

Assembly

MINUTES OF MEETING - COMMITTEE ON TAXATION - 55TH NEVADA ASSEMBLY SESSION, JANUARY 29, 1969

Present: M.K. Hafen, Schouweiler, Getto, Young, Espinoza, Hilbrecht, Tyson, Smith and Swackhammer.

Absent: None.

Chairman Hafen convened the meeting at 8:20 a.m. and introduced the following interested persons: Mr. Charles Munson, Mr. John Genotti of Harrah's Club, Messrs. Ed Bowers, John Diehl and Donald Winn of the Nevada Gaming Commission.

Chairman Hafen presented A.J.R. 17 of the 54th Session which proposes constitutional amendment to permit a state lottery and requested comments from the representatives of the gaming commission. Mr. Diehl stated that in speaking on behalf of the policy board, they are opposed to the measure and cited the following reasons: (1) The measure invites Federal intervention; (2) As with the game of keno, lottery is the type of game that appeals to the poor; (3) State lotteries in the states of New Hampshire and New York have shown poor results; (4) The chances of minors buying tickets would increase and control would decrease; (5) Neighboring states where gambling is illegal would be affected. He then discussed the penalties assessed for violations and noted that the only way the lottery could be successful is if Nevada were exempt from the penalties. The image of Nevada has improved greatly in the past two or three years in the eyes of the Federal Government, but it is possible that our image would go down should the measure be passed. If passed, we might give the impression of greed even though the resolution itself only allows us the right to have a state lottery, not to go into immediate action. In closing, he stated that the gaming authorities are definitely opposed to the measure.

Mr. Bowers then addressed the committee and stated that due to the Federal requirement for social security numbers on keno winners, the game of keno has diminished to some extent and the lottery could have the same effect. In addition, there would be a delay in paying lottery winners and gamblers like immediate action. Statistics show that keno hands back approximately 80% to its players and lottery returns could be only 40% to 50%.

Mr. Winn stated that the Federal Government is especially opposed to the lottery and has no leniency in prosecution. He then cited several cases of prosecution by the government and said the State of Nevada, could be inviting many problems by entering into the lottery. The Irish Sweepstakes is an example where the center is in Ireland and the wholesale ticket sellers are immune. Therefore, the Government is at a loss as to who to prosecute. He stated that the cases of prosecution are varied and isolated but the State of Nevada is extremely vulnerable.

Mr. Munson addressed the committee and stated that through conversations with the public regarding Proposition #4 on the ballot, most people felt that it was defeated only because it was private rather than state lottery. New York and New Hampshire have less to lose through their lotteries than Nevada because gaming is a vital industry here. He further stated that New York and New Hampshire had fallen way short of what they had anticipated with regards to revenues derived. As an example, the school revenue was expected to be in the

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amount of 3.5 million dollars and the first year they received only 2.8 million. In 1965, it went down to 1.8 million and again in 1966 was only 1.8 million. The revenue could not be relied upon and in order to be successful, tickets would have to be sold to persons out of state, thus inviting Federal intervention. Upon being questioned, Mr. Munson stated that he felt a state lottery would have been approved by the voters on the last ballot mainly because they would consider it revenue that they would not have to pay. He stated the gaming industry is not opposed to a lottery because of competition; he did not think it would compete.

Mr. Diehl stated that the concern of the gaming commission is the image of Nevada and that we have an obligation to keep the gaming clean. The benefits derived through defeating this measure would be many, especially as further proof to the Federal Government that our controls remain rigid.

Mr. Swackhammer questioned the committee as to whether or not there should be more faith in future legislators. Even though the lottery is not wanted at the present time, perhaps in ten years it might be beneficial to have. He further questioned whether or not we should abolish this prohibitive measure in the state constitution.

There being no further questions on A.J.R. 17 of the 54th Session, Chairman Hafen presented A.B. 29 for discussion prior to the departure of the interested parties.

Discussion was held on A.B. 29 which bill clarifies state gaming license due dates and penalties. Mr. Bowers stated that the gaming board concurred with the provisions suggested in the bill.

Messrs. Munson, Genotti, Bowers, Diehl and Winn were then excused and the committee proceeded to act on the measures presented.

Chairman Hafen stated that Mr. Ashworth had requested that action on A.B. 29 be held until a later date and the measure was so tabled.

Frank Young then moved Don't Pass A.J.R. 17 of the 54th Session

Getto seconded

Motion passed - 7 for and 2 against

BDR 768 provides for an estate tax up to the federal credit limit and that in the event of more than one state claiming exemption, the estate tax would be decreased by the amount so awarded to such other state or states.

Tyson moved BDR 768 be introduced by Committee to the Assembly floor.

No second.

Motion unanimously passed.

Chairman Hafen then adjourned the meeting.