everyone with an operation in another state went there with the lottery, except Mississippi. Like Nevada, Mississippi is the only state to have gaming before it had the lottery.

SENATOR CANNIZZARO:

The way I read this, it would remove those portions of the Constitution which would prohibit the establishment of a lottery and set some parameters around the Legislature. We would have to pass a law after the passage of A.J.R. 5 to implement the lottery and the parameters of how we enter into contracts to operate a lottery, how that operation will occur and what the money could go to. This is not a money committee, but I am curious if you have had any discussions about what fiscal projections may come from a lottery, either from

comparison to other states or any conversations about what it might look like in Nevada? That may be contingent upon the way legislation is drafted.

ASSEMBLYMAN MILLER:

I had some of those conversations. It is difficult to pinpoint when we do not have any modeled language for Fiscal staff to build from. Nothing we have been able to discuss is concrete enough for us to use or to say because it is not set up yet. We are in the early stages.

Back to the point about jobs, we have a unique opportunity to say we have the greatest gaming minds in the world in this State. They already have experience on its impacts. Let us figure out how to do it better like we do everything else. Though we may be late to the game, or did not start, does not mean we do not do it the best. We have an opportunity to do better than any other state. When it gets back to the fiscal impact, I imagine it may blow all our minds.

SENATOR KRASNER:

Are there any statistics, facts or research regarding a different state with casinos and gaming as one of its industries that switched to include a lottery where we can look how it affected State industry and jobs?

ASSEMBLYMAN MILLER:

The only other state to have traditional gaming like we have before a lottery is Mississippi. I do not know its job impact. I do know its market is still growing, and the state gaming operators still post profits. In 2022, Mississippi brought home \$122 million from the lottery. It is the closest in size to us with 3 million residents. Mississippi had gaming for 27 years before the lottery. I do not know of specific statistics, but I understand significant profits remain for those companies.

NICK VASSILIADIS (Nevada Resort Association):

Nevada Resort Association is in opposition to A.J.R. 5. I heard a lot about other states, but Nevada is unique. It is fair to say the uniqueness of Nevada is primarily driven by gaming, tourism and hospitality. Nowhere else is a state budget as reliant on a single industry for employment, economic development or economic diversity as Nevada is with gaming, and that was not an accident. Sometimes, the industry is taken for granted.

When gaming regulator and gaming licenses were formally established and issued, it was a deliberate idea and notion the industry must provide an economic impact greater than simple revenue alone.

It is our position as an industry the lottery does not meet the standard. The lottery does not add new jobs or capital investments. The lottery does not add brick-and-mortar establishments which are not just initial construction jobs. Those are service and maintenance jobs as well. Those are hospitality jobs, guests in attendance jobs. Things do not exist just because the lottery was created.

It is our concern you may go to any corner store and buy a lottery ticket, a scratch-off ticket or participate in gaming in a way not originally intended when the industry was first regulated from a Statewide perspective. You know those cannot ever be overvalued. Those are the lifeblood of the State's economy. The lottery does not meet the standard.

It is important to point out that this legislation does not fund mental health. Furthermore, with hundreds of millions of dollars in the State budget, some of which we might have to send back to the federal government if we do not spend quickly, we could fund mental health in an impactful and meaningful way today. We would not have to wait six, seven, eight years before the money could hit our budget and impact people, parents, students, grandparents, whomever deals with mental health daily.

This is not the salvation. Before we do something that has the potential to impact the State's largest industry, revenue driver and employer, we should step back and have a honest conversation about the intentions, how the lottery is going to be created, what the mechanics look like and what the economic and job impacts are. There are a lot of question marks. Before we send it to the vote of the people, this Body should have an honest conversation about where we are going.

VIRGINIA VALENTINE (Nevada Resort Association):

The Nevada Resort Association is in opposition of authorizing the State lottery. Most states have one. Why not Nevada? Nevada is not like any other state. The General Fund is about \$5.4 billion. Hotel industry contributions make up about \$1.9 billion or 35 percent. Gaming has been legalized in Nevada for more than 90 years. Today, we are a global tourism destination with the gaming and

tourism industry generating an overall economic impact of \$90 billion. As the State's largest industry, we are responsible for 386,000 jobs Statewide or 27 percent of the State's total employees.

The Legislature's historic strategy and disciplined approach to policy making for gaming, tourism and economic development established Nevada as the Entertainment Capital of the World, drawing millions of visitors each year not just for gaming but for additional experiences that have resulted in decades of investment. Lotteries are funded distinctly and differently from the State's traditional approach to gaming. Lotteries are not a part of an economic development strategy, nor do they create job growth for the workforce, increase economic output or result in capital investment. Based on other states' experiences, lotteries do not typically generate the revenue anticipated once the administrative costs are factored into the bottom line. As a small state, Nevada will be at a disadvantage of multistate lotteries with revenues divided between more populous states.

Two-thirds of lottery tickets are scratch-off, no brick and mortar, no employees. It comes out of a machine. The creation of a lottery would be in direct competition for gaming dollars with its single largest employer and the source of private investment. A lottery would compete with Nevada companies that are compelled to build brick and mortar. A lottery does not create any more disposable income. You must assume a certain amount of cannibalism that goes on from discretionary spending. In the State, lottery will compete with other spending alternatives, not just gaming but retail sales and other discretionary items. The administration and running costs are significant and warrant careful consideration. The State lottery is likely to lead to a net loss of jobs and income, to a shift in spending with lower capital investments. Lottery sales displace gaming spending.

Nevada is unique in terms of the amount of gaming. I have not heard a comparison to any other state that had anywhere near this kind of reliance on revenue or the size of the economic activity in this State.

The last time this idea came up in the Legislature was more than a decade ago. It was rejected by policy makers many times. Before the State starts the process to authorize the creation of a lottery generating a speculative amount of revenue under a structure to be decided by future Legislatures, the idea deserves a thorough vetting to understand how it will impact the State's largest

source of economic activity and tax revenues. We know it will have an impact. We just do not know how much so.

TED PAPPAGEORGE (Secretary-Treasurer, Culinary Workers Union Local 226):
Congratulations to Nevada gaming industry for the record-breaking year in 2022, \$14.8 billion in gaming revenue. Washoe County gaming has rebounded since 2020; in 2022, gaming revenue was \$1.4 billion, 47 percent higher than 2019. In 2023, a record-breaking streak continued in January and February in Clark County with ten straight months of \$1 billion or more in gaming revenues. Harry Reid International Airport in 2023 was ahead by 32 percent over 2022. Looking ahead for the rest of the year, Formula 1 is coming in Las Vegas, and the recovery of group and convention business.

Companies are doing great. But what have Nevada gaming companies done with their record earnings? MGM Resorts spent close to \$4.7 billion on share buybacks since 2021 and authorized another \$2 billion. Caesars spent \$1.2 billion in 2022 to pay down its debt.

With all these profits, you would think a lot more jobs for Nevadans would be created. In fact, the gaming industry is only providing as many jobs now as it did in the mid-1990s.

U.S. Bureau of Labor Statistics in February 2023 showed 148,400 Nevadans employed in the State's casino hotels. In January 1994, that figure was only 400 more.

We have not seen any actual data from the industry as to this cannibalizing any jobs. Many Nevada gaming companies support online gaming heavily, and online gaming creates jobs for computer engineers and programmers, but not big money and no jobs, including in sports gaming. It is disappointing to hear Nevada's biggest industry is content with Nevada being last in the Country in mental health and close to last in education.

We ask Nevada Resort Association to do better for our communities. They should not oppose a lottery when 45 states have it already. We need a permanent mechanism in place.

PAUL CATHA (Culinary Workers Union Local 226):

The Culinary Union supports A.J.R. 5. A state lottery is a dependable source of revenue for nearly every state in the Country. In the state where gaming is the cornerstone of the economy, there is no public policy rationale to continue the ban on the State lottery in Nevada.

Nevada's Constitution is the regulatory standard of gaming, and the State knows how to properly administer gaming in a way that does not negatively impact citizens. Sustainable investment in youth mental health is good public policy, long overdue. Implementing a Nevada lottery would allow Nevada to address an ongoing and urgent public health crisis. Long-term, capacity-building for mental health and education is needed and a specific source of consistent funding is critical. Nevada needs sustainable long-term funding to establish and expand programs to train, recruit and retain mental health professionals and to fill considerable gaps in Nevada's mental health and behavioral health systems. Nevada has an opportunity to create a long-term funding source directed toward mental health capacity-building without increasing taxes on Nevada's residents or businesses through a lottery.

BETHANY KHAN:

On behalf of the Culinary Union, I am here in support of A.J.R. 5. As one of the largest organizations of parents in Nevada, the Culinary Union believes it is imperative Nevada lawmakers address our youth mental healthcare system. Our Union has a long history of fighting and winning for working families in Carson City.

We have taken on big pharma to win diabetes and asthma drug transparency. We have worked for over 25 years to end surprise medical bills for all Nevadans. This year is no different. We continue to fiercely advocate for workers in Nevada to have quality health care and neighborhood stability. We believe one job should be enough to have a roof over our head and to ensure Nevada's youth have quality mental healthcare access and education.

Just like we have done throughout our 88-year history, our Union will stand together and win a future where we all thrive. The Culinary Union applauds Assemblyman Cameron Miller's efforts to bring forward an amendment to the Nevada Constitution that would pave the way for Nevada to establish a Nevada lottery to provide critical funding. The Culinary Union urges lawmakers to invest

in Nevadans and our youth by passing this amendment to the Nevada Constitution.

DOUGLAS GOODMAN:

Assembly Joint Resolution 5 does not create a lottery. Whether Nevada has a lottery and what those funds would be used for would be up to the 2027 Legislature or a subsequent Legislature.

It is a myth that a lottery would take away from gaming revenue. Some statistics available are how much money gaming loses when people go to Primm and Verdi when the lottery is nine figures. That would be information gaming would have.

Before moving to Nevada from the Bay Area, every Wednesday and Saturday I would stop at a gas station or convenience store to buy lottery tickets. Would I do the same thing in Nevada if I had the opportunity? Yes, I would. All A.J.R. 5 does is allows a future Legislature to create a lottery if it so desires and to direct those funds as that Body and the public at that time so desire.

SUSAN MARTINEZ (Executive Secretary-Treasurer, Nevada State AFL-CIO):

On behalf of over 150,000 members and 120 unions, we are in support of A.J.R. 5. This needs to pass because we are already doing it. I am sure many of us have bought lottery tickets. Let us keep the revenue in our State.

MARC ELLIS (Communication Workers of America Local 9413):

I will be short. Us too. Thank you.

THERESA BURWELL:

I have been a proud Culinary Union member since 1992. I will read my written statement ([Exhibit C](#)) in support of A.J.R. 5.

ERIKA KEUTEN:

My written statement ([Exhibit D](#)) is in support of A.J.R. 5.

MARLENE LOCKARD (Service Employees International Union 1107):

The Service Employees International Union supports the opportunity to allow the public to make the decision whether the State should have a lottery.

VICTORIA PARTRIDGE:

I am a casino porter at Circa and a proud Culinary Union member for 17 years. I am in support of A.J.R. 5. In March, I had a devastating call from my cousin. Her baby had committed suicide at home. Her daughter was hearing voices in her head telling her to kill herself. My cousin tried her best as a single working mother to get help for her daughter, but there was no help in rural Nevada for her until it was too late. Her suicide was devastating to everyone in our family, especially the kids who were the same age. They did not understand what happened to her. They all graduated from high school around the same time and some of them have kids of their own. Now their cousin is not here anymore. If she had access to professional help, maybe she would be here today. Nevada has an opportunity to correct this and to create a long-term funding source directed toward mental health capacity-building without increasing taxes on Nevada through a State lottery. We cannot abandon our children. They are our future. We need to do something about the youth mental health crisis.

JOLENE RAISE:

I am a casino cleaner on the Las Vegas Strip. I have been a proud Culinary Union member for ten years. I am here in support of A.J.R. 5. When my goddaughter was in the fifth grade, she started getting bullied at school. Her teachers noticed her moods had changed and she was not excited or happy to be at school anymore. When her grades started to suffer, they called us to the school for a parent-teacher conference. We found out about the bullying. We started taking her to therapy. We had to go through hoops to get her a therapist for kids who had an opening. What made things more difficult was I could only take her on my days off or at night after I got off work. If her appointment got canceled that month, she missed therapy for the month.

She went to therapy for about two years, and it helped her deal with the bullying. Now she is 16 years old and wants to go back to therapy because she has anxiety. It started with everything you see on the news about school shootings. We are on a list waiting for an available therapy appointment, even though we received referrals over four months ago. We need to make youth mental health more accessible for kids when they need to see a therapist. Teachers need more support and training to see signs, and we need to fund public schools to have more resources. Nevada needs more mental health resources available in schools and community centers.

BRIANNA GISELLE CARBAJAL:

I am a researcher with the Culinary Union and a proud Culinary Union member for a year. I am here today in support of A.J.R. 5. Growing up, I did not realize I was different from other kids. I enjoyed being alone, and I stayed busy with work and school. During my senior high school year, the stress and pressure of my life reached a tipping point. One day after getting into an argument with my mom, I attempted suicide. At the time, I was misdiagnosed with bipolar disorder. I was fortunate my parents had good insurance, and I was able to get help. I started going to therapy regularly. My mental health issues have impacted my ability to socialize. It has brought on depressive episodes which impacted my work life and physical health. I was recently diagnosed as being on the autism spectrum after being psychologically tested and evaluated in an outpatient setting. That was a lengthy process.

I got a master's degree in clinical mental health counseling in 2020. As a former therapist, I have seen how bad the problem is we have with the youth and mental health in Nevada. The system we currently have is inadequate in addressing our mental health crisis. We need more mental health professionals in Nevada who are Black, Indigenous and People of Color, and more funding for affordable degrees, educational programs and incentives for aspiring mental health professionals.

ELSA ROLDAN:

I am a guest room attendant and Culinary Union member for 14 years. I am testifying today in support of A.J.R. 5. For the past nine years, I have been dealing with Nevada's mental health services and seeing firsthand how it is failing our youth. My 25-year-old son has struggled with depression. During the pandemic, things got worse because he was isolated, not socializing and in his bedroom all day. He stopped taking proper care of himself, and that worried me. There is nothing worse for a mother than to see her child not wanting to socialize and enjoy his life while having suicidal thoughts. I try to help him, but Nevada does not have adequate mental health resources. I would try to make appointments for him, but the first opening was always a month out. He was to wait a long time to get seen by a professional; that was hard because my son needed help urgently. My son is a bright student, but when he lost interest, he lost it all.

The Nevada Legislature needs to find more youth mental health resources. We need more mental health professionals in Nevada, early detection programs in

school, infrastructures to help children and adults, and education on helping mental health-impacted families in our society. I am here today asking you to help so that more mothers do not have to know this feeling.

ALBERTO RODRIGUEZ:

I am a cook on the Las Vegas Strip and a proud Culinary Union member for eight months. I am here today in support of A.J.R. 5.

My parents got divorced when I was five years old. My parents supported my passion for music and helped me do everything I wanted to do despite our financial struggles. When I was 11 years old, my dad and his girlfriend moved in together. His girlfriend would say things like I wish I had a different pair of kids. I was constantly being told we were not up to her standards. Every day, I fought for love and acceptance that was never received. On the day she left us, I had tears running down my face because I felt like I was such a problem that she left our family.

During high school, I went through severe depression. I felt like I was not good enough and did not deserve the love and respect of everybody around me. This progressed until I began self-harming and created plans to kill myself. I confided my suicidal thoughts to a couple of my closest friends who told a school counselor. After some meetings with a professional, I was able to finally disclose to my parents the battles I had been fighting in my head. I joined the school program for group therapy which allowed me to develop skills to cope with my depression and anxiety.

If it had not been for my school resources, I honestly cannot say if I would be here today. We need to increase the funding and outreach for youth mental health in Nevada. Teachers or counselors should be trained to identify students, and luck should not be the only reason a child does not harm themselves or give in to despair.

CHRISTINE SAUNDERS (Progressive Leadership Alliance of Nevada):

Progressive Leadership Alliance of Nevada is in support of Assembly Joint Resolution 5.

As someone who has also dealt with mental health issues, I want to thank Assemblyman Cameron Miller for sharing his personal experience in his presentation and helping to reduce the stigma associated with mental health

issues. Assembly Joint Resolution 5 would allow Nevada voters to authorize the State lottery to fund important State services like youth mental health care.

In a 2020 report from Mental Health America, Nevada ranked fifty-first with youth mental health having the highest prevalence of mental illness in relationship to access to care in the State. This is unacceptable. While we were able to make some recent investments with federal COVID-19 relief dollars, those funding sources are not sustainable or long term. Nevada has long been in the epicenter of gambling in casinos.

In my five years in the State, I have spent only \$20 at a casino at the behest of my out-of-state friends. I lost that money and really have no desire to ever do so again. I have and would be willing to purchase a lottery ticket despite the slim chances of winning because rather than benefiting a corporation's profit margin, my loss would have gone to a good cause.

EDWARD GOODDRICH (International Alliance of Theatrical Stage Employees Local 363):

The International Alliance of Theatrical Stage Employees Local 363 of Reno is in support and urges this Committee to support A.J.R. 5.

THOMAS BIRD (Nevada Alliance for Retired Americans):

The Nevada Alliance for Retired Americans supports this resolution because establishing a Nevada lottery will allow us to create a permanent funding stream for high quality accessible mental health services across our State.

CHARLES ZEMP (International Union of Bricklayers and Allied Craftworkers Local 13 Nevada):

Our Union urges the Committee to support A.J.R. 5. We come in full support.

RUSS JAMES (National Nevada AFL-CIO):

We stand in support of A.J.R. 5. We strongly urge the Committee to support this resolution.

RUSSELL ROWE (Boyd Gaming Corporation):

I am filling in today for Erin McMullen Midby who sends her sincere regret. Boyd Gaming stands in opposition to A.J.R. 5. We would like to thank the sponsor for his time, meeting with us and having meaningful discussions on this important issue to our State and industry.

Nevada is unique. Unlike any other state with a lottery, Nevada is the only state whose primary industry is gaming which provides 35 percent of the State's General Fund and 27 percent of the State's jobs.

Boyd Gaming operates in ten states, all of which have a lottery. The difference is that in most of these states, the lottery was a precursor to gaming. These states realize commercialized gaming provides significantly more capital investment, infrastructure and jobs to their communities. With the state-operated lottery, gaming in those states is limited to a small number of licenses with a guaranteed market share, unlike in Nevada, where we have thousands of gaming licenses and unrestricted competition. It is this distinction that makes a lottery so impactful to Nevada and to the industry. This measure deserves significant study and analysis by this Legislative Body.

Passage of A.J.R. 5 would remove the provisions from the State Constitution which prohibits a lottery in Nevada. Removing this protection creates a slippery slope with many unanswered questions. While the structure and governance has not yet been determined and it may be limited to start, it will only take a simple majority vote to expand the lottery in a future session.

In every state with a lottery, continual expansion of the lottery has been a virtual certainty, including expansion into video lottery terminals, online lotteries, sports betting and now lottery apps. Assembly Joint Resolution 5 is a significant risk for Nevada with the impacts to the gaming industry, the State's largest employer and taxpayer, not fully known.

LYNN CHAPMAN (Nevada Eagle Forum):

Did you know there is a teen Gamblers Anonymous? Our kids are gambling at an increasing number. They are becoming addicted to gambling. Google it. It is mind-boggling. In the McGill University study, adult problem gamblers reported that as children, their parents purchased lottery tickets or took them to play bingo. Some of them began gambling between the ages of 10 and 19 years old.

Problematic gambling among adolescents has been linked with increased delinquency and criminal behavior, as well as the disruption of family and peer relationships. It can also negatively affect school and work performance.

Money is not the only reason why children gamble excessively. Adolescents with serious gambling problems report nothing else matters, and they can forget

their problems. The highest per capita spending on the lottery is among those who have not completed high school with high school dropouts spending almost four times as much gambling annually as college graduates.

What is the dropout rate here in Nevada? The cost of families is high. One study shows between one-quarter and one-half of the spouses and at least one in ten children of compulsive gamblers have been victims of abuse. Divorce rates are higher as well. According to a professor of psychiatry at Loma Linda University Medical School, teen gambling spikes significantly in states that launched lotteries.

State-run gambling lends an error of credibility to behavior that might otherwise be considered risky. Adolescents are five times more likely to have gambling problems compared to adults. What cost to our families, especially the children, will the lotteries bring?

JANINE HANSEN (Nevada Families for Freedom):

The lottery is essentially a tax on the poor. Lottery players with household incomes in the poverty level wager nearly three times as much as those with household incomes over \$50,000. This is according to *State Lotteries at the Turn of the Century: Report to the National Gambling Impact Study Commission* by Duke University. Many lotteries aggressively market to the poor. In many states such as Florida, lotteries are more concentrated in impoverished neighborhoods than in wealthy ones.

There are many problems with the lottery. Most lottery tickets are bought in poor neighborhoods. People in poor neighborhoods play more frequently. Nationwide, people who make less than \$10,000 play an average of \$597 on lottery tickets, about 6 percent of their income. Most lottery tickets are bought in places with more minorities. Nationwide, African Americans spend five times more on lottery tickets than White people. State lotteries have a business model based on getting 70 percent to 80 percent of their revenue from 10 percent of the people who use the lottery. One in five Americans believe the lottery is the only way they can accumulate a significant amount of savings. The lottery preys on vulnerable people.

If you are already desperate and unable to afford even the basics, the tiny probability of digging yourself out of the hole is not much more. Why do states

allow their poorest residents to do this? This is a tax on the poor and will not improve our mental help. Please oppose A.J.R. 5.

I have been a person well acquainted with what happens to a family in case of gambling addiction. It is devastating. It destroys the family. We encourage you to oppose based on the fact it will not help our families in Nevada but harm them.

ANDREW DISS (Senior Vice President and Chief Strategy Officer, Meruelo Gaming):

Meruelo Gaming operates the Sahara on Las Vegas Boulevard and the Grand Sierra Resort in Reno. We are in opposition to A.J.R. 5.

I want to start my comments by commending Assemblyman Cameron Miller for shining the spotlight on our shortcomings in this State, especially mental health. Both my parents are retired mental health professionals. I grew up around the dinner table, hearing stories about the last time we made a significant investment in this State in mental health—when former Senator Randolph Townsend and Speaker of the Assembly Joe Dini, Jr. decided to get together and do something impactful. It has been a long time.

All the reasons laid out by some of my colleagues, Ms. Valentine, Mr. Vassiliadis, we want to echo. I want to go back to Senator Daly's discussion with Assemblyman Cameron Miller regarding Article 4, Section 24, subsection 2, paragraph (a), the language that talks about granting special charters. It was said earlier we have some of the best minds in gaming here in this State and some of those legal minds have issues with the language.

Another way to consider a special charter is to look at it as a license. When the language says the Legislature shall not pass any laws which grant a license to any person, other entity or a political subdivision to sell lottery tickets or operate a lottery, that gives us concern the State will be the only entity able to operate the lottery and participate in it as a private industry.

The State will be prevented from doing so. Attorneys disagree on interpretations all the time. Our attorneys happen to disagree with Legislative Counsel Bureau on this. The point was raised in the Assembly Ways and Means Committee as well, but we are concerned we will get down the road, this passes this Session

and another session with the current language, and we end up finally realizing nobody else can operate a lottery and sell tickets beside Nevada.

MARCOS LOPEZ (Nevada Policy Research Institute):

Nevada Policy Research Institute opposes A.J.R. 5 which would enact a state lottery in Nevada. A proposal has been rejected more than a dozen times by the Nevada Legislature since the State's founding. Proponents of the lottery claim these proceeds will be dedicated to mental health services for Nevada's youth. The legislative language has not specified this is the intention. Lawmakers could use the proceeds for any purpose.

Economic analysis has shown lotteries have serious flaws. In 1987, the Legislature commissioned an expert report on the State's revenue structure which remains the most comprehensive and authoritative fiscal analysis in Nevada history. The consultants, Urban Institute and Price Waterhouse, evaluated the State's existing tax instruments and compared them to a wide array of potential alternatives. Among the many issues they considered was the lottery to which they devoted an entire chapter.

The experts concluded the lottery should not be considered in Nevada for four reasons. Lotteries do not generate significant revenues. Proceeds account for less than 3 percent of tax revenues in states that administer lotteries.

Lottery revenues are highly volatile. Revenues have increased as much as 250 percent year over year and then declined by as much as 50 percent year over year. This level of volatility makes fiscal planning highly difficult, particularly in tourism-dependent states like Nevada that are already vulnerable to volatility.

Lotteries are regressive. Lottery tickets seem to be purchased primarily by individuals on the lower end of the economic scale. Lottery spending is concentrated heavily among the bottom third of income earners.

In Nevada, the lottery would compete directly with the private sector. The State already has an interest in the success of the private sector gaming establishment, since gaming taxes still account for about one-third of Nevada's revenue. Keno operates like lottery.

Legislative experts concluded a State-run lottery fails every test of good tax policy. In Nevada, gaming should be left to the private sector. It is also important to note as a context, the main push of this is the Culinary Union, currently in contract negotiations with the southern Nevada casinos. It is trying to hold these positions with contract negotiations.

To summarize, Assembly Joint Resolution 5 does not include any language on mental health services and represents poor tax policy.

PAUL MORADKHAN (Vegas Chamber):

The Chamber would like to thank Assemblyman Caremon Miller for meeting with our organization about the bill and understanding our concerns regarding A.J.R. 5. The Chamber is in opposition to repeal the prohibition of lotteries to the State Constitution for several reasons.

The Chamber's Government Affairs Committee is concerned about amending the Constitution. Regarding the policy at hand, we see this repeal to the lottery prohibition as an economic deterrent. Amendment of the Constitution could negatively impact small businesses in our community. The Chamber has 70 different industry sectors, and 84 percent of our membership is in small business, which we define as under 50 employees. Many of those sectors are dependent on our gaming industry, either directly or indirectly. Gaming and businesses in our community are intertwined together. We have small businesses directly doing business with the gaming industry. They need each other to succeed for all Nevadans. That is why our leadership is concerned the repeal of the lottery prohibition would have a negative impact on our businesses, especially those small ones.

If a state diverts larger revenue from the gaming industry, it will be less of a demand for vendors, suppliers and contractors for the private sector, which will mean less jobs. We do not believe the State lottery will create jobs or support economic development efforts within the gaming industry. Our gaming industry, from the Chamber's perspective, has been good a community partner. The gaming industry invests back through community and social engagement programs, with donations and contributions to numerous nonprofits and charities through our entire State. They constantly do the right thing.

We do appreciate the intent and effort to help determine a new revenue line to support social services in Nevada; however, the Chamber does not believe

A.J.R. 5 will achieve that goal. We urge the Committee not to move the bill forward.

MICHAEL RYAN:

I am a long-time resident of Nevada, and I am calling to express opposition to A.J.R. 5. We do not want this lottery tax and that is what it is on the poor. Lotteries prey on the poor who are far more likely to spend more money on lottery tickets harming their families. Lottery players with household incomes in the poverty level wager nearly three times as much as those with household incomes over \$50,000.

Unlike our casinos, lotteries are available to young people. Adolescents are five times more likely to have gambling problems than adults.

CYRUS HOJJATY:

I support raising public funds for mental health. I like the idea of lottery, but here is my concern. It is going to be another missed promise that we need to raise revenue. In the last several years we have instituted the commerce tax, raised mining taxes, sales taxes, marijuana taxes and look where we are now. We hardly made any progress, and I have a good feeling this lottery revenue system will not do that. It will just go into the pockets of people who do little to offer things we really need. I will only support this bill if we lower sales tax, a regressive tax that hurts low-income people the most.

CHAIR OHRENSCHALL:

A question was brought up regarding the language for the special charter. If A.J.R. 5 did pass into the Nevada Constitution, would that language prohibit, or restrict a lottery to only be operated by the State? I wonder if our legal counsel could address the language. I think it is Section 24, subsection 2, paragraph (a).

BRYAN FERNLEY (Counsel):

The legal definition of a special charter is a special law granting one organization, institution, corporation or other entity special and exclusive rights, privileges and powers for a period of years.

A couple of examples might be helpful for understanding. In the late 1800s, there were a couple of cases where the Legislature tried to pass a special law that would grant one entity, Nevada Benevolent Association, special and exclusive rights, privileges and powers to conduct certain activities which the

Nevada Supreme Court ultimately held to be a lottery. That would be an example of a special charter, where you grant one entity the ability to engage in operating a lottery.

Assembly Joint Resolution 5 would allow the Legislature to pass general laws not granting a special charter but general laws establishing standards for the operation of lotteries that could allow the State to operate a lottery, could allow contracts with private entities to operate lotteries or could authorize participation in multistate lotteries. The provision on what special charters intend to do is to prevent the Legislature from granting one particular entity the ability to run the lottery.

CHAIR OHRENSCHALL:

If this passes, you do not believe this would be restricted to the State of Nevada running a lottery.

MR. FERNLEY:

No, I do not think it would be. There would be the ability to enact general laws which would allow private entities to operate lotteries, and multistate lotteries would be allowed.

SENATOR SEEVERS GANSERT:

When you talked about the charter entity, you said an organization. I would imagine most states contract out the operations of lotteries because we are not in the business of operating lotteries. It almost seemed like what you said conflicted with your examples. Can you just provide a little more clarity?

MR. FERNLEY:

The language refers to a special charter—similar organizational governing document. Similar organizational governing document would be like a charter for one entity or organization to operate a lottery under a special law. The State could have a general law where entities apply to contract to operate the lottery. We could not grant special charter in legislation to one particular entity.

PETER GUZMAN (Latin Chamber of Commerce):

I am here to testify in opposition. This is nothing more than a tax on the already vulnerable and low-income folks in our community. They are not the ones driving to a state line because most of them have only one car, if any. They are not going to spend gas money to go out to Primm or anywhere else to get a

fantasy lottery ticket to change their world. If given this chance, they may use their extra money on this fantasy of hitting something big, so it is nothing more than a tax on the low income and most vulnerable of our community. It should be rejected.

ASSEMBLYMAN MILLER:

A couple of things I want to nip in the bud. This is not a tax. We all know how taxes work. Taxes are not voluntary. This is a decision someone makes if he or she chooses to purchase a lottery ticket, much like we consider gaming entertainment.

Assembly Joint Resolution 5 does not create a lottery. We are not talking about creating a lottery. We are talking about giving Nevadans the opportunity to decide if they want to modernize or amend their Constitution to enable the State to operate a lottery that would still come with future legislation.

I agree with some of the opposition. We need to have serious conversations about what a lottery would look like. We need a thorough vetting of what a lottery would look like in our State for all those same reasons and how it has impacted folks in other states. We have an opportunity to do it better and not say because everybody else did not do it the best way possible, we cannot do it right.

Even after we passed this out of Senate and Assembly Houses, it still must go before the next Legislature and to a ballot of the people. They would make the decision on removing this from our Constitution, and it is time for us to give them that opportunity.

You have heard multiple people mention they do not regularly go to casinos to gamble, but they would buy a lottery ticket. Sounds like new business to me. Money left on the table is possibly going to other states. Nevadans already are playing the lottery, so let us do the work. Let us have the conversations and let us create something uniquely Nevadan. Let Nevadans decide if they want to bring the money home.

CHAIR OHRENSCHALL:

Additional written testimony ([Exhibit E](#)) was received in opposition to A.J.R. 5 from Michael Britt of Red Rock Resorts. We will close the hearing on Assembly Joint Resolution 5.

Senate Committee on Legislative Operations and Elections
April 27, 2023
Page 26

MR. HOJJATY:

I just want to make sure this is not related to the bill. It is fun and ironic how some states have legal lotteries, but they do not have the gaming activities we have. I do not understand how that makes sense.

CHAIR OHRENSCHALL:

Seeing no further business for the Legislative Operations and Elections Committee for this day, we are adjourned at 5:42 p.m.

RESPECTFULLY SUBMITTED:

Diane Rea,
Committee Secretary

APPROVED BY:

Senator James Ohrenschall, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
A.J.R. 5	C	13	Theresa Burwell	Written testimony in support
A.J.R. 5	D	13	Erika Keuten	Written testimony in support
A.J.R. 5	E	25	Senator James Ohrenschall	Written testimony in opposition from Red Rock Resorts