

**MINUTES OF THE JOINT MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TAXATION  
AND THE  
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Seventy-Seventh Session  
May 14, 2013**

The joint meeting of the Assembly Committee on Taxation and the Senate Committee on Revenue and Economic Development was called to order by Chairwoman Irene Bustamante Adams at 1:29 p.m. on Tuesday, May 14, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [nelis.leg.state.nv.us/77th2013](http://nelis.leg.state.nv.us/77th2013). In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Assemblywoman Irene Bustamante Adams, Chairwoman  
Assemblywoman Peggy Pierce, Vice Chairwoman  
Assemblywoman Teresa Benitez-Thompson  
Assemblyman Jason Frierson  
Assemblyman Tom Grady  
Assemblyman Crescent Hardy  
Assemblyman Pat Hickey  
Assemblyman William C. Horne  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblyman Randy Kirner  
Assemblywoman Dina Neal  
Assemblyman Lynn D. Stewart



**SENATE COMMITTEE MEMBERS PRESENT:**

Senator Ruben J. Kihuen, Chairman  
Senator David R. Parks, Vice Chairman  
Senator Moises (Mo) Denis  
Senator Debbie Smith  
Senator Ben Kieckhefer  
Senator Michael Roberson  
Senator Greg Brower

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Brenda J. Erdoes, Legislative Counsel  
Russell J. Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Gina Hall, Committee Secretary  
Mike Wiley, Committee Secretary  
Gayle Rankin, Committee Secretary  
Colter Thomas, Committee Assistant

**OTHERS PRESENT:**

Carole Vilardo, President, Nevada Taxpayers Association  
Bryan Wachter, representing the Retail Association of Nevada  
Danny L. Thompson, representing the Nevada State AFL-CIO  
Russell M. Rowe, representing Angel Management Group, LLC; and the  
TAO Group  
Greg Ferraro, representing the Nevada Resort Association  
Geoffrey Lawrence, representing the Nevada Policy Research Institute  
David Goldwater, representing Insomniac Events; and the Las Vegas  
Motor Speedway Fan Advisory Council  
Chris Powell, President and General Manager, Las Vegas Motor  
Speedway

Simon Rust Lamb, Chief Operating Officer and General Counsel,  
Insomniac, Inc.

Bill Bertelson, President 2014, Reno Rodeo Association

Dan Musgrove, representing Barrett-Jackson Auction Company, LLC

Tom Clark, representing Black Rock City, LLC

Mike Shirley, Owner, Double Diamond Athletic Club, Reno, Nevada

Joe Mattes, President, Keytours of Las Vegas, Inc.

Brent Childress, General Manager, Hitchin' Post RV Park and Saloon,  
Las Vegas, Nevada

Rachelle Lanning, Owner, The Studio, Reno, Nevada

Rebecca Gasca, representing First Friday Las Vegas, LLC; the Downtown  
Project, LLC; and Life is Beautiful, LLC

**Assembly Bill 498: Revises the tax on live entertainment to create the Nevada  
Entertainment and Admissions Tax. (BDR 32-1212)**

**Chairwoman Bustamante Adams:**

Today we have one bill, Assembly Bill 498. This is how I am going to structure the meeting for those in the audience here in Carson City and for those in Las Vegas. We are going to have the bill presentation first, followed by our legal counsel to answer questions and provide clarification on some issues in regard to the bill. I will then call those in support, those in neutral, and then those in opposition. For those in opposition, it would be helpful for you to identify two or three key people who could speak on behalf of your industry. I want to make sure we do not lose the feed in Las Vegas, and I want to give everyone an opportunity to be heard.

With that, I will open the hearing on A.B. 498. I would like to call Assemblywoman Kirkpatrick to the table.

**Assemblywoman Marilyn Kirkpatrick, Clark County Assembly District No. 1:**

Today I come before you with Assembly Bill 498, which is the Nevada Entertainment and Admissions Tax (NEAT) bill.

I want to start by clearing the air a bit, because I think it is unfair that this has been called a family fun tax. This bill is not about that whatsoever. This bill is about making sure we close the loopholes and exemptions in our state. We came into this session to have discussions about tax structure, ways to ensure we have a more equitable and fair system, long-term solutions, and ways to make positive changes. Anyone can tell you what good policy is. What I have learned in this building is that good tax policy is when you broaden the base and lower the rate, so that everyone has an opportunity to be part of the discussion.

This bill closes many loopholes that have been in place for well over ten years. Today I will show you that we have folks who not only got exemptions back in 2003, but they have been getting exemptions going forward. When do we say enough is enough in our state? How do we ever fix our tax structure if we cannot close the current loopholes we have in place?

This bill is broad. This bill allows for everyone to have a voice at the table, all the way from the movie tickets to the gaming industry. Over the last few days, I have heard a lot of criticism, but not a lot of solutions. If someone has a better solution, I am all for it. Our goal is to have a healthy economic climate for business while fulfilling the obligations to our constituents. I do not ask kids what their party registration is when they sign up for kindergarten. I do not ask the people driving down the street what their party registration is. This bill has been about funding education. That is one component that we have to have in our state, but there are other things that matter. We spent over \$300 million in this session on information technology (IT) needs, IT that benefits business in our state, and IT that benefits how we collect our revenue sources and how we give services to our constituents. This bill is about putting money back for highway infrastructure. The last time I checked, we keep pulling money for highway infrastructure and using it for other needs. So, this bill is not about one vital service; this bill is about a lot of vital services in our state.

I have worked on this bill for a long time. At the beginning of session, you all were part of the Committee when we talked about live entertainment and we talked about all the exemptions that were out there. I got the sense that folks were kind of interested in looking at that, so it is a little bit disingenuous that we have billed it as something completely different than what we talked about in the beginning. Before we go through the bill, I will also tell you I went through definitions across the country to see how admissions on live entertainment are being administered. It is very well spelled out in other states. Well over 44 states have some piece of admissions or live entertainment that folks are taxed on.

I wanted to do this a little bit differently, because I care about the state as a whole. This would be something that is unique across the nation. In Washington State they do it by county. Depending on what county you live in, that is the admissions tax that you pay. You pay the admissions tax to the county of origin, and that county provides all the services. Chicago is another example. They have an admissions tax. They pay it by city, so the city provides all the services. We could go down the line on who does and does not pay across the nation, and why Nevada has to decide whether or not we want to grow up and be a state and provide the services we can, or if we want to

continue to say "everybody but me." I believe you are going to hear a lot of that today.

I found that Florida is a very good, comprehensive state. Florida is very comparable to Nevada. Florida is a tourism-based state, where most of their revenue comes from tourism. Florida has no state income tax, and I feel they have a good education system. Florida has good highways. Florida has everything that we as Nevadans tend to compare ourselves to; why can we not be more like Florida?

I took that definition and I put it in this bill. This bill is very broad, as far as putting everyone out there. This is what has happened in this building in the past. We hear from the select few who represent many, but we never really hear from our constituents. I can say that I have heard from about ten movie constituents in my district, two in support and eight in opposition. I am sure most of you have heard from constituents. We have all heard from golf courses. The movie folks were very nice and very respectful in the letters they sent out, but the golf association of 12,000 sent out letters with, once again, misinformation about what this bill does. That is exactly why we never get to have this tax discussion in our state. Their comments were ridiculous. I almost felt like I was in a grade school bully fight with them. I did not think they were fair. I did not think the original email that went out talked about what this bill would do, so I am going to show you today, one for one, who gets what and who pays what in our state and what we want to decide as a policy that works for our state.

Whether or not this bill passes is entirely up to the state as a whole. I think we are all in this together, and we have to do this together.

I would like to start through my process. Everyone has a handout ([Exhibit C](#)). I provided additional handouts for the folks in the audience because the one thing that you all know about me is let us talk facts, not rhetoric. We can talk rhetoric all day long, but facts speak volumes. I think I will be able to show you that.

I have a couple of books just like this one [black binder with "Live Entertainment Tax" on the front] on live entertainment, where we went across the nation. We have looked at nightclubs, we have looked at our current statutes, and we have looked at different industries across the state. I believe this encourages all industries to be part of the process, as opposed to picking one or two at a time, which has consistently been the way since 1984 that we have done tax

structure in our state. I am hoping that this is a more broad-based discussion with more people included as we go forward.

I think it is important that I quickly go over the Live Entertainment Tax (LET) with you. I know we had some discussion early on about LET, but I want to remind folks how convoluted the discussion is. I want to keep this as serious as possible, so we can have a real discussion about it.

The LET is a tax that is currently in place. It is imposed on certain forms of entertainment, in both licensed gaming establishments and nongaming establishments in Nevada. The current tax applies to admissions costs charged for entertainment, depending on the occupancy of the facility. Currently, if you have occupancy of less than 200 you are not subject to it, which is an exemption. The tax also applies to the price charged for any food, refreshments, or merchandise sold in relation to the entertainment event.

This is the current law, as it stands today. It is 10 percent of all amounts paid for admission, food, refreshments, and merchandise if the occupancy is at least 200 seats but less than 7,500 seats. It is 5 percent of all amounts paid only if the maximum occupancy is over 7,500 seats. So, once again, we have another bifurcated system within our state which was put in place in 2003, in the early hours of the morning. Licensed gaming establishments with facilities whose occupancy is less than 200 seats are also subject to the tax if the establishment has at least 51 slots, six games, or any combination of slots and games above those limits.

Because the tax is imposed on gaming and nongaming facilities, the administration of the tax is shared between the Gaming Control Board and the Department of Taxation. One thing this bill does not address is changing that structure. The Gaming Control Board does a fabulous job with well over 140 employees that work to ensure we do administer the tax. The Department of Taxation, which I have been saying for years, needs more employees, also does a great job collecting from the nongaming establishments.

I want to remind people that this is not a new tax. This is a structure we have had in place, but the bill cleans up the current structure.

I will give you a bit of history on the first tax on live entertainment. I know Ms. Vilardo is going to come up here, because she was here when it all came about, and she can give you a lot more detail.

In 1965, we had the Casino Entertainment Tax (CET). That tax was originally based on the federal cabaret tax, and was imposed at a rate of 10 percent for the price of food, refreshments, and merchandise sold by licensed gaming establishments in certain areas where music, dancing, and other entertainment was offered. In 1979, the Legislature expanded the CET to include admission charges at the same 10 percent rate, so that 10 percent rate has been consistent. In 1995 the Legislature granted its first exemption for facilities with 2,750 or more people. In 2003, the Legislature repealed the CET and replaced it with the current LET. The LET was imposed at the same 10 percent rate that was put in place in 1965 for admissions, food, drink, and merchandise sold at a facility with occupancy of more than 300 but less than 7,500. At the same time they also gave an exemption for those facilities with 7,500 or more seats, and that is how the 5 percent came about. The LET applies to live entertainment held in gaming and nongaming facilities, with both the Department of Taxation and the Gaming Control Board overseeing it.

The LET includes several exemptions that were carried over from the CET.

- The law is very broad on live entertainment that is provided by, or entirely for the benefit of a tax-exempt nonprofit organization, and on what a tax-exempt organization is. A 501(c) encompasses a whole bunch of nonprofit organizations, so what we had were some organizations opening up as nonprofits, bringing venues to our state, and they were exempt from all live entertainment tax. I do not believe that was the intention of the Legislature in 2003, but stranger things have happened. I have located a minimum of 37 events that have been exempt, with over 1.7 million tickets sold, and that is on an annual basis. So, if that was meant to be the example, they did a good job with it.
- Boxing matches now have a combat fee, in addition to the 6 percent they pay as a gate fee. So, we did come back in 2009 and make them pay an additional amount for other dollars.
- Merchandise sold outside a facility in which live entertainment is provided, unless the purchase of the merchandise entitles the purchaser to the admission to live entertainment. Thus, if the minimum is two tee shirts to get in, they are not exempt; however all the merchandise sold outside all these venues is exempt.

- Live entertainment that is provided at a trade show. In Las Vegas you will see many times we have people who dance and entertain in the middle of a big convention.
- Live entertainment that is provided at a licensed gaming establishment, at private meetings, or dinners attended by members of organizations, if the purpose of the event was not primarily for entertainment. Sometimes we have VIPs in town and they like to have their own special concerts, so it would make sense why those are exempt.
- Live entertainment that is provided in the common area of a shopping mall, unless the entertainment is provided in a facility located within the mall. You can provide entertainment in the quad of a shopping mall, but if you move live entertainment into one of the stores, it is no longer exempt.

Since the creation of LET, other exemptions have been granted, including:

- Reducing the minimum threshold for the tax to be collected from 300 seats to 200 seats.
- An exemption for amusement rides, motion simulators, electronic, mechanical, or mechanical attractions. So you could have a bull riding event, IMAX theatres with motion simulators, and amusement rides, such as in southern Nevada the Las Vegas Elks Helldorado Days has a big carnival-type event.
- There is an exemption for outdoor concerts, unless the concert is provided on the premises of a licensed gaming establishment. We have many venues currently that are outdoor concerts; because that is the way we do things more so than in the past.

I was part of a couple of these amendments that gave exemptions. In 2005, I sat on this particular Committee and I was asked to do the floor statement on the exemption for the National Association for Stock Car Auto Racing (NASCAR) races. In the Committee you are told that what it is going to bring, so do you support this bill? Most of us take things at face value unless proven different. We were told by NASCAR that they would bring a second race, they were going to bring their industry, and there were a lot of different things that were going to come, so we allowed the exemption to go on. In 2007, I also carried the floor statement, so I am just as guilty as everyone else for making



these exemptions, and that is why I want to have the conversation and get them right.

I had the exemption for Minor League Baseball games. I think it came out of the Assembly Committee on Government Affairs, and it allowed for Minor League Baseball games to be exempt from LET. I believe it was done for the Reno Aces at the time, or they were coming to town, something along those lines.

There was also an exemption for disc jockeys (DJs) who limit their interaction with customers to introducing music; making announcements of general interest; and explaining, encouraging, and directing participation of customers. You can ask the Gaming Control Board how convoluted this is. Do you go in and see that the DJ is talking to the crowd and mixing it up with them at 2 a.m., so live entertainment is possible from 2 a.m. to 3:30 a.m., while they are on the stage, or are they just in there playing music for the whole time. That is how our live entertainment tax is determined.

Assembly Bill 498 replaces the current two-tier LET with the Nevada Entertainment and Admissions Tax (NEAT), imposing an 8 percent rate upon admission prices at places of amusement, sport and recreation, and other entertainment in the state. Florida uses that exact definition. Places of amusement, sport, recreation, or any other entertainment include indoor and outdoor theaters, (we currently exempt outdoor shows) convention centers, tradeshow, athletic and sporting contests, races, private clubs, membership clubs that provide recreational or physical fitness facilities, and Florida's goes on to provide yachting and boating. I did not think we specifically needed to put those in, because I do not know of a lot of yachting that goes on at Lake Mead or Lake Tahoe. At facilities where live entertainment is provided and there is an admission charge, these include cover charges; table reservation fees; minimum purchases of food, drinks, and merchandise; and membership dues or fees paid to private clubs providing recreation or physical fitness facilities. So for those folks who told me I made that up, and I was trying to tax the gyms and trying to tax recreational pieces; I was not. That was a very consistent definition within 25 states but, most importantly, I worked from the Florida definition.

The calculation for the tax is based on the following measures.

- The face value of the ticket, or
- The admission charge displayed by the seller, or

- If the admission charge is a required minimum purchase of food, drinks, or other refreshments or merchandise, the price paid or actual retail value, whichever is greater.

What we did not want to do this time was allow someone to say, you get free admission but you have a two-drink minimum. This currently happens in our state. This is a business model that is used. Those people would now be included, with the two-drink minimum considered as admission, which is consistent with many other states.

The tax must be paid based on one of those amounts, even if the admission charges are discounts or comps. I know there is uncertainty with comps, and I know our state is unique on how we do comps. I believe that is a very small issue in the grand scheme of what this bill is trying to do.

The 8 percent also applies to food, drinks, and other refreshments sold at a facility where live entertainment is provided. The tax is based on the sales price of the food, drinks, and refreshments, and must be paid at the full sales price, even if the admissions charge, food, drink, or refreshments are discounted or given away for free. That is current statute for those under the 10 percent and 5 percent tax, so that is nothing so much as spelling out again that it is included.

The tax does not apply to the following:

- The tax does not apply to food, drink, or refreshments sold at a swimming pool facility where live entertainment is provided. In Florida, Tennessee, and Seattle those are included in their admissions tax revenue. However, in our state, especially southern Nevada, pools are a big part of everyday recreation for folks, whether it is a pool at the YMCA, or one at the hotel where you can pay \$20 per person and take your family. I just felt that was a little bit too far. However, sometimes at those events they do have family fun, like seeing Barney at the swimming pool or watching *Rugrats in Paris* at the pool, because it is part of a family-type atmosphere. The admissions price is still subject, so if you are paying \$20 to get in to use the pool, then you would be subject to only the admissions tax.
- Live entertainment facilities with a seating capacity of 50 persons, and I will tell you why I went down to 50 persons. It is not meant to get the small venues out there. It is very easy to determine 50, but once you get above 50, I do not know if any of us could say that it is 100 or 110, that

it is 199 and not 200, so 50 is a much more manageable number of folks in my mind.

- Revenue collected by nonprofit organizations. I talked about this one with Assemblyman Grady, because there are many good nonprofit organizations out there that should not be subject to either one of these taxes, because typically the money goes right back to the organization, whether it is used for the kids that are doing educational things, or the Boy Scouts, or the Girl Scouts; but let me tell you the difference with those. A 501(c)(3) gets a certification from the IRS that they are truly a nonprofit, as well as working with our Taxation Department, which requires a certificate of exemption. That helps us keep track of who really is and is not a nonprofit organization.
- Revenue collected by state or local government entities, including the Nevada System of Higher Education. The reason why higher education is included in this to be exempt is that they also have their foundations which do great things that go right back to the university and provide our kids to the workforce for the long term, so I believe they truly are a nonprofit and should be included.
- Tips collected by a person working at a facility where live entertainment is. That is a question that I was asked, so I wanted to make sure it was clear, that they were exempt.

Other than that, everybody else is in at this point. I believe everybody has to be in, in order to have a real discussion about the direction of our state.

Assembly Bill 498 removes several exemptions:

- Performances by DJs, where the interaction with patrons is limited. I go back to using my example. In some of the clubs at night the DJ may only be a guest DJ for a couple hours, and so there is an issue of whether or not that is live entertainment.
- It also gets rid of the boxing matches. The boxing matches already pay, so we put them in based on what they already pay. In the past, they had been exempt, but had to pay in another piece.

- It gets rid of the exemption on live entertainment provided at trade shows, amusement rides, outdoor concerts, NASCAR, and Minor League Baseball games.

Those are all the things that we know are currently exempt. When you start digging, it is amazing all the bones that are buried as to who really is or is not exempt.

Assembly Bill 498 removes the 6 percent tax on boxing, because they should not be taxed twice. I believe that is an unfair way. It does move them into the live entertainment tax. The money also already goes into the State General Fund, so it just makes more sense. When the bill was first introduced, they were exempt, but the Legislature made the decision, I believe in 2007, for them to start paying.

Finally, A.B. 498 keeps the provisions of the law that currently require the Gaming Control Board and the Department of Taxation to do their own work. As you can see in the handout ([Exhibit C](#)), there are well over 35 other states, and if I looked hard enough and I spent a little more time on it I could probably find something in 49 states. I can tell you that 35 states made a great case for me.

As you go through the handout, you see the history. I think it is important that you keep this for the long term, because it really is a stable revenue source for our state. What you will see is there are a small number of people who pay it. If you turn to page 5 [of ([Exhibit C](#))], this is a document that was given to us when we had our first live entertainment tax discussion. The bulk of the dollars come from the Las Vegas Strip and 29.4 percent comes from other venues across the board. We currently receive about \$135 million through LET, but you can see particularly where it is coming from.

Where it talks about the 35 states [page 6 of ([Exhibit C](#))], Utah is the state that is competitive with us. They have rates between 4.7 percent and 7.95 percent. For sporting events, in Indianapolis a ticket to a National Football League game will have a 10 percent tax attached. In Seattle it is 10 percent, and you know baseball is really important to them in Seattle. In Texas, which our state tends to use for comparison as well as Florida, you can see that gym memberships and athletic clubs pay between 6.25 percent and 8.25 percent. Nightclub admissions in Colorado are 2.9 percent up to 10 percent, depending on what part of Colorado you are in. In New Jersey, the rate is between 7 percent and 13 percent. In other states, they typically do it based on a city or county so the revenue stays there. Because our state works in a totally different way,

I thought we should continue the effort to do things on a statewide basis, because it makes more sense.

We could look at exemptions all day long, but when you start looking at exemptions and you start taking things out, you tend to lose the current revenue that we have in place. So currently it would be disastrous for us as a state, when we are finally getting back on our feet to lower the rate to 3 or 4 percent, which some have suggested, because we cannot count on the revenue that it would bring.

We talk about this as a bridge, so we have to, at the very least, maintain our current revenue sources. People have wanted to know specifically what the dollar amount is. How do you know what the dollar amount is on something that you have never collected? I am going to give a plug for my other bill here, because I have tried for two sessions to get the tax expenditure report. Those of you in the Assembly know that if we had reports like that and we knew who actually was supposed to be collecting it and who was exempt, we would have a better idea today, but now we are somewhat flying in the dark.

Page 7 [of [Exhibit C](#)] refers to NASCAR. I know NASCAR brings a great economic value. In our house, my husband saves up for it. He spends a week out there. So I understand it, and I am not exempt from any of these events that bring economic revenue. If you look through this document it shows that in other places, such as Daytona, they pay 6 percent. In Phoenix, they pay 6.3 percent. In Texas, they pay 6.25 percent, plus the 1 percent Denton County rate. In Kansas, they pay 6.3 percent. In Kentucky, they pay 6 percent. We can continue on down the list.

I think NASCAR is a great thing. I would probably be miserable if my husband did not go, because it is important to him. What I will tell you about NASCAR and what it does for other states, they bring industry with them. It is not just a once a year come and then we are out of here. They actually stay. They maintain. They are part of the community for the long term. I do know that NASCAR does some other small venues during the rest of the year, but not as much as some of the other states get. NASCAR also gets the exemption.

The Electric Daisy Carnival (EDC) [page 9 of [Exhibit C](#)] in Chicago pays 9 percent city tax plus 3 percent Cook County tax. In Orlando they pay 6 percent. In New York City they pay 9 percent, but in Las Vegas they pay 0 percent. In Las Vegas we sold well over 345,000 tickets for the event that is coming up in June. It is currently sold out. When I did the price comparison on what they get for ticket prices in other states versus Las Vegas, they do okay.

In Chicago, it is about \$100 per ticket, and you can get a one-day minimum. In Las Vegas, it is a three-day minimum and it is \$427 dollars. If you go to New York City, they get about \$75 per ticket with a one-day minimum. So when we compare apples to apples, I want to show that Las Vegas is an attraction all by itself, but when you have a great venue it brings additional revenue to the bottom line. Despite having no taxes on admission Las Vegas, tickets are much higher and the minimum is much higher.

Burning Man has been a big issue this session [page 10 of [Exhibit C](#)]. Burning Man has grown over the last 20 years. The event has had over 56,000 attendees, with ticket prices between \$240 and \$420 for the face value. Over 58,000 tickets will be sold in 2013 at \$380. What I want to point out is that these are discretionary dollars. These are choices that people make to attend these types of venues. Whether you call it a hobby or whether you call it discretionary spending, it is their choice to come to those events.

I do not begrudge any of these events for being here. What I will tell you though is they have all asked to be at the table. They all want to understand what I have been very clear on from the beginning. You cannot get away with not paying anything. It does not work anymore. In our state, a lot of people have paid nothing for a long time. We are now asking them to be part of the community and step up to the plate, to pay a fair share that they would pay in other portions of the United States, and to be long-term folks. The folks back on the first slide that I showed you who are actually paying all of that, they have been here when times were good, they have been here when times were bad, and they are still here when we are recovering. I think there are a lot of other folks who need to step up to the plate and become that long-term community partner.

I will say that the Electric Daisy Carnival does give a small portion to charity, based on their ticket sales. I think it is \$10 if it is a comp ticket and \$5 if it is just a regular ticket. But let us go back to the people who have been here in good times, bad times, and now that our state is recovering. They are still giving to charities within our state. They are still providing services to our state. They do not shy away from that.

Let us talk about nightclubs [page 11 of [Exhibit C](#)], and this is all public information I have been able to track down. Some of these are public venues. Some nightclubs are making a gross revenue of \$80-90 million per year. I know on some nights you can see the marquee sign that says something like "we are having this kind of party, come by, be a part of it." It may cost \$100 to get in, and if you are really lucky you can have table service, which probably allows

you to get a bottle of your favorite alcohol, and maybe for \$500 you get a VIP booth, so it does not just stop at the door.

We are asking them to contribute. What I will tell you about nightclubs is there are quite a few within our state that pay a fair sum and some that do not. In a business sense, how can you be next door to a venue that does not pay and stay competitive when you are following all the rules? There is a competitive advantage to being exempt from LET.

Let me give you an example of live entertainment and how convoluted it is. The other night I heard from a person who went to the Carson Station. If they went to the right side of the room they were subject to live entertainment tax because there was a band playing; however, if they walked 25 feet away and listened to the band from afar, they had their drink for a third of the price and they were not subject to live entertainment tax.

We have some venues where you walk in to an event and you are subject to live entertainment tax from the time the entertainer puts their foot on the stage to when the person leaves. We have a great Gaming Control Board that does a fabulous job, but I do not know how they are supposed to gauge that. Do they mark the register ticket when the person puts his foot on the stage and picks up the microphone? How does that work? The last time I checked it was not easy to serve drinks in the middle of your favorite concert. There are liability issues, et cetera. I do not know how we are expected to help business follow the rules if we have made the rules so convoluted.

We will now go to my favorite today, golf. There were 12,000 folks that got an email, and I got probably 12,000 of them. What I did was include the original email that I received, to show that once again in our state we do not have real discussions. We have people who take a portion of the discussion and make it much bigger than what it is, without even having a real fight. I would be open to having this discussion, but it has to be a two-sided discussion. On page 12 [of ([Exhibit C](#))] I showed you how much people pay for memberships to play golf. I do not golf, but I have a lot of friends who do, and I did not hear the complaints from them that I heard from others. I took golf courses from around the state. You can see at the Anthem Country Club in Henderson, Nevada, it is \$10,000 for the initiation fee, \$755 for monthly club dues, \$25 for the capital reserve fee, and a \$200 quarterly requirement for food and beverage. For the Genoa Lakes Golf Club, a family membership initiation fee is \$25,000, with a \$440 monthly fee.

As we go through these, I do not know that this is going to break the bank, because what most of them have told me is that this is going to stop them from golfing because they cannot afford another tax. Page 13 [of ([Exhibit C](#))] has the breakdown of fees. A \$50 greens fee amounts to \$4 more in tax. A \$100 greens fee is \$8 more in tax. A \$200 greens fee is \$16 more in tax. What I find interesting is their not even wanting to be at the table for the discussion, and instead complaining of all the things they cannot afford to do any longer.

I never brought up the fact that in 2005 I personally carried the floor statement out of this Committee to exempt golf courses from all property tax, because they were hurting and needed some help to get through. That was eight years ago, so currently golf courses are listed as open space for property tax. At that time we never discussed making sure that Local School Support Tax was taken out. We never discussed how long that would be for. I understand that water rates have risen for a lot of these golf courses, but at the same time I have watched some bring in hundreds of thousands of dollars of sand, to have the very best sand so people will go there. If we are going to have the discussion, we need to have a two-sided discussion and discuss how this \$16 is going to hurt in comparison to the \$25,000 you were able to pay, or even the ones as small as \$5,000.

On the last page [of ([Exhibit C](#))] you can see some of the other entities and what they do. Florida charges a 6 percent sales tax for all college sports. Rochester, New York, is 4.25 percent, plus 4 percent local sales tax, which is a total of 8.25 percent. Spokane, Washington, is 5 percent, except 2 percent on golf, 4 percent on driving ranges, and 3 percent on swimming pools. So, I did not just make this up. We need to have a real discussion, a two-sided discussion, on how this works in our state.

I could probably go on for a long time because I really know a lot about the LET in our state. I hope we can have a two-sided discussion about what is important for the long term, how we can have something that is easily enforced, how we can have a definition that works, and if the definition means taking out recreation, I want to know if everyone is up for the other exemptions it is going to bring.

With that, Madam Chairwoman, I will wrap it up. I am up for any questions. I know I have some questions that were posed to me that I have been working with Legal on, but before we hear from all my friends who are in opposition and some who are here in support, and I do appreciate them, let us get the answers for these questions from Ms. Erdoes.



**Chairwoman Bustamante Adams:**

We will transition now. I would like to have our legal counsel address those questions, because those need clarification, and it may help those in opposition to understand the bill.

I just want to thank you for the thorough research. I appreciate that you looked at several other states and also addressed the misconception that this is a new tax, because it is not. It is closing the loopholes and also clarifying what a true nonprofit is meant to be.

**Brenda J. Erdoes, Legislative Counsel, Legal Division, Legislative Counsel Bureau:**

The first question I have is: would an employee, as opposed to an independent contractor, who is publicly recognized as a DJ, be considered live entertainment under section 8, subsection 2, paragraph (i)? I believe the answer to that question is yes, because the employee would have the same function as the DJ. They would be playing the music, announcing the records, and it does fall within the definition of live entertainment that is in section 8, and then falls specifically under the examples, which is a DJ who presents recorded music. In other words, the bottom line is it does not matter whether the DJ is employed by or is an independent contractor of the entity.

The next question I have is, are fair and recreation boards exempt from the tax under the definition in section 10? I believe the answer is yes, they are exempt. They are definitely political subdivisions of the state, and that would exempt them. They are political subdivisions of the state because they are created by statute.

Another question I have is, does a facility with a seating capacity of less than 50 persons, where live entertainment is provided, only apply to the entertainment area of that facility? I believe that question is related to if you have a restaurant next to a bar where there is live entertainment. I think the way to best answer this question is to first go back to the very basics of this bill, which is that unless there is an admission fee charged to get into a facility like this, then there is no application of this bill. If you relate back to that, it is easy to see that if you have a live entertainment area where there is an admission charged to that area, then that is the only place where the admission charge applies. It is the only place where, if there is food and beverage sold, that the admission charge would be on that as well. I think it is easy to see when you actually look in section 10, which imposes the tax. It actually says on page 8 of the bill, lines 1 and 2, if there is an admission charge collected, the tax is imposed at 8 percent of that admission charge. Then it says if the place

of amusement, sport, recreation, or other entertainment is a facility where live entertainment is provided, there is additional 8 percent, so those two are definitely linked. You would not be paying this tax on food and beverages unless you are also paying the admission tax, and you only pay it within the area for which admission is charged.

The last question I have here is in section 7. What is expressly taxable in a swimming pool area and what is not under the NEAT proposal? I think the best way to explain that is, if there is an admission charge to the swimming pool area, then clearly the 8 percent admission tax would apply. Swimming pools are actually excluded from the definition of facility, so the live entertainment portion would not kick in even if they have live entertainment. The food and beverage at a swimming pool would not be taxed.

**Chairwoman Bustamante Adams:**

Committee, now is your time to ask questions, both of Assemblywoman Kirkpatrick and Ms. Erdoes. We will start with sections 2 through 7. There is a list of definitions of admission charge, amusement, sport, recreation, and other entertainment. Are there any questions on sections 2 through 7?

**Assemblywoman Neal:**

This question is for Ms. Erdoes. I had a question about the definition on page 4 of the bill, section 3, subsection 1, regarding indoor and outdoor theater. In terms of The Smith Center, and I think The Smith Center is a nonprofit, and then it was used with redevelopment funds, is that a crossover characterization? Is that subject to the tax too?

**Assemblywoman Kirkpatrick:**

Madam Chairwoman, if I could interrupt here. I believe The Smith Center is a nonprofit, but I am not sure that they are a nonprofit under 501(c)(3), so we would have to verify that. There is a long list of nonprofit organizations out there. In order to answer your question fairly, I would have to get that information from The Smith Center to find out specifically what type of nonprofit they are.

**Chairwoman Bustamante Adams:**

Assemblywoman Neal, in *Nevada Revised Statutes* (NRS) 82.021 there is a definition of what a corporation for public benefit is. There are two criteria that should be met in order to really be defined as a public benefit.

**Senator Smith:**

I do not have a question at this time. I just wanted to acknowledge Assemblywoman Kirkpatrick's work on this and say thank you for bringing about the discussion. I wanted to come to your defense a bit, because there have been a lot of people in the room talking about this with you for quite some time, and I personally have been involved in many of those discussions. It is important for us as the state changes and grows. We like to compare ourselves to other states in some ways and not in other ways. It is all right for us to have these conversations. It is all right for us to look at what makes other states great in some areas and not great in some areas and learn from that. It is really important for us, as we grow and change and as our economy changes. The state is based on entertainment and how we work within that structure and make it work for the state. I do not want you to feel like you are hanging out there by yourself. There is no perfect legislation, and there is certainly no perfect tax legislation. We know that well. These are important conversations. We have been around this place a long time. You and I personally worked on various pieces of abatement legislation where we have given some pretty generous abatements designed to help business and economic development. I want to try to continue to keep this in context and to remember that everything that we do in this legislative world that is this big has a starting point, and most of what we do is a work in progress. For the people who want to be angry or want to be on the attack, let us try to keep everything in context, keep looking at the bigger picture, and keep the conversation going.

**Senator Kieckhefer:**

I wanted to follow up on the question to Ms. Erdoes regarding the fair and recreation boards. If a fair and recreation board owns the facility, is the admission to that facility tax exempt, regardless of what event is going on there?

**Brenda Erdoes:**

No. Actually there is a provision in here that says who the taxpayer is. If the event is being put on by a private group that is not a nonprofit and is actually receiving the profit from the event, even though it is put on in an exempt facility, there is an admission charge and the taxpayer is the business that is running the event.

**Assemblywoman Kirkpatrick:**

I would like to follow up with Senator Kieckhefer. One of the things we found when the governmental entities were leasing out facilities, we wanted to capture the people who were actually leasing the facility from the governmental

entities, because they then were truly private events at public venues. That is what we were trying to capture.

**Chairwoman Bustamante Adams:**

I think the key thing to remember here is that even though it may be owned by a public entity, the entity actually having the event is the taxpayer. That is the way I understood it.

**Assemblyman Hardy:**

This may also be for Ms. Erdoes in regard to the convention centers, exhibition halls, exhibition and trade shows. We have spaces such as the Las Vegas Convention and Visitors Authority (LVCVA) that I guess are quasi-public entities, and then we have a large amount of square footage in areas that are privately owned. In those events how does that work, private versus public? How does that work on collecting those taxes, or taxation of those?

**Assemblywoman Kirkpatrick:**

I can answer this one. There are two separate pieces to that. First, the governmental agency, which is how some of those events are done through the LVCVA, would be exempt.

I am not opposed to looking at that particular piece, because it is such a huge part of our state, and it does offer avenues for the long term. We would have to be careful how we deduct. If you took out trade shows specifically, you could actually be encompassing a lot more than currently is in there. Sixteen other states do exempt them, so that is something for conversation. The purpose of this bill is for the long term, for us to move in a different direction, to allow us to be on the cutting edge, still keep the revenues, and lower the rate but broaden the base.

As far as conventions, it is a two-sided question. Private would be subject to the way it is written; however, I am open for a discussion on that because they do bring a lot to our state. It is consistent with some surrounding states, and I think we always have to be competitive.

**Assemblyman Hardy:**

Regarding your earlier discussions about fair and balanced, I guess that is where I am coming from. Public entities should not be competing too heavily or putting in jeopardy the private sector. I like the fair and balanced.

**Assemblyman Kirner:**

Assemblywoman Kirkpatrick, I understand your argument on the golf courses and, like the rest of us, I have gotten a lot of emails from that group. I am really thinking now of the local gyms, and that it is a very participatory kind of a activity. I am not clear. Is the admissions charge if you have a membership? Is that what you are considering, the admission charge?

**Assemblywoman Kirkpatrick:**

Currently that is the way it is written in many other states. A membership is what your admission tax would apply to. In other states membership dues are within the picture; however, I have received some emails from the public on that discussion as well.

**Assemblyman Kirner:**

Regarding the golf courses, the ones you listed were all clubs. What if I played golf at a municipal course?

**Assemblywoman Kirkpatrick:**

You would be exempt based on the governmental entity. That is within this bill.

**Assemblyman Kirner:**

So it is just for those where you have to pay a membership?

**Assemblywoman Kirkpatrick:**

Correct, and it really does go back to the admissions piece, that component. That is the trigger piece, whether by merchandise, comps, or discounts, it really does get back to the admissions. That is the structure that works in well over 44 states. Our current structure is somewhat convoluted.

**Chairwoman Bustamante Adams:**

Assemblyman Kirner, page 8, lines 23 to 25, of the bill talk about counties, cities, and other local governments, if you want to look there.

**Assemblyman Hickey:**

I think everybody understands the spirit of what you are saying about exemptions. That is what you first started talking about, and that especially resonates when we look at certain of the so-called nonprofits, and to your point, not the genuine ones, if you will, that are 501(c)(3) groups. I understand that part of it.

It is different when it starts going to businesses that have never been taxed. Maybe technically you could say movies, or gyms, or other things were

exempted, but I think the general public do not necessarily think that, because they do not ever remember a time when they paid taxes on those things. I guess my point is that those things are private businesses; they are paying other taxes. I suppose you are going to tell me this is going to be passed along to the user and that is one of the things that makes this broad-based and fair. It is discretionary, all those things. I understand that, but how do you call those things exemptions when we are hearing an awful lot about them from average Nevadans?

**Assemblywoman Kirkpatrick:**

I know that both you and I got an email from the folks in Florida saying one rate across the base was best. What I would ask is how to do that definition. Do we just specifically put everything back in? That is where I struggled. Regarding the exemption for Minor League Baseball games, I forgot to mention something about Reno, and this could fall under two different scenarios: recreation or sports. Not only did we give them tax increment financing, where they got two pieces of their parcels for free; STAR bonds; and now the City of Reno gives them \$1 million per year. In addition, they get \$28 million on a bond for car rental, which is a specific industry that this Legislature has typically structured. I am open for discussion, because I think it is high time we have this discussion, but I do not know what the current definition should be to make it easy to administer. There is a provision within this bill, which we get to talk about that gives us the ability to go in and audit the books and audit the venues to make sure they are paying. But, how do you do that if you do not have a clear definition? The goal is to have a clear definition on admissions, so it is easy to administer and audit.

If we go back and put the definition in for amusement rides, motion simulators, similar digital electronic mechanical attractions, what does that encompass? In my mind, maybe it is the Google car, because that is a simulator-type venue, or maybe it is the electronic bull at Gilley's. How do you embrace those particular things in order to close the loopholes unless you have a clear-cut definition?

I do not know the magic answer to that. What I found with exemptions in the past is that some folks made sure they fell under two or three different exemptions, to ensure they fell under one of them. I understand what you are saying. I am open, and 20 days is a long time in this building; we all know that. In the next couple of days I am sure that people's thinking caps will be on, and maybe there is a better definition than the word recreation, which could encompass membership dues. Maybe we can get there and maybe we cannot, but it is food for thought.

**Senator Kihuen:**

Thank you, Assemblywoman Kirkpatrick, for all the work you have been putting into this. Senator Smith and I have been sitting with you, having these discussions, since week one. I remember the first Thursday we were here until 1 a.m. starting the discussion, so I want to say thank you for all of your work on this.

My question relates to section 7, and maybe Ms. Erdoes might be able to answer this one. When we talk about swimming pools being exempt, a lot of hotels and casinos have day clubs that are also taking place in the swimming pool. Would they be exempt as well?

**Brenda Erdoes:**

I believe if there is a pool in the area, then they would not be subject to the live entertainment portion of the tax; but if there is an admission charge for it, they would be subject to the admission charge, just like the pools would be. This part is simply for the live entertainment, the food and beverage part.

**Assemblywoman Neal:**

I had a question about section 6 and the physical fitness facilities specifically. This bill would be going forward, but if you have an existing membership and you renew your membership at an athletic club, are you going to pay a tax on the membership?

**Assemblywoman Kirkpatrick:**

That is correct. That is the way it is written in other states. I understand there are three things that really have stood out in the last few days. One is movie tickets. Another is gym memberships, which some people have for health reasons, or that is what they told me. The third is convention and trade centers.

The 8 percent rate is a balance between the current 10 percent and the 5 percent. Anytime you start narrowing that in, you have to go back to the rates where you know you are revenue neutral so you do not lose dollars. It is always nice to have extra, but at the very least you cannot get rid of what you currently have. The more you take out, the more your rate starts to go up.

I understand what you are saying, and it is true. In 30-plus states you do pay on your membership dues, and that was specifically written in the definition. In Florida, it is on one line, all by itself, so somebody put that in specifically.

**Assemblywoman Neal:**

It is not that I do not understand what you are doing. I have thought about everyone in, versus all the people who want their narrow area out. I am just trying to be clear, because I had a lot of questions this weekend over this bill. I was trying to explain it and help people understand it is a tax reform, that there is a need to put everyone in, and then move forward and have that discussion.

I just wanted to be clear because I am thinking about passing legislation that directly affects me.

**Assemblywoman Kirkpatrick:**

That is exactly the kind of discussion we should be getting. People want to know what it means. What does it mean for me, and what does it mean for my constituents? What does it mean for my neighbor? Those are the types of tax discussions we have been trying to have. I did not do this in a vacuum. I had discussions with other legislators early on. I gave some basics of what we needed to do to ensure that we are, at the very least, revenue neutral.

I honestly do not think memberships in health clubs are going to kill us if we took something like that out, or movie tickets. From the bigger perspective, in the past, legislation exemptions have been pushed through on big bills like this because of lobbyists working to get their jobs done. They get paid to do those things. In 2005, at the end of session, we saw a couple of exemptions come through. This is a way for the everyday person to have a real discussion about what is in and what is out.

**Senator Roberson:**

I want to follow up on the question regarding swimming pools. I wanted to clarify, and maybe Ms. Erdoes can answer this question, but swimming pools are subject to the admissions tax if there is a ticket or a charge to get into the swimming pool, but it is not considered live entertainment? My point is that there are a lot of properties on the Strip that have concerts at the swimming pool area. For instance, Mandalay Bay has the beach, which I think would be considered a swimming pool, and you have hundreds, if not thousands, of people come to a concert at the beach at Mandalay Bay. They have a bar there, drinks, and food. So the question is, is that considered live entertainment for purposes of the LET?

**Brenda Erdoes:**

No, because the LET definition says that it has to be in a facility, and the definition of facility does not include a pool area.



**Chairwoman Bustamante Adams:**

We will now go through sections 8 and 9. These are closing the loopholes. This is helping to wing off those into maturity. There were some exemptions put in place back in 2005, but the goal really is to help them to mature out. Are there any questions regarding sections 8 and 9, on closing the loop holes? [There were none.]

The meat part of the bill is section 10, which has to do with the rate. This is the 8 percent rate and what constitutes the additional for the price of food and beverage. It also has to do with nonprofits. Make sure you understand the definition of the nonprofit, which is on page 8, and the clarity that we are looking for by focusing on 501(c)(3)s, because the original bill was on 501(c)s and, under Internal Revenue Service regulations, many would qualify as nonprofits, but we are restricting it to 501(c)(3)s.

**Assemblywoman Kirkpatrick:**

In section 10, it does have the current rate. The goal for the long term is to get rid of food and beverage and just have one rate, but you have to start somewhere. What most people do not recognize is that one-third of the live entertainment dollars generated does come from food and beverage.

**Chairwoman Bustamante Adams:**

Seeing no questions regarding section 10, we will move to section 11, having to do with the Nevada Gaming Commission and their investigation and disciplinary proceedings if someone does not follow the law. Are there any questions from the members of the Committee regarding section 11? [There were none.] The last sections are sections 12 through 19.

Assemblywoman Kirkpatrick, could you talk about when the bill would go into effect?

**Assemblywoman Kirkpatrick:**

The bill goes into effect January 1, 2014. That is the beauty of the way the bill is written. Currently within statute, these industries pay either sales tax, modified business tax, or LET within our state; so it is easy to put them into the system. It should be fairly easy to administer to get us up and running.

You will probably hear from folks today about their tickets being sold out for the next year. I do not know the answer to that yet, except maybe to do an audit and say that tickets presold before the bill took effect are not subject to the tax.

I think if we are going to do something like that, we have to provide for an audit, because what stops everyone from saying that is an issue?

There are a couple of issues you are going to hear about, and I just want to have first crack at them. One they may talk about is comps. I am not sure how to handle that. Currently I have it written within the bill that the Gaming Control Board handles this, because typically gaming is where all your comps are going to come from. We want to make sure that everything does not become a conflict in our state. That is not the direction we want to go. That truly is a business model for the folks who give out comps, and they do not give them to a person who is just spending \$5 in their facility.

You are going to hear about tickets that have been presold. One other thing I want to point out is that we still are very competitive in our state, even if this were to be at 9 or 10 percent. When I go to other states, and I know most of you go to other states, we do not ever complain about having to pay \$37 per night to self-park, or \$50 per night for parking, because in the majority of our state we have free parking, and we take that for granted. We do not ever complain when we go on vacation with our families to other states that have a 21 percent room tax, when the highest in our state is 13 percent because we, as the Legislature, ensure that it cannot go over 13 percent. There will be a lot of examples. There will be a lot of people who say they will move and go to another state, but at some point we have to determine how many exemptions and how many abatements that generate a short-term revenue we are going to give to keep a business here. I believe the policy this session has been to drive exemptions and abatements back home for shorter time frames. I would rather give you a little bit more to get you going, but at some point you have to be weaned off. It has been ten years since this bill was looked at, and I believe that is too long. So, I am prepared for whatever I am about to face. It is all good.

**Senator Kieckhefer:**

I was presenting a bill in another committee when you started, so I apologize if you have already addressed this. With the effective date of January 1, 2014, it will be capturing three-quarters of our annual budget cycle. What is the fiscal effect? How much do you expect the current LET structure to be reduced, and what do you expect this to generate over the three-quarters of the biennium, for budgetary purposes?

**Assemblywoman Kirkpatrick:**

Back to my original point, this is really about refining our tax structure and making long-term policy for our state. I have said publicly that I do believe

maybe \$50 million. It is nothing that I have put out there because it goes back to, we do not collect it now, so how would we know what we are supposed to be getting. There probably are some venues out there we should be collecting from that we do not because the law is very unclear.

I do not have a number, but I believe \$50 million is reasonable, based on some of the current venues that pay and do not pay and based on the ticket sales I researched within our state.

**Senator Kieckhefer:**

Is that in excess of what the current LET brings in?

**Assemblywoman Kirkpatrick:**

Yes.

**Senator Kieckhefer:**

Would you expect that we should budget that during this session for the upcoming budget?

**Assemblywoman Kirkpatrick:**

Do you feel comfortable budgeting something you do not know is there?

**Senator Kieckhefer:**

I do not.

**Assemblyman Hardy:**

Assemblywoman Kirkpatrick, you just brought up something that may be a big issue in our area. As you know, the housing industry is very important to this state, and it has faced a tough challenge. Many of the planned unit developments in our area own the golf courses, so those comp tickets actually come from the housing. I do not know if that has been addressed, but I would hope we can address how that is going to work for housing.

**Assemblywoman Kirkpatrick:**

I am happy to address that with you, Assemblyman Hardy. That is the whole point, to bring other folks to the table besides the same industries we always have at the table.

I just wanted to follow up on something before I move to the back seat. Assemblywoman Neal, we have confirmed that The Smith Center is a federal 501(c)(3), so they would be exempt.

**Assemblyman Kirner:**

It appears that the enforcement for this bill would be up to the Nevada Gaming Commission, and a lot of these things are obviously related to gaming. Burning Man, however, and those types of events are certainly not part of gaming, at least not their admission charges, so is there an expansion of their role, or do you envision other enforcement agencies, like the Department of Taxation being responsible?

**Assemblywoman Kirkpatrick:**

Honestly, NRS Chapter 368A applies to the live entertainment exemption as a whole. I do not remember if we put in the same authority to audit for the Department of Taxation. I believe they already have that authority, but we can surely clarify it, because they will be handling the nongaming revenues. We could definitely give them the authority, because we want not only to be able to have a broader base definition, but have the ability to go in and find the folks who are not participating.

**Chairwoman Bustamante Adams:**

I will have our legal counsel or our fiscal person answer that portion.

**Brenda Erdoes:**

I believe currently, as Assemblywoman Kirkpatrick indicated, the State Gaming Control Board has full authority to look into all of this and fully regulate it. It is in the second paragraph of the digest, but none of that is changing in the bill, so the Department of Taxation would be collecting the tax and regulating these entities where it is not in a restricted gaming establishment. The Gaming Control Board would collect the tax there.

**Assemblywoman Neal:**

I was curious about the license fee language in section 15 for unarmed combat contests. What is the aggregate amount of the license fees we were currently receiving that we are removing?

**Assemblywoman Kirkpatrick:**

I believe that I can answer a portion of that. Six percent is currently what they are paying, plus 50 cents additional on the gate fee. Maybe Mr. Guindon can help me out.

**Russell J. Guindon, Principal Deputy Fiscal Analyst:**

The 6 percent unarmed combat fee is forecast to generate about \$2.6 million over the next three years, per year; but, we would not be losing it, because we

would be moving them from the current 6 percent rate, which would generate the \$2.6 million, to the 8 percent rate.

**Senator Kihuen:**

Assemblywoman Kirkpatrick, should we be concerned that we are going to lose these events, the EDC, Burning Man, and NASCAR, to other states if we do tax them?

**Assemblywoman Kirkpatrick:**

We hear that from folks all day long. I received a call today from the *Chicago Tribune*, because the EDC is moving out of one entity into another where they pay no tax. They are apoplectic in Chicago about how they just put a tax in.

The whole reason we do not do this at a local level is that we already pit ourselves against the local areas when it comes to licensing fees, when it comes to different events like this. This is a statewide thing, and at some point you either have to decide you want to be part of our state, part of the community, or you do not.

If I had a nickel for every time someone said they were going to leave our state if we did not do this or that, I would probably be wealthy right now. A lot of people say it in angst, but at the same time, there are many reasons why people come here. We can handle large events; we have for many years. In 1965, they would not have put the original bill in place if we did not have great events. We are able to handle much larger events than most. We are set up security-wise. We are set up traffic-wise. We are set up with the venues. I do not know what the answer is, except that we want folks who are really a big part of our community.

I talked with someone at the National Finals Rodeo myself and asked him, are you in or are you out? How do you feel about this? He said he did not like it, but they would figure out how to adjust. You know why, because they are a longtime partner of our state. I think that is what makes other states great, and that is something that we refer to when we talk about being a transient state. We have a lot of great roots within our state, but we need more roots. We need some more people to take an interest in what is best for our state.

I do not know if that answers your question. Maybe they will come up today and say they are moving tomorrow. I have a hot line to U-Haul, and I am happy to help them if that is their attitude, but I really think that people want to be part of our state.

**Chairwoman Bustamante Adams:**

We will transition to those in support of A.B. 498. Thank you, Assemblywoman Kirkpatrick, for your presentation. I would like the representatives from the Nevada Taxpayers Association, the Retail Association, and the AFL-CIO to fill the seats. Also, let me know if there is anyone in Las Vegas in support. We will start with Ms. Vilardo.

**Carole Vilardo, President, Nevada Taxpayers Association:**

I am speaking in support of what the bill is attempting to do. Assemblywoman Kirkpatrick gave you some history and an overview. I would like to fill in a couple of details.

In 2001 there was a bill introduced to look at the state's revenue structure. Prior to the 2001 Session, Governor Guinn had appointed a committee to take a look at expenditures, the fundamental review of state government. He said that coming into the 2001 Session he wanted to be comfortable that we had reviewed government, made changes, adjusted spending when necessary, and directed spending to the areas we wanted. When we came into the next session, which would have been the 2003 Session, we were going to look at the revenue structure of the state. To that end, Assembly Concurrent Resolution No. 1 of the 17th Special Session was created in the 2001 Special Session for the purpose of looking at the revenue structure of the state.

We were very involved in that process and had been reviewing it, because we knew the first thing that happens is "do not tax you, do not tax me," when we are talking about the revenue structure of the state. It is going to be the business community that gets the bull's-eye put on their back. With my board, we started looking at every tax and the problems with tax. We presented a whole series of recommendations to the A.C.R. No. 1 of the 17th Special Session committee. Within the taxes that we looked at, there were ones that were obviously problematic that we could change and do something about to make more sense out of them, and, as Senator Smith said, make them better reflect the economy, because that is one of the reasons we looked at every tax. In each case we asked, is it reflecting the economy the way it should and is it reflecting the way business is done?

What we found was that the CET was an absolute horror. With all the exemptions, we were not doing business the same way. We had these huge venues, but the only way you got taxes on the casino side was if you had fewer than 2,700 seats. Here we were with these mega facilities that were not showrooms, but arena or amphitheater types for major entertainment to appear in. What happened was that the board felt so strongly about this particular tax,

and it was more difficult than looking at sales tax and just plugging in things, so we contracted with Applied Analysis, with board approval, and in 2002 made a formal presentation based on this document ([Exhibit D](#)), the "Admissions and Amusement Transaction Tax Analysis White Paper." It spoke about transitioning from the CET, which actually was a carryover from the '60s of the cabaret tax, which Assemblywoman Kirkpatrick told you about, to something that reflected Nevada's economy.

Interestingly enough, there were a couple of scenarios on this. An optimistic scenario to replace and be revenue neutral with the existing tax would have had the rate at 3 percent. Less optimistic would have been at 6 percent, and the worst-case scenario, if memory serves me, I think was either 8.5 or 9 percent. Definitely a slight percentage under, and at that time we did not have food, beverage, and merchandise that we were trying to include in this. We were trying to simplify it. The administration would have been under the Department of Taxation.

During the 2003 Session, we had two bills introduced that, in effect, created the "amusement tax." They were Senate Bill No. 238 of the 72nd Session and Assembly Bill No. 243 of the 72nd Session. Those bills were the tax bills of the 2003 Session. They contained gross receipts tax, admission tax, insurance premium tax, the business licensing fee, and some other cleanups.

On the admissions tax, we heard the same arguments that I am pretty sure you are going to hear now, because of the way it was structured, which was very similar. Movie theatres came in and said you cannot tax us. The interesting thing is that this is like a sales tax or transaction tax on services because it is a consumption tax. It is not the business that is paying the tax, it is the consumer. If anyone should be upset it would be the consumer, as I am sure you have heard from everyone who goes to movies, who does not want to pay the increased tax. The first group out of the box in 2003 was the movie theaters. What I found ironic is they were talking about it as if they were paying the tax, not collecting it.

Another thing that happened was in January 2004 all the major movie theaters raised their ticket prices \$2.00, and this was after a tax was being proposed at 7.25 percent. I understand political palatability and public perception. This bill does not do everything that I would have hoped it would do. I would have loved to have seen, on the gaming side, merchandise, food, and beverage out. I hope if you process the bill, even in a modified form, that allowing exemptions for movies and some of the other things that you are going to hear about will give us a handle on the revenue to be raised, so when you come in next session

we can reduce the rate, or we can take out the food, beverage, and merchandise.

The LET is a tax that when I speak to groups I refer to as the "i before e except after c" tax. It was structured not during the regular session, but during the first Special Session of 2003. It was a last-minute addition to the tax package. If memory serves, we were adjourning that special session on a Monday, this was created Friday night through Saturday morning, and it was created so that it is the exact opposite of good tax policy. It has bifurcated rates and bifurcated administration; that is not good tax policy. It does not wind up treating similarly situated taxpayers the same. In particular, you can make the regulations the same, but when you do audits there are different interpretations.

In my opinion, this bill is a step in the right direction, because it at least eliminates the bifurcated rate. Again, hopefully, you would eliminate movies. Do those things that would give you a problem politically that are a problem for public perception, real or imagined; but, get us started so we are actually dealing with trying to take an existing tax that does not reflect the economy or the way business is done, and is not an easy tax to comply with or administer, and get us going in the direction we need to go.

I have a couple of recommendations. I know you have a lot of people who want to testify. I will put these in writing and send them to you, Madam Chairwoman and Cochairman Kihuen. Very briefly, one of them is this tax, like the sales tax or transaction tax that has been discussed for services, is collected by business. As such, for the privilege of collecting the tax, we get to be audited and some various and sundry things. Would you please consider a collection allowance for the people that have to collect the tax. I think that is important. It is no different than what we would do in sales tax, and it is what I expect we have had previously when we have discussed transaction taxes on services. Acknowledge that business has to collect this, has to put through paperwork, is liable for the remission of the tax and the timeliness of remission, and provide the collection allowance.

I also think that there is a way of handling comps. I can make a suggestion to Assemblywoman Kirkpatrick on that if it is the choice of the Committee to do something, if you want to eliminate them. As I say, we are open to those changes you need to make that you feel will help with public perception or the political realities of the bill, but we want to see us get on the road to doing something that smacks of good policy. We think this bill does it, and so I would urge your support. There is some other clean-up language, as I say, that I think



would be helpful, particularly for those groups that have never had to collect the tax before. I will submit all of that to you by the end of this week.

**Chairwoman Bustamante Adams:**

Thank you, Ms. Vilardo. I always appreciate the history lesson, to help us understand where our state has been. I appreciate your comments about the evolution of our tax structure into something that is mature and healthy for our state, because we have to grow up.

**Bryan Wachter, representing the Retail Association of Nevada:**

I want to start with a quote from a former U.S. Treasury secretary who said that we should have "a tax system that looks like someone designed it on purpose." I often think we have a tax system that is designed out of expediency, or at the end of a very long discussion, so we do appreciate having this. It is not every day you get policy analysts from the Cato Institute, the Tax Foundation, and the National Conference of State Legislatures all agreeing on something.

Taxes should be simple, they should be transparent, they should increase economic growth and, by their nature, they are not economically neutral. Tax policy can encourage or discourage consumption of goods, influence decisions to save and invest, and taxes with broad bases and low rates spread across a wide range of sources and economic activities reduce the effect of taxation on economic decisions.

This bill, A.B. 498, moves in that direction. We need to be looking at tax policy that expands the base and lowers the rate for everybody: transparency, simplification, and removing a bifurcated rate. When people have questions now about whether they pay, whether they do not pay, whether they can pay or they should pay, that is problematic. Assembly Bill 498 meets the goals of these organizations. We constantly hear how Nevada's tax system needs to be addressed. The members of the Retail Association of Nevada (RAN) have been at the table, helping to address this issue, since the beginning of the 2007 recession. We voluntarily relinquished a major portion of our collection allowance. We agreed to an increase in the business tax. We agreed to a sales tax increase. We have agreed every time this body has elected to extend this temporary tax package.

Everyone needs to have some skin in the game. Of the roughly \$400 million being asked for this week by the Legislature, more than \$250 million is coming from big business, gaming, and mining. We must also ask that all types of businesses, people, and citizens of Nevada share in this investment. We must

remove the exemptions in our current tax system, and RAN has testified in front of many of you ad nauseam, imploring you to take a look at our abatements, our exemptions, and our credits, to take them in context and realize that those are ways that we are spending as well. If a tax is appropriate, then it should be applied evenly and fairly.

You are going to hear opposition and, I think Assemblywoman Kirkpatrick brought this up, hear that events are so large and their economic impact is so incredible that they should not have to charge their customers an admissions tax. You will hear that the jobs they provide and their indirect economic impact should mean that they should be allowed to keep their exemption from the admissions tax. The members of RAN would only bring up that the retail industry in Nevada has a direct and indirect economic impact to the state of \$20 billion. Under this form of reasoning, we will call for the immediate elimination of the sales tax because with that level of economic impact to the state, it would be unfair for us to have to collect this tax on our customers. But we do, and no one is bringing that up.

You might also hear from the opposition that families are worried, and from people who are worried that families which have been among our hardest hit will not be able to afford to attend movies, much less have gym memberships, pay greens fees, or attend any of the other events that are addressed in this bill. I remember growing up in this type of environment in North Las Vegas. I can remember when going to the movies was a special treat for my family. I have a brother and a sister, a family of five, so the movies was not an everyday activity. Going to the movies is not cheap, but it is not because we are charging an extra 8 percent sales tax. If my family were to go to the movies after this tax was levied, we would pay \$71 to get in for a family of five. Right now we pay \$63.

Our members have asked me here today to support A.B. 498 because it is the kind of bold and thought-out tax plan Nevadans should expect from their Legislature. Broad-based is not a talking point, but rather should be a guiding principle. It is interesting to note that the definition of broad-based seems to have changed in the last week, from something that should be championed, to something that means "everything but what I do."

We appreciate the hard work Assemblywoman Kirkpatrick has put into this concept, and we appreciate that she has taken the leadership to craft a sound, transparent, stable, and broad-based tax. We also appreciate that a quick tax plan was not thrown together, that we were not trying to meet an imaginary deadline in February or in March. Instead she took the time to craft something

that we feel is good, whether it took 100 days or not. Tax policy and good tax policy takes time.

We thank you for your time this afternoon, and we do urge your support on A.B. 498.

**Chairwoman Bustamante Adams:**

Thank you, and I appreciate your outlining the national standards for good tax policy.

**Danny L. Thompson, representing the Nevada State AFL-CIO:**

We have come to this table for years and said that we need to expand and broaden the tax base in Nevada. Every study that has ever been done, either by you, your commissions, or someone else, says that you have to expand your tax base. You have to improve your educational system in order to diversify your economy, because everyone for the past 30 years has come here and said we have to diversify away from a single source of taxation.

A week ago Saturday I sat in the money committee, where we listened to state employees talk about their issues—state employees that are on welfare and working full-time. We have the highest classroom sizes in secondary education in America. We have the lowest graduation rate. Clearly, we have to broaden the tax base. I am not talking about throwing money at a problem; I am talking about solving a problem. If you ever want to diversify away from gaming, everyone has to start paying something. I think this bill is a step in the right direction. We applaud Assemblywoman Kirkpatrick for having the courage to bring it forth. We support it.

**Russell M. Rowe, representing Angel Management Group, LLC; and the TAO Group:**

The Angel Management Group and TAO Group are two of the largest nightclub operators on Las Vegas Boulevard. Angel Management Group, or AMG, operates the new Hakkasan Nightclub, which opened at the MGM just a few weeks ago; the Wet Republic, the day club at the MGM; and Pure Nightclub at Caesars. The TAO Group operates, obviously, TAO at the Venetian, LAVO at the Palazzo, and Marquee at the Cosmopolitan.

This industry obviously has grown over the last decade. It is a rather significant, and I would argue, indispensable component of what the Las Vegas experience is today. It is a major part of what we do in Las Vegas, and it is a major reason people come to Las Vegas to spend a week or weekend. AMG and TAO currently pay the LET, or I should say they try very hard to pay the

LET. As Assemblywoman Kirkpatrick indicated, it is replete with ambiguities, inconsistencies, and exemptions. You do not know when you are supposed to charge it, to whom you are supposed to charge it, or what triggers it, and it results in significant problems.

As an odd example, just recently they probably spent a significant amount of money in attorney fees trying to figure out whether raft surfing in nightclubs is deemed entertainment under the statute and the regulations. The problem is it is completely unpredictable. You literally have to make your best determination whether or not to apply it, and then hope you do not get audited. Sometimes you end up getting audited, and of course when the determination is made, you may end up paying a significant amount of money that you never collected, but you made your best effort in trying to determine whether to apply it.

So, significant ambiguities are one part of the problem. The other part is some pay it and some do not and, as Assemblywoman Kirkpatrick mentioned, that creates an uneven playing field. All I think any business asks is, if we are going to pay a tax, that it be applied equitably to all those that are similarly situated.

We believe the concepts under A.B. 498 move in that direction. We support what has been put forth before you. We understand this is a work in progress. We understand that this is probably going to change a little bit, but we would like to continue working with you and Assemblywoman Kirkpatrick on those remaining issues, with comps being one of those issues that have come up. That is a concern for us, but we know in the overall scheme of this bill it is something that needs to be looked at, along with other things. Most importantly, we are here and you are here, and you have it in front of you, due to the leadership of Assemblywoman Kirkpatrick, to try to clean up at least one part of our tax code.

**Chairwoman Bustamante Adams:**

Thank you, Mr. Rowe, and I appreciate your comment on how the bill brings clarity, which I think is missed in the current form. We will now transition to those in the neutral position. I think I only have the Nevada Resort Association. Then those in opposition, if you could please prepare a spokesperson for the industry, that would be appreciated.

**Greg Ferraro, representing the Nevada Resort Association:**

I signed in as neutral in a commitment to speak. I wish there was another category, which would be somewhere between support and neutral. The industry, as all of you know, is the taxpayer and the tax collector. Of the \$136 million that was collected last year, \$125 million of that was collected from

gaming establishments, so we are familiar with the law. I am familiar with the law. I was there in 1995 when the CET was adjusted, as Ms. Vilardo and Assemblywoman Kirkpatrick alluded to. I was there again in 2003, on the last day of the special session, and I can personally attest that it is not very clear tax policy. In the ten years that have gone by since that LET tax was enacted, we, the control board, the regulators, and anybody who has come across the statute knows it is unclear, ambiguous, unnecessarily confusing, and needs to be fixed.

I want to commend Assemblywoman Kirkpatrick, and I applaud her effort in taking this on, not just the LET, but her effort to broaden the discussion.

My comments to you today are addressed to the current law. We pay 93 percent of the revenue collected. The proposals that are embodied in Assemblywoman Kirkpatrick's legislation are good ones. We have some questions. We have shared with her many of those questions. Some of those questions were answered today by legal counsel. We have others.

When you remove a two-tiered system it raises some questions, so we are in that place where we are looking for some more answers. We are internally reviewing how it may or may not work. We have some concerns, as others do, that have been mentioned here earlier, in the area of comps and in the area of conventions. To this point, and I expect going forward, Assemblywoman Kirkpatrick has been open-minded. I have had brief conversations with the Chairs of the Assembly Committee on Taxation and the Senate Committee on Revenue and Economic Development. They have been open-minded, and we are certainly grateful for that.

Madam Chairwoman, you talked about clearing up the statute. I think a word we would like to see introduced into the discussion today is predictability. As it currently exists, we are not always sure where the tax is to apply, and that is very hard to manage. We are seeking certainty and predictability in the tax. As we look at the changes that have been proposed, we want to apply the same standard: predictability.

So with that, Madam Chairwoman, I think you know where we stand. I again wanted to thank Assemblywoman Kirkpatrick for her leadership in the area. It has been ten long years of us dealing with this law, and many of you have heard from us or have dealt with it on your own behalf. It is definitely time to get it fixed.

**Chairwoman Bustamante Adams:**

Thank you, Mr. Ferraro. I appreciate the new word, because I know that one of the national standards for good tax policy is that it is simple—being able to predict when it applies and when it does not.

**Geoffrey Lawrence, representing the Nevada Policy Research Institute:**

I apologize. I was not sure how I wanted to sign in when I got here. I wanted to hear some testimony beforehand.

I would like to discuss the revenue implications of this bill separately from the structure. Let me say about revenue that the Nevada Policy Research Institute (NPRI) has always supported the idea of revenue-neutral tax reform if it makes the tax code easier to comply with and more efficient on an economic basis.

We have never believed that Nevada lacks for public resources. Currently, according to the latest figures that are available from the U.S. Census Bureau division of state and local government finance statistics program, Nevada receives about \$2,618 per capita at the state level, and \$3,124 per capita at the local level. We are one of seven states where the tax is more at the local level than at the state level, so we are relatively decentralized.

When you add these things together, Nevada governments receive about \$5,742 per capita, which is the 29th highest among the states. We believe that since we are near the national median in terms of per capita government revenues, that should be sufficient to deliver quality public services, if the policies that are put in place to manage that spending are well structured.

From a structural standpoint I will say that, as an economist, I am sure many of you know, I have suggested many times that the tax code we employ here in Nevada could be improved with increased efficiency. The NPRI has always advocated for broadening the base and lowering the rates. Specifically we have focused on sales tax policy, but I think that the general concept outlined in this bill also fills that objective. I have always thought it was very awkward that with the bifurcated system we have, we actually impose a higher tax rate against smaller venues than larger venues. The NPRI has always supported the idea of a flat rate of taxation, but, generally, when you have graduated rates, they increase as the size of the venue increases, so it appears that this is a little backwards from that perspective. We think that, at least structurally, this would be an improvement.

As far as the revenue implications, I think it is very hard to know what the revenue implications really would be from this proposal. I would suggest that a

fairly reliable estimate could probably be developed using data that is housed with the Bureau of Economic Analysis, through the North American Industry Classification System. They do break down revenues and sales by industry, going into arts and entertainment and things like that. I think a reasonable estimate could probably be extrapolated from the data; however, as I said, we prefer that any proposal of this sort be on a revenue-neutral basis.

**Chairwoman Bustamante Adams:**

Well, at least that is something. Structurally and improvement, I take that as a win. We will now transition into opposition. I would like to call Mr. Goldwater, Mr. Powell, Mr. Lamb, and one person from the Reno Rodeo to come to the table.

Let me just go over a few rules, as a reminder. On page 8, line 19, if you are a 501(c)(3), we are redefining what a public benefit is. If you are that, you are exempt, so you do not need to come forth if you apply in that revision. In addition, if you are part of the Nevada System of Higher Education or any county, city, or other local government, that is on line 23. You should look at that definition as well. This may not apply to you.

**David Goldwater, representing Insomniac Events; and the Las Vegas Motor Speedway Fan Advisory Council:**

First, I also would like to thank Assemblywoman Kirkpatrick. I can tell you that the 2003 Legislature, well-meaning and congenial, tried their very best to do something good for the state with the LET in its current form. They currently left her and you with a handful of issues. It is very challenging, and for a legislator to step out and address those challenges shows a lot of guts and determination.

Taxes influence behavior. Our state has a unique tax status for a lot of different groups. We have a unique tax status for veterans. We have a unique tax status for some of our seniors and for the infirm. Certainly a pizza is not taxed at a store, and it is taxed at higher sales tax rate when it comes to your door.

Every state has different tax policies, and one of the main reasons we have 50 states is generally because of tax policy. When the supporters of the bill note that other states tax admissions, it is worth also noting that many of those admissions taxes are used to service bonds used to build those facilities. In fact, even in our own state, when we have proposals to build arenas and stadiums, a ticket or admissions tax is very much part of that.

For example, Florida was cited. Florida gives several million dollars of the tax collections at their speedway back to the track for their improvements. In Indianapolis they just approved a \$100 million rebate back to the track for their improvements. Iowa also has a bill before their legislature that takes the money collected and puts it back into the infrastructure. Every state collects and uses the money differently.

As we discuss this tax policy as it applies to Nevadans, is it fair to compare an admissions tax in the state that uses it to build a facility to one that has facilities built with private dollars? Is it fair, again, in this state to start discussing this policy of taxing fans and families before we start talking about taxing the owners of the facilities where these events are put on for the fans and families?

I would like to introduce to you Chris Powell, who is president of the Las Vegas Motor Speedway. He is going to give you a presentation about why the current law and the status of taxes in the current law is a good idea for the taxpayers in this state.

Having some experience in tax policy, and specifically with unique tax status, I would like to put forward the three criteria I used to use when evaluating whether or not a business should receive some of these unique statuses.

The "but for" test; but for this exemption, would this occur? We do not apply the personal property tax, for example, to art. But for that exemption, would we get the fine art that we have in southern Nevada? Maybe a good exemption depends on your judgment.

Would this tax exemption tax the people we want, or keep taxes away from the people we want? In this case the tax exemption found in [NRS 368A.200 and suggested for amendment in] section 10 [of A.B. 498] keeps taxes away from working families, it keeps taxes away from younger people with less ability to pay taxes.

Lastly, does it drive other taxes? Will this exemption drive business to the other taxes this state has and collects, and actually increase the take for the state? We talk about the concept of comps. The same thing goes for tax policy. We will comp you on this tax, so we can collect more tax someplace else.

With that, I would like to introduce you to Chris Powell, who is going to go through why the tax exemption found in [NRS 368A.200 and suggested for



amendment in] section 10, paragraph 5 [of A.B. 498] is a good idea for the taxpayers in this state.

**Chairwoman Bustamante Adams:**

Thank you. Mr. Powell, I just want to make sure that you want to continue your exemption under the current law, as is, and not change it. Is that correct?

**Chris Powell, President and General Manager, Las Vegas Motor Speedway:**

Yes ma'am. Thank you, Madam Chairwoman, and thank you to this esteemed body that agreed to the tax status the Las Vegas Motor Speedway's NASCAR event gained in 2003.

This tax status is positive for Nevada's economy, and it is positive for the racing enthusiasts from across the country. We sell tickets to race fans from all 50 states. In an average year we sell tickets to race fans from more than 30 countries.

I am anxious to share its successes and evidence of its successes and to discuss some of the challenging elements of proposed A.B. 498. Just as an overview ([Exhibit E](#)), I want to focus on why the current tax status is good and should not be lost.

NASCAR week is positive economic development for Nevada. Our status has kept us competitive in drawing fans to Nevada, thus keeping the NASCAR event itself. This status also keeps hardworking, largely blue collar fans, from paying the tax.

There are endless questions about how we would handle A.B. 498 from a procedural standpoint.

According to research done each year by R&R Partners through the LVCVA, the race weekend at our speedway represents the largest sporting event west of Indianapolis, Indiana. We do not have the numbers yet for 2013 as the event was in March, but the economic impact of the 2012 event was \$240 million. We hired more than 560 employees just for that weekend. Levy Restaurants, our food and beverage concessionaire, hired almost 5,000 people to provide service that weekend. Local businesses throughout southern Nevada benefit from NASCAR week in Las Vegas, and you will hear from some of them later. They ramp up to accommodate the many people who come to the city. There are indeed huge crowds.

In fact, Keytours, and you will hear from Joe Mattes later, but Keytours is a bus company in Las Vegas. This past weekend Keytours had two people on its payroll. During NASCAR weekend Keytours had 285 people on the payroll.

Based on the LVCVA's report from 2012, from last year's event, the taxes collected from NASCAR fans for that weekend totaled \$14.1 million. Per person, a fan spends \$1,573 in Nevada when they come to the race. These fans are not just from Nevada; 71 percent of those fans are from out of state. They spend on average \$1,573 in southern Nevada, plus another \$570 in gaming.

It is a common misunderstanding that the Las Vegas Motor Speedway is exempt from the LET. It is not. The only exemption we have is during NASCAR weekend, when so much commerce is created. We collected about \$240,000 in 2012 in the LET that was contributed to the state for events other than our NASCAR weekend. With all due respect to Assemblywoman Kirkpatrick, we also have a charitable organization called Speedway Children's Charities. In the 15 years since Speedway Motorsports has operated the Las Vegas Motor Speedway, we have made well over \$2 million in contributions to organizations related to children in Nevada, organizations that benefit only children, and most of those are very needy.

I think you can really understand how much this tax status helps Nevada by understanding some of the competitive dynamics about our business. We are competing for race fans. We sell tickets, as I have said, in all 50 states. These fans have many choices. They do not have to come to Nevada to see NASCAR. They can go to California, Phoenix, Texas, Daytona, or Charlotte. There are 24 speedways. There are 36 different NASCAR races. Given that they have so many options, when their dollars get shorter, when they are taxed more, they are more likely to stay in their home regions and attend races in their home regions, instead of coming to Nevada to the Kobalt 400 and Sam's Town 300, enjoying themselves and spending that \$1,573, plus what they spend in gaming, on their trips.

Meanwhile, economic headwinds have affected our attendance. There was a time back when the Legislature was considering the tax proposal in 2003, and others since then, when all we had to do was put tickets on sale in order to sell out. Unfortunately, that is no longer the case. There are headwinds in the economy. There are headwinds in the sport. Unfortunately, now we do have to give away comps. We send comps to an incredible number of military people and to the school system in Clark County. A lot of people are exposed to NASCAR, come and have a great time, without paying a dime. I would hate to

think that any kind of tax would be levied on the Speedway, or on any of these organizations, because of our largess, when it comes to trying to fill seats that otherwise were very much filled before the economy went south.

All the while we seek a second race. We never have made promises about a second race for southern Nevada. We have made promises that we are doing everything we can to bring one to the state.

I would also mention the state of Florida. As Mr. Goldwater mentioned, there are taxes that are rebated back to the counties from which they come. Some of those monies are sent back to Daytona International Speedway and Homestead-Miami Speedway in order to help build the infrastructure around and at those speedways in order to make their events better. Florida, I think, is charging 6.25 percent. This proposal is 8 percent. I have heard a lot today about how we are lowering the rate and broadening the base. In the case of the LET, as it pertains to the Las Vegas Motor Speedway, we are raising the rate from 5 percent to 8 percent under this proposal.

Who is a NASCAR fan? Most of the fans are families with household incomes between \$40,000 and \$80,000 per year. Deleting this status, this current status, in A.B. 498, does not require the Speedway, or NASCAR as a sanctioning body, to pay the tax. It is asking the fans to pay the tax. The current law is literally a tax break for working families. It is not a break for the Speedway.

In these tough times, working families need every break they can get, and you have wisely given them one in the past. We ask that you not take that break away from working families.

In discussing A.B. 498, we have limited this presentation to the tax status of our NASCAR race and the LET, but there are some questions we have relating to the entire proposal. For instance, what triggers the LET kicker on food and beverage? We hear that the addition of music would create an 8 percent tax on the food and beverage at the Speedway. Does that mean that if we go to the Strip and get some high-class performer to come out and sing the national anthem, we would then have to pay 8 percent on people's ability to buy a soda and a hot dog? I would certainly hope not. What about when we hire a band to come out and play in front of 400-500 people in one corner of the midway for an hour or two before the race? What about dedicated parking lots? What about RV spots? What about complimentary tickets? Again, I would beg of you not to ever consider taxing complimentary tickets. What about trade-outs? We do a lot of business with companies in Nevada, on a trade basis. They

provide their service. We provide them with tickets. What about the effective date? We have sold many tickets for the 2014 NASCAR weekend to fans who will come and spend those thousands of dollars in southern Nevada. We would certainly not want to call them back and say now you have to pay 8 percent in order to have this ticket.

In summary, the current law offers up a tax status that works. It works for economic development. It keeps Nevada competitive with fans, in getting fans to come to Nevada. It keeps us competitive with other speedways. It exempts working families from taxes.

**Chairwoman Bustamante Adams:**

Are there any questions from the members of the Committee?

**Assemblyman Horne:**

I want to say that I was here in the 2003 Session. Mr. Goldwater, I think it is important to note that many of the states that Assemblywoman Kirkpatrick mentioned also do not have personal income tax, that Nevada does not have. That seems to be lost on you and your client.

Also, Mr. Powell, I have never met you before, and I do not know where you are from. I think you misunderstand what Nevada and Las Vegas is. Las Vegas is a draw in and of itself. I think it is a unique venue. I think NASCAR fans are going to come. I remember when NASCAR came and was asking for tax exemptions on motor parts. It is getting ridiculous in that it seems like you are really concerned about the spectator who comes to see your sport but, in fact, it still comes down to your bottom line. In your entire presentation, I did not hear one recommendation on how your industry can help. Even our gaming industry, which is a good community partner, also gives to charitable causes without saying, "we give to charitable causes so do not tax us." Yet you sit there and say, "We give to charitable causes so you should not tax us." It is laughable. I would like to hear you give an alternative.

You mentioned 8 percent is an increase, so would you be all right with 7 percent? Are you going to make some type of recommendation where you can help, if you want to be a good community partner?

**Chris Powell:**

If I realized, when you got going, that you were going to mention several different issues, I would have a response to every one of them, if I can remember them.

From a charity standpoint, I just brought that up because I thought it was a slight rebuttal to Assemblywoman Kirkpatrick's comments about charities. We are charitable aware, and by no means am I saying that because our Speedway Children's Charities organization has raised \$2.5 million for child-related organizations in southern Nevada over the past 15 years we should be exempt from taxes. I promise you that.

I am from North Carolina, but I have been in southern Nevada for 15 years. My wife is here today with me, and we plan to be in this state forever. Also, I think it is important to explain that we are not here before you today to say "if you remove this exemption we are leaving." We are not going anywhere. We love the state. Our company, which is based in North Carolina, is not going anywhere. We love Nevada, and we want to contribute to Nevada.

**Assemblyman Horne:**

That is good to hear, because I certainly heard in there, I think it was Mr. Goldwater, who said we should consider who might leave. I have heard that ad nauseam since the 2003 Session.

**Chris Powell:**

I am not saying that, and I think he may have been talking about other clients he might be working with.

**David Goldwater:**

I apologize if I made that confusion. The point I was trying to make is that in the discussion of raising prices, one of the things you want to drive home when you consider unique tax statuses like this is, does it drive other taxes? Does it drive business to things that are taxed higher? When you raise prices, you will decrease demand. That is a law of economics that I did not do. For every dollar you increase and collect for admissions tax, does it drive down what you would have otherwise collected in gaming tax, in sales tax, in room tax, in fuel tax, or in insurance tax? As a member of this body, you should figure into your revenue model—and I know your LCB Fiscal staff does that—whether this increase will, in fact, reduce tax collections in other areas. That is the point I was trying to make.

As far as suggestions go, I would like to address that as well. Certainly if you are contemplating getting rid of this unique tax status, please consider allowing the Speedway organization and its fans, who are paying these taxes that the Speedway does not pay but collects, to perhaps go to the commissions on economic development, make a case for this tax exemption working for southern Nevada, and allowing them to decide whether it is a tax exemption that

works. You, of course, had a choice to make them pay them early in the session, and that will be chosen by the voters next November, but if you choose to remove this exemption, would you please consider allowing us to do that. That would be the suggestion I would offer to you.

**Assemblyman Horne:**

Thank you, Mr. Goldwater, for the clarification, but that suggestion is just a suggestion to give you an avenue to go find your way out of paying this tax or being a part of this particular tax structure. It is not a recommendation for an alternative way on which your client can help, and that is what I was looking for.

Mr. Powell mentioned that 8 percent may have been too high, so I was wondering, if 8 percent is too high, did he have an alternative. That is the type of thing I was looking for. Mr. Goldwater, you were afforded the opportunity to sit at the table in negotiations on this with Assemblywoman Kirkpatrick, and it was under the spirit of being allowed to sit at the table and make recommendations, and that is what that is for. It is not for finding a carve-out for an industry or a client, or anything like that. I hope that you will continue to do that with Assemblywoman Kirkpatrick in this regard.

**David Goldwater:**

I certainly will do that. I do not want to find a carve-out. A carve-out was found by the 2005 Legislature. I just want to bring it to your attention and thank you for that, and what a good job you did in finding that in the first place and I appreciate the opportunity to work with you and Assemblywoman Kirkpatrick on improving this piece of legislation.

**Chairwoman Bustamante Adams:**

Thank you, Assemblyman Horne. In reference to his comment, for those in opposition, we are interested in hearing the specific section in the bill that you have the problem with and the alternative solution that you would like to propose, instead of just talking about carving out an exemption.

**Simon Rust Lamb, Chief Operating Officer and General Counsel, Insomniac, Inc.:**

We produce the Electric Daisy Carnival (EDC). It is the biggest music festival in the country at this point in time. We produce it at the Las Vegas Motor Speedway. We are going into our third year there. I am going to do my best to respond to some of the questions that have come up, but I would like to run through some things and provide some information about who we are, what we do, and who our fans are ([Exhibit F](#)).

Insomniac, Inc., was founded in 1993. We produce festivals, concerts, and club events all over the country. We produce more than 250 music events around the United States, and we also have an EDC in Puerto Rico. We are introducing EDC in London at Olympic Park this summer.

How many of you have been to EDC?

**Chairwoman Bustamante Adams:**

I am not sure if they would actually admit it.

**Simon Rust Lamb:**

I think it is possible that if you have not, perhaps some of your children who are 18 or over, your nephews or nieces, or friends' children, may have attended. It is not just a concert. We do a lot out there. There are fireworks. There are multiple stages. We will have seven stages this year. There are large-scale art installations, huge 50-foot installations that spit fire. There are special effects and pyrotechnics. Our fans are always getting dressed up and participating. It really changes the Strip and the hotels on the Strip for the weekend that they are here. This year we are producing, as Assemblywoman Kirkpatrick mentioned, EDC in New York, Chicago, Las Vegas, Orlando, London, and Puerto Rico.

Electric Daisy Carnival is not a new event, It goes back 16 years in Los Angeles. We first moved here in 2011. We made a decision to leave Los Angeles. We found a place here that was very attractive to us, and we have been very happy operating here. We love working in the great state of Nevada. We love working in Las Vegas. We love the Las Vegas Motor Speedway. It has been a very positive working relationship for us throughout the term.

We also include marketing at all of our other EDCs that drives business here to Las Vegas. They are all part of the "On The Road to Vegas," so whenever you see any of the marketing, including in foreign countries, they will be driving business here. Our 2013 event is sold out. As has been mentioned, we will have 345,000 people. Just to give you some perspective, the reach on the show goes well beyond the reach of the ticket sales, with 1.2 million views on the video trailer for this year's event. For those of you who have not seen it before, this is a great picture of just some of the things that are happening [page 5 of [Exhibit F](#)]. I think we are aware of what we are here to talk about, which is the particular special status for outdoor concerts that are currently exempt under the tax code.

There was some discussion about the origin of the tax code here, so I would like to give a little bit of information about the origin of how EDC came to Las Vegas, and why we pick the places we do to operate. The EDC is a large-scale event. We require a large outdoor venue to do what we do. Good weather is a major factor in how we make our decisions. We like to work with a destination city. It helps if there are hotel rooms. We are also introducing camping at our event in Chicago this year. We will have 5,000 people camping, so hotel rooms are not a necessity, but they are great. We also like a business-friendly tax environment. So I want to make it clear that our decision is made on a multifactor basis.

Why I am here today is to talk about how we think and feel for our fans, and that this is not a great move for Nevada and not a good move for the music fans that come here. I will run through each of these. As David said, we feel that changing the LET may reduce or eliminate significant ancillary tax revenue and positive economic impact. I want to recognize that festival producers have choices, and so do music fans. Some of the language is a concern, particularly about comps, and the true economic impact of where this is going to go is unknown. I do not think we can ever know that, so I think that is a little bit less important.

To give you a little bit about our economic history here in Nevada, over the course of two years we have generated \$344 million in direct and indirect economic impact. I am not a tax specialist, and I am not an economist. I am doing my best to learn this as we go and to contribute to the dialogue. The economic impact study was performed by Beacon Economics [page 27 of [Exhibit F](#)].

Our fans come from all of the 50 states, 46 countries, and only 6 percent of our guests last year were Nevada residents. Our guests are spending money in hotels, on gaming, food, and transportation. When we first came here, June was not the busiest month for the hotels on the Strip and hotel room rates were affordable. As the show gets closer and closer, rooms that were formerly \$200 are now \$600 per night.

We have created 3,418 jobs over the last two years, and we are looking to expand that as we grow the event. We do some ancillary events during EDC week. We produce a music conference. We also do pool parties, nightclubs, and other shows. We also have a charitable component in history. It is not as large as the Speedway. We are just here. We arrived a couple years ago, and we are looking to contribute to the community in ways that we can. We have focused on youth in the arts. Page 28 ([Exhibit F](#)) goes into more detail on the



economic impact, showing where our fans come from and the direct and indirect expenditures.

The tax status helped attract the festival to Nevada. There were a lot of things, like I said, that went into making this decision, but that certainly helped. We found, at that time, it was the right place to be, and we found a receptive community.

We do have choices on where to produce our events. With the success of the event here in Las Vegas, our choices have grown. When I started working with Insomniac producing events like this years and years ago, we were looking at warehouses and places where no one else wanted to do shows. Now we are producing an event at Olympic Park in London, at the Speedway in Las Vegas. We have football fields and baseball stadiums. We are producing an event at Citi Field in New York this coming weekend. It used to be that we had to chase down venues and find places. We do have options now.

The financial impact of where we produce the event does have a major impact on our choices because of how it effects our fans. Ultimately the ticket tax does come out of our fans' pockets. Assemblywoman Kirkpatrick mentioned the price difference in our events in Orlando, New York, and Las Vegas. The event that we produce in Las Vegas is greater in magnitude than anything else we do around the country or the world. The size of the experience and size of the production is easily more than triple the size of what we do in other markets.

We make a lot of decisions at Insomniac that are not driven by our bottom line. We invest heavily in production, in a way that makes a lot of people cringe. We make choices to put on the best experience we can for the fans of our events. Our goal is to under-promise and over-deliver in every instance.

**Chairwoman Bustamante Adams:**

I am going to stop you there, because I know we have that opportunity to upload it for the public record. I have questions from members, and I want to be able to give other people the opportunity to testify.

**Assemblywoman Benitez-Thompson:**

My question goes to the EDC and Las Vegas Motor Speedway. Assemblywoman Kirkpatrick was so kind in her presentation to provide us with information on where you have events in other states, as you just referenced, Mr. Lamb, and the amount of tax on admissions that is being paid in the other states. I think it was you, Mr. Goldwater, who asked the Committee to think about how an admissions tax would play out on other different types of taxes.

Because you were a legislator you know that at this time of year we get so busy that I personally do not have the time to do that research, but I thought since you are in the position to advocate for your client, you could do that research and apply it for us, for the places where motor speedways exist and have events and there is an admissions tax. I want the information for Daytona International Speedway, Phoenix International Raceway, Kansas Speedway, and Dover International Speedway—for all of the places where they operate, have these events, and are paying an admissions tax. I want the numbers on how an admissions tax is detrimental to them, and how it impacts the other taxes they have. If you are making that argument, I want to see the numbers. I want to see how that plays out. Put it in black and white for me. Put it on a piece of paper and get it for me.

The same thing goes for you, Mr. Lamb. In the other venues where you operate similar events and you pay an admissions tax, play out those numbers for me and convince me as a legislator. Convince me as a public policymaker that if the sky really is going to fall in Nevada because we enact this tax that exists in other places, then paint me that picture and put it in black and white. Get past the rhetoric, do what Assemblywoman Kirkpatrick was so kind to do, and start talking about this in terms of numbers, so that we can wrap our heads around it.

**Chairwoman Bustamante Adams:**

Thank you for the request.

**David Goldwater:**

Certainly, I will do that. I submitted a number of different pieces of information on Nevada Electronic Legislative Information System (NELIS) for both the speedway and EDC. One of them is all 50 states and their rate of taxation [page 18 and 19 of [Exhibit F](#)]. In addition, I only showed you three states that rebate these taxes back to the speedway. I did not also do the research on places that used ticket tax, for example, to fund bonds that actually built these. One thing we know for sure in Nevada is that the ticket tax, or admissions tax, is not going to be used to build these facilities. These are built with private money, that I can tell you, and I will do this research and get it to you posthaste.

**Chairwoman Bustamante Adams:**

Thank you, and because Ms. Vilardo is going to provide her information by Friday, I would appreciate you meeting that same deadline.

**Simon Rust Lamb:**

Is it possible for me to respond?

**Chairwoman Bustamante Adams:**

Yes.

**Simon Rust Lamb:**

When Assemblywoman Kirkpatrick discussed ticket tax in Chicago, our event is actually in Joliet, and there is no admissions tax there.

**Assemblywoman Benitez-Thompson:**

Talk to me about New York?

**Simon Rust Lamb:**

My understanding of the tax code in New York is that there is a ticket tax there.

**Assemblywoman Benitez-Thompson:**

Of 9 percent, is that not right?

**Simon Rust Lamb:**

There are a significant number of exemptions.

**Assemblywoman Benitez-Thompson:**

So play it out on paper. I am seeing an admissions tax of 9 percent, so if you are telling me it is different, do that research and play it out for me. You were able to create business models in other states that take into account an admissions tax, so tell me how that model does not work for Nevada. That is what I am asking for.

**Assemblywoman Neal:**

I have two questions. The first one is for the Las Vegas Motor Speedway. You talked about having competition for fans and attendance challenges, but then you mention you have presold 10,000 tickets for 2014. What are the types of attendance challenges you are facing if you can presell 10,000 tickets before the year even arrives?

**Chris Powell:**

Five or six years ago, when the economy was different, by this time we would have sold 30,000 to 35,000 tickets for the following year. The headwinds are so challenging now, not only in the economy, but in the sport itself. The sport itself clearly is not as popular. If you turn on Fox Sports on Sunday afternoons today, you see empty seats that you did not see four to six years ago, so those are the headwinds that we are up against. The 10,000 number is a great number, and we are proud of it, but we think it could be higher. We have about 120,000 seats at the Speedway.

**Assemblywoman Neal:**

Some of the folks who came up before you talked about it being confusing, and that the bifurcated setup caused issues. I know you guys have an exemption, but hypothetically if you were under the current supposedly confusing setup, why would it not be confusing for you?

**Chris Powell:**

It would not be confusing for me, because it would be 5 percent on every admission.

**Assemblywoman Neal:**

And you like that number?

**Chris Powell:**

My preference would be to continue the tax status as it currently is. I think it has worked for Nevada, and we have created a tremendous event that is such an economic boon for our state, I hardly think that adding 5 percent, 8 percent, either one is going to be the law of unintended consequences. We are going to raise more tax revenue on the one hand and create much less on the other.

**Assemblywoman Neal:**

I have a question for EDC. You mention that the tax, or lack thereof, was an incentive for you to come here, and that the venue itself offered space, which you probably would not have had in one of the larger metropolitan areas.

When you talked about this ancillary tax revenue, what was that? The jobs you created that you listed, how many of those were temporary? How many of them were long-term? I know you hire a lot of temporary people for the planning, the setup, and the three days that it is here. Those are temporary jobs.

One thing you did not talk about was the cost associated with all of those tourists coming to Nevada. Although there is a benefit in terms of the dollar amount that you talked about, there is also a cost to the city for police, fire, all of those other wonderful things that you get the benefit of, that you come here and use so that someone else can participate in that event. Talk to me about that relationship, because it is not a free ride and it is not a free tax situation. There is a cost to the state to have those people here and to provide for the medical care and safety needs that arise.

**Simon Rust Lamb:**

I will address the second question first, and ask you to restate your first question, because I need some clarification on it.

With respect to police, fire, and all of the agencies that participate in producing EDC, we pay for them. Our police bill in Las Vegas, in Clark County, is higher than anything we do in any other state, anywhere. I think it is public record. The bill is a very big number. We pay for all of the fire, all the police, and all the medical staff who are onsite at our event. Health and safety are our highest priorities. If you look at other festivals around the country, we go above and beyond to produce the safest event, and our medical staff is incredible. I cannot say enough great things about them, and that is all a direct expense to the festival.

**Assemblywoman Neal:**

Let me add this, out of the \$344 million, which I am assuming is listed as profit, and then the \$200,000 that you donate, how much did you make in 2012?

**David Goldwater:**

I think the \$344 million was the economic impact. If it was a profit we would not be up here.

**Assemblywoman Neal:**

Let us say that is the economic impact, the \$344 million, and then there is \$200,000 that you donate, why do we not just consider this, if you had to pay the 8 percent off of whatever it is. What is your aggregate profit then? How much do you make off of this event?

**Simon Rust Lamb:**

How much we make off of this event changes from year to year.

**Assemblywoman Neal:**

Okay, give me last year.

**Simon Rust Lamb:**

In the first year we experienced a loss, and in the second year we experienced a profit.

**David Goldwater:**

The issues of profitability and proprietary business information like that is probably not something my client is comfortable disclosing to the public, because he does compete with other operators, and it is a private business. It

is not a publicly-held business, but if there is a question in there, I can help you with it.

**Assemblywoman Neal:**

There is a question.

**David Goldwater:**

Also, it is worth noting, in your NELIS information, there are frequently asked questions that handle some of these issues.

**Assemblywoman Neal:**

Can you put the slide back up that had the \$344 million, where you were discussing ancillary jobs and all of the benefits we receive from EDC? Since we cannot talk about the actual dollar amount that you receive in a no admissions tax environment, let us see that slide again, so I can get clarity [page 9 of [Exhibit F](#)]. The \$344 million is what was generated for Nevada. I know you did your analysis, so what is the impact of the 8 percent, if you had to pay it? What would then be reduced in what your aggregate amount is? What would you not get? How much?

**Simon Rust Lamb:**

The \$344 million is the combined figure of the last two years of the total economic impact from EDC 2011 and EDC 2012.

**Assemblywoman Neal:**

So let us take just one year, 2011, since we do not have any numbers for 2012. Let us talk about what is on that slide. How much, because this is a profit game, if you paid the admissions tax of 8 percent? How would that number be reduced?

**Simon Rust Lamb:**

On page 10 ([Exhibit F](#)) the 2012 number is the \$207 million, the 2011 number is the smaller number, \$136 million, in the top left corner. That is for Clark County. Impact on Nevada is \$207 million in 2012 and \$136 million in 2011. As far as what would happen if the 8 percent tax was imposed, which I think is the specific question you would like answered, the answer is our fans would be the ones who would determine that question, not me. Our fans are going to be the ones who vote with their feet. They are the ones who make choices about what music festivals they want to attend, in what state, and what place. Our job is to put on the best event we can for our fans at the most reasonable cost. If you choose to implement this tax, they will be the ones who decide.

**Assemblywoman Neal:**

This is my final point. You listed five factors on why you chose this site. The one thing that is going to come into play is admissions tax. Everything else is a benefit; the weather, the hotels, the venue. All of those things are still good things. You came to the table talking about how much we would receive, but I am still trying to get to why you do not want to give. That is really just the short end question.

**David Goldwater:**

Let me be abundantly clear, Assemblywoman Neal. Whether or not Insomniac wants to give, this is not a tax on Insomniac. Whether or not the Las Vegas Motor Speedway wants to give, this is not a tax they pay. They are tax collectors. We are here on behalf of the fans. They simply collect the tax. I do not, and let me be very clear on this, represent them in a corporate capacity on whether or not they want to pay margins tax or corporate income tax. That is not the issue before them. They would pay them. This is an issue of the fans and whether or not you increase demand or decrease demand by raising these prices. I think the point made by this slide [page 10 of [Exhibit F](#)] is that as you increase the price through tax on the fans, on the workers, young people in this case, do you decrease demand? If it is yes, then the economic impact is lessened. If it is no, there is no difference. That is the point.

**Assemblywoman Neal:**

I am of the opinion the demand would not decrease. You came here because it was a specific venue. You came here because it was a specific type of behavior that you could attract.

**Chairwoman Bustamante Adams:**

I am going to transition now, because we are going to lose the feed in Las Vegas. There are other people who want to testify, and we have spent enough time with these two entities. Thank you very much for your presentation.

I would like you three gentlemen to kindly give up your seats, so that others in opposition can come up and we can finish this section. I know the Reno Rodeo Association is here.

I will also be taking the testimony of those who have not been able to testify. You can still submit your information as part of the public record. I will take it up until tomorrow at 5 p.m.

**Bill Bertelson, President 2014, Reno Rodeo Association:**

I represent the Reno Rodeo Association. We are a 501(c)(4). With me today in the audience is Marie Baxter. She is the executive director of the Reno Rodeo Foundation, which is a 501(c)(3). We are here basically to look at that difference, and of course, as these gentlemen before us indicated, how this change would affect us.

We do have a little bit of relief that I am happy I am the one to give. We are not going anywhere. We have been here 94 years. This is our 94th year of the Reno Rodeo. We do not have an escape route. We are here. We are yours. You get what you see.

After reviewing the revised language of A.B. 498, specifically section 10, subsection 2, paragraph (a), subparagraph (2), which repeals the blanket exemption from the LET for nonprofit organizations under 26 U.S.C. § 501(c), and leaves the exemption only for the 501(c)(3) organizations. I am here to share with you how detrimental this change would be to the Reno Rodeo and other 501(c)(4) entities, particularly those that produce special events and give the proceeds of those events to their 501(c)(3) foundations. That is our situation.

The profits from the Reno Rodeo, which is produced almost entirely by volunteers, are gifted annually to the Reno Rodeo Foundation. Ask that gal behind me. We make it; she spends it. The money stays in Nevada, to help kids in need. I will give you a few examples of that.

The foundation literally helps over 20,000 kids in the state of Nevada every year. Our giving ratio is higher than anything you have heard at the table so far this afternoon. We give well over \$200,000 in cash, in all kinds of different venues, plus thousands upon thousands of dollars in products, toys, clothing for foster kids, et cetera, that goes all across the state. We give 27 four-year scholarships to the University of Nevada, Reno (UNR), primarily to rural high school graduates from Nevada. We support children served by Washoe County Social Services and the Division of Child and Family Services through our annual Reno Rodeo Denim Drive and our Life Career Coaching Program for foster youths who are aging out of the system. Capital projects include the Indoor Equine Therapy Center at the Marvin Picollo School in Washoe County and the Kids Kampus recreation center at the Washoe County emergency child protection shelter (Kids Kottage). We funded and built all of those entities. Over 30 grants per year to community organizations that provide direct service to children with extraordinary needs. These are kids who have traumatic family problems, have lost limbs. We had one young man from Winnemucca who was



entering high school and, through an accident on the railroad tracks, lost both of his legs. His goal was to play high school football. We fitted him with basically bionic legs, and the young man played football. I watched him up at UNR during their high school practice session, and he functioned very well. We are very proud of all this, as should northern Nevada be. Special events like the Reno Rodeo, through their affiliates, the 501(c)(3) events, provide a tremendous amount of support to children and families in our community.

The proposed 8 percent Nevada Entertainment and Admissions Tax (NEAT) would have a very negative impact on the Reno Rodeo and its ability to provide funding for the children and families served by the Reno Rodeo Foundation. Should this Committee opt to move forward the NEAT bill, we respectfully ask that you consider the amendment to section 10 submitted by the Reno Rodeo ([Exhibit G](#)), the exemption for the nonprofit entities as defined.

Our suggested amendment for the expansion of who would remain exempt from the proposed tax would add the following line to page 8, line 22, after the words NRS 82.021: "or a qualified tax organization whose proceeds after a certified audit of expenses for operations and reserves are donated to a qualified 501(c)(3) corporation." That is all we are asking for. If we can keep the 501(c)(4) organizations exempt from it, we can give more money to the 501(c)(3) organizations, we help more kids in Nevada, and we are all happy.

I certainly appreciate your time and paying attention to me. I can answer any questions. I want to verify one thing, we do not do motor speed cars, and we are not moving out of the state. I look for your help.

**Chairwoman Bustamante Adams:**

We appreciate your commitment to Nevada. Thank you so much for providing a solution and coming to the table, especially speaking to a specific section of the bill. That is what the sponsor of the bill can actually work with, so thank you for the amendment. I know the sponsor of the bill does have that, so feel free to contact her to see if she will accept the amendment as well.

To the others at the table, feel free not to give a dissertation, but to comment on anything specific, or to suggest a solution, because we have some other committees starting.

**Dan Musgrove, representing Barrett-Jackson Auction Company, LLC:**

Today I am representing Barrett-Jackson, the largest and probably most well-known collector car auction in the world.

We are committed to Nevada. We have been in Las Vegas for about five years and, in fact, we just took over Hot August Nights in Reno and will be presenting an auction as a part of that. We have a tremendous commitment to this state. We see it as an incredible market for us. We come today with a solution.

Under the rules of the Assembly, if we disagree with one part of the bill we have to sign in as against, so we are here in opposition, but only to section 10, which deals with the rate, and that would be the 8 percent. This question came out from other Committee members and Assemblyman Horne. We are in other states, so I would like to at least give you an indication of what we pay, what is usually called an admissions tax.

Our home base is in Scottsdale, Arizona. That is where our largest auction is. This year, in January, we sold over \$100 million worth of cars at that auction. We raised a great deal of sales tax for that state. In Nevada our average sales tax collected from Nevada buyers is about \$105,000 to \$125,000 per year, so we provide revenue. What we pay in Arizona is 8.95 percent, and that is a 7.30 percent state rate and a 1.65 percent rate for the City of Scottsdale. That is going to change on June 1, 2013 to 7.95 percent rate, so that rate will be lower than Nevada's rate.

We were in California, the Orange County auction, but we have closed that down because we are bringing that auction essentially to Reno. In California we paid a 7.75 percent rate. That was a California state rate of 7.25 percent and a Costa Mesa County rate of 0.5 percent, again, that is a rate that is lower than Nevada's rate.

In Florida, which Assemblywoman Kirkpatrick talked about extensively, we are in Palm Beach, Florida. We have an auction that will probably be about the size of the Las Vegas auction. We get about 60,000 people at that auction, and that is a 6 percent state rate only. There is no county rate in West Palm Beach County, so there is only a 6 percent rate.

So, in terms of Nevada being a place where we want to bring people to, our suggestion is perhaps to model it after Florida's rate of 6 percent because, again, we are paying, as Assemblywoman Kirkpatrick told me this morning when I told her I was going to have to come in opposition, she said "you are paying it in other states," and she is absolutely right. We want to be consistent. We want to be a part of Nevada's community. This is something our fans are used to paying, so we would at least like it at a rate that is commensurate with our other markets.

**Chairwoman Bustamante Adams:**

I appreciate you offering a solution of reducing it from 8 percent to 6 percent.

**Tom Clark, representing Black Rock City, LLC:**

Black Rock City is the organization that puts on the annual Burning Man event. Just to give you a brief idea of what the Burning Man event is, the Bureau of Land Management has permitted the event to 60,900 people. It is held in northern Pershing County, about two hours from Reno. It is a heck of a lot of fun, so I hope you guys get a chance to come out.

I am in the same position because I only rise in opposition to section 10, which is the percent, the rate. We have run the numbers based on what we predict will be the tally for 2013. At 8 percent, about \$1.8 million would be the impact on the event.

People say that since we charge around \$380 per ticket, we can afford this. Well we cannot, because 90 percent of the admission charge goes to the staff, the permitting from the federal government and from the local governments, and a lot of the other activity that surrounds building a city of 60,000 people. It really is a city of 60,000 people. We have nine law enforcement agencies that patrol the event. We pay the cost for the Nevada Highway Patrol on the highway. There are costs involved with the Sani-Huts, a little over 1,500 Sani-Huts, that we pay to have driven all the way out there and taken care of. The expenses for the event are around \$22 million, and the ticket sales bring in about \$24 million. The remaining amount of those dollars go to support a number of different nonprofit organizations: Burners Without Borders, Black Rock Arts Foundation, which is putting art in small communities all around our state and California; and Black Rock Solar, which has installed almost its third megawatt of distributed generation solar. They are supported by the event as well.

**Chairwoman Bustamante Adams:**

Mr. Clark, if you proposed a modified rate what would it be?

**Tom Clark:**

Five percent.

**Chairwoman Bustamante Adams:**

Five percent would generate how much?

**Tom Clark:**

The impact would be \$1.14 million. Now, could we pass that on to our attendees? Probably so, but the core of the Burning Man event is the art and the artists. As we increment up the cost of those tickets, we lose some of them because they cannot afford to come out. We do not want to get the ticket price to a place where those artists cannot afford to come from one of the 33 countries that were represented last year, or New York, or Arizona, or wherever else. If the policy of this body is to impose the admissions tax, 5 percent would be the threshold that we would wince at, but have the debate about.

**Chairwoman Bustamante Adams:**

Thank you, Mr. Clark. There are two others at the table. Please state your name for the record.

**Mike Shirley, Owner, Double Diamond Athletic Club, Reno, Nevada:**

We are a full service health club. I am here in opposition to A.B. 498, specifically the inclusion of health club membership dues to be taxed as part of an entertainment tax.

Currently our society is burdened with a variety of different health crises and all the associated costs that come with that: obesity, heart disease, diabetes. I am sure you are all well aware of this. Right now only about 20 percent of people are getting the amount of exercise currently recommended by the Centers for Disease Control and Prevention, and that furthers the economic burden and health crisis.

A tax on exercise and preventative health care would discourage the sort of healthy behavior we promote. For example, at Double Diamond Athletic Club, a family of four signing up for one year would be subjected to an up-front tax of \$180 to get the family started with a 12-month program to keep their family fit. I really think that is going to be a barrier for many families, having to come up with this large sum out of pocket up front, and it could discourage a lot of healthy behavior in our kids programs, adult programs, and also senior fitness programs, which would all be subject to this tax.

**Chairwoman Bustamante Adams:**

I have a question from Assemblyman Hickey on that.

**Assemblyman Hickey:**

I am glad you came to the table, and I bet Assemblywoman Kirkpatrick is too, because this is one area that seemed questionable to me. I think you make a

good point. Is it entertainment? Yes, some people actually enjoy torturing themselves out there, but it is also serving a health need for our society. Do you know if other states have succeeded in either getting exempted or being looked at as something other than pure entertainment?

**Mike Shirley:**

I do not know offhand. Our health club trade association would be a good source of that information nationwide.

**Chairwoman Bustamante Adams:**

Mr. Shirley, are you offering any solutions, or are you just wanting to be excluded.

**Mike Shirley:**

I think it is very fair to ask for an exemption from this policy. I look at ourselves as health promotion and preventative health care service. We are not in the entertainment business. I think the net add to society is healthier folks; there are less folks on any sort of public entitlement services. People are wanting to invest effort and money to stay healthy, and I think that is a net gain to society.

**Chairwoman Bustamante Adams:**

Thank you, we appreciate your testimony. We have some people in Las Vegas that have been waiting very patiently. If you plan to speak, please state your name for the record, and if there is a specific section in the bill or a solution you would like to offer for the sponsor, that would be appreciated.

**Joe Mattes, President, Keytours of Las Vegas, Inc.:**

We are a small, family-owned business. We have been here for 30 years. The main thing I would like to bring up is that there are people who live paycheck to paycheck, and Keytours survives NASCAR to NASCAR. When those NASCAR attendance numbers go down, so do ours. At one point we used to have 38 employees, 13 full-time and 25 part-time. Now we are down to two. This recession has just absolutely wiped out our industry here, but we manage to survive. We found our niche. We found a way to keep going, and that was through NASCAR.

I know you have a tough job, and I would not want your job for anything. I just wanted to make certain that whatever is done, you do it fairly, and keep in mind the number of people this impacts. I am just a little guy, and there are a whole bunch of little guys just like me in Las Vegas who live by NASCAR.

**Brent Childress, General Manager, Hitchin' Post RV Park and Saloon, Las Vegas, Nevada:**

I am a constituent of Assemblywoman Neal. My family and I have a small RV park about four miles from the Las Vegas Motor Speedway. We have been here since 1970, so I know how the winds that blow are blowing around this state. Since the recession has hit us, the NASCAR event is by far the largest event we deal with, and I actually have customers come in from most states in the union. At this last March's event, I had the most cancellations of any year. I think anything that is going to drive up the cost to our customers coming to Las Vegas is bad for Las Vegas as a whole.

Go around the North Las Vegas area, or the Las Vegas area in general, and take a look at the number of empty buildings and businesses that are suffering. When the NASCAR event comes in, it is not just for that one weekend. A lot of these people come in for the week before and a lot of the ones that did come this year decided to stay. My biggest concern is the number of people who did not come into the state because of the cost.

How we got to this point is one issue, and where we go from this point is what I am after. I want to look at the future, to be brighter, and I do not think crying over what has happened in the past is the solution. I think what would be best for us, going forward, is the solution.

The Las Vegas Motor Speedway puts on one of the biggest events there is in our state, and I know they have not been selling the track out, but we need to make sure things like this and the EDC event continue to grow. Taxing them is not the answer in my opinion. I think we need to make sure that our businesses have the leverage to continue to expand our fan base and our customer base. Las Vegas has always been the best place to come, and I think by overtaxing we are hurting Las Vegas and Nevada in general. So, let us keep the taxes down and keep the fans and the people coming to Las Vegas.

**Chairwoman Bustamante Adams:**

I have a question from Assemblywoman Neal.

**Assemblywoman Neal:**

Thank you for coming. Can you reach out to me after this hearing? I want to talk to you further.

**Brent Childress:**

Certainly. I will do that.

**Chairwoman Bustamante Adams:**

We will hear from the two young ladies left at the table, then close the hearing.

**Rachelle Lanning, Owner, The Studio, Reno, Nevada:**

I have a yoga studio in Reno. I am opposing A.B. 498. Fitness should not be lumped into an entertainment tax. That is not necessary at all. The Studio is kind of a community center. We do other things there. We have a great facility. It is large. It is right in midtown. We do a lot of community events there. We donate the space to people who are doing educational workshops there. They teach people how to eat healthy and teach people a lot of different things, so they get to use the space for free. We encourage all of our teachers, and even our members, to host workshops there at our space. Our prices are really affordable. That has been the largest part of our vision, keeping the prices affordable, because yoga is expensive. In doing so we have attracted a much younger demographic. Typically yoga students are over 35 years old. The majority of our clientele are college age and even younger, simply because they can afford it.

Last year we were voted the best in northern Nevada, I think mostly just because it is affordable, it is attainable, and it has created a community of people. So many people come in to hang out and do their homework. It is a really nice oasis in Reno, especially because Reno is kind of a drinking and partying town, and there are not a lot of places you can go and have the kind of vibe we have at The Studio.

The number of times I get thanked on a weekly basis by young girls that say The Studio has changed their life is profound. They say that coming in has changed their physique, changed their attitude, changed their school work, and changed their self-esteem. It is so amazing to hear these testimonials of young girls who are taking responsibility for their health and their life at such a young age. It is so nice to be able to give them these affordable prices.

It has not been easy. We are the largest, and probably nicest yoga facility in Reno. My step-dad tells me it cannot be the nicest and the biggest and the cheapest. He says that does not work, but it is working for us. We are trying to expand right now, the downstairs, to do yoga retail, and some things that we can actually profit off of, so we can continue to keep our prices down for our members, because it is really important to us.

I would just ask that you think about fitness being an exception to this. There is a health crisis in our country with obesity and disease. There are a lot of people who are unhealthy and unhappy, and I would just hope that you would

take this opportunity to look around and think that maybe you could make a difference, and make it a little more affordable or a little more attainable for people to make good healthy decisions for themselves.

**Chairwoman Bustamante Adams:**

Thank you, Ms. Lanning. I first want to thank you for participating in the legislative process, and thank you for coming down to testify. I would also encourage you to speak to the sponsor and give her your information, so that if there is that consideration of fitness, including yoga, that she could have that information.

**Rebecca Gasca, representing First Friday Las Vegas, LLC; the Downtown Project, LLC; and Life is Beautiful, LLC:**

All three of my clients currently operate almost exclusively in the Las Vegas redevelopment district, which includes roughly greater downtown Las Vegas, in an area east of Interstate 15, south of Washington, north of Sahara, and west of Maryland Parkway. It also includes a couple of major corridors ([Exhibit H](#)).

First Friday Las Vegas ([Exhibit I](#)), as many of you know, is responsible for producing the First Friday Arts Festival held in the downtown Las Vegas arts district in the Fremont East district. It has been operating for about ten years, and just recently was purchased by the LLC. It was previously operated by a nonprofit.

It is where you will find a lot of visual and performing arts, music, food, and people. It offers an opportunity for families to come out and participate in a community event where they do not have to pay money because, by and large, the event is operated free of charge for all residents of Las Vegas.

That comes at a cost. The business is currently operating at a loss, tens of thousands of dollars a month, and the reason why they are doing that is because they have amazing community partners, like another client I am here on behalf of, the Downtown Project ([Exhibit J](#)).

I think First Friday Las Vegas may perhaps be the only exception when it comes to comps. I am really glad that Assemblywoman Kirkpatrick brought that up a little bit earlier, because there is one aspect of First Friday Las Vegas that they actually do charge for, and it is the shuffle area. That is for teens. It is their under-20 crowd, where they invite teens to come in, and plug into their DJ set up, spin their own music, and have a safe environment to hang out. They did this in response to law enforcement and a couple of community concerns that



there were too many kids running around making trouble. They set up an area, charge \$5, and kids come and participate.

**Chairwoman Bustamante Adams:**

Are any of those three entities 501(c)(3)s?

**Rebecca Gasca:**

None of them are nonprofit entities.

**Chairwoman Bustamante Adams:**

So they are not a (c)(4) or a (c)(9)?

**Rebecca Gasca:**

None of those. I do want to make a distinction though. Many of you may know that there is a nonprofit First Friday Foundation. That is separate from the LLC, which is the event operating company. The nonprofit, which I understand would be exempt from this bill, operates throughout the month in order to extend civic engagement and help artists find venues where they can display their art and participate in that, so it is a very different distinction.

**Chairwoman Bustamante Adams:**

So out of the money that is generated, if any is generated, how much of that goes to the 501(c)(3)?

**Rebecca Gasca:**

Currently they operate completely independently, so the 501(c)(3) just accepts donations from the community.

If I might explain a little bit more, in terms of the comp, that \$5 fee they charge teenagers to come in is sometimes comped for kids who cannot afford it. They instead ask that they volunteer for the nonprofit or with other local artists, or that they instead bring in food for the homeless, that would be equitable to \$5. Thus, a question from them is whether they would need to pay the comp fee for the kids for whom they are comping that \$5 charge. On NELIS is some information about First Friday Las Vegas ([Exhibit I](#)), and of course you can visit <[www.firstfridaylasvegas.com](http://www.firstfridaylasvegas.com)>.

Again, it is a loss leader because of another client I am here representing, which is the Downtown Project, LLC, and I think most of you are very familiar with it. It is a group of very passionate, committed people who are working to transform downtown Las Vegas into the most community-focused large city in the world. That is their goal, and they are doing that by inspiring and

empowering people to follow their passions in order to help collectively create that vibrant downtown community. They do that through bringing together communities of passion, by creating residential density of greater than 100 people per acre, by adding density of ground-level activities, spaces, and businesses, in order to create a walkable community. They do it by creating a co-working capital, places where people can collaborate and really build community. Part of that is creating the most unique and largest shipping container capital of the world. To make these goals happen they concentrate on arts, music and culture, community and co-working, education, entrepreneurship, technology, and urban development. I think that is the core of the position of my three clients, that urban development, because all three of my clients believe that serendipity encourages people to connect with each other, exchange ideas, and accelerate learning. These three businesses operating exclusively within the redevelopment district are concerned and realize they need to give back. That is why they exist, to create this vibrant community where people really do participate and make a difference.

Another one of my clients is working specifically in helping create that through an event-driven culture. One of the articles I uploaded to NELIS ([Exhibit K](#)) notes how event-driven communities, especially downtown, create that kind of atmosphere.

My other client is the Life is Beautiful Festival, LLC. It will be premiering this season, October 26 and 27. There is a PowerPoint presentation and an article on NELIS ([Exhibit L](#)) and ([Exhibit M](#)), so you can learn a little bit more about that. They are also concentrating on a participatory culture in which this festival, in particular, brings large music acts, culinary arts, and co-learning space, so there will be an event and speaker series where people will be able to access speakers they would traditionally only see on television or YouTube, like the TEDx conferences, where people really learn how to build a community.

Their model is interesting, and these are not the only ones. The Downtown Project is looking at approximately 30 different events over the next biennium, including downtown runners and a variety of other investments.

**Chairwoman Bustamante Adams:**

Can you tell me, on First Friday, is there an admission charge?

**Rebecca Gasca:**

Currently there is not, and I guess that kind of speaks to the point. Right now there is a lot of inter-collaboration between businesses that are working to support each other in their business models, and they recognize that sometimes

some of them are taking a great loss in order to help build up the other people. First Friday Las Vegas is losing thousands of dollars in order to provide a culture where people and families can come out and be in a comfortable space. They are doing that as a benefit of the work the Downtown Project is investing in, not only in First Friday LLC, but also in the other businesses that are helping put together events.

**Chairwoman Bustamante Adams:**

Where did you say we could find the PowerPoint?

**Rebecca Gasca:**

It is all on NELIS. I am sorry, some of the names changed for the files. There are several files that are under my name, but I can send the direct links.

**Chairwoman Bustamante Adams:**

Have you spoken to the sponsor of the bill?

**Rebecca Gasca:**

Yes. I did let Assemblywoman Kirkpatrick know that we were concerned and that we were hoping to be a part of the discussion. I have stopped by a couple of times, and would love to be a part of the discussion moving forward, so we can figure out how my clients can continue being the great community partners they have been.

**Chairwoman Bustamante Adams:**

We will wrap it up. We will give our sponsor time for some closing remarks, and then we will take public comment.

**Assemblywoman Kirkpatrick:**

Thank you, Madam Chairwoman and Committee members, for the opportunity to actually have a fair hearing and a real discussion about something out there.

I want to wrap up a couple of things. One, I am going to start with the last speaker. I struggled, because I support redevelopment, I support economic development, and all those things, but the one thing that I have heard here today is that we have to give it away forever. If that is a condition and an entitlement expectation, then maybe every abatement bill that is in this building needs to go in the trash, because no one gets anything forever. If we are saying that we cannot come back and revisit things, then we have a bigger issue in this building.

It frustrates me that we as policymakers, because we do it once and because we do it for a short time, can never look at it. That is fundamentally a problem for me, because that is not how this building works. We get elected to do what is right for the state and to determine the revenue that comes through the state.

In regard to redevelopment, we do tons of redevelopment bills. There are a lot of dollars that probably should have gone to police and fire education downtown, that we froze for 20 years. By the way, there is a bill for 45 years to extend it, so I get a little bit of heartburn with that. We are already giving things away, and as I said earlier, it is one for one, and some are getting six for one, so to say we cannot look at it is frustrating.

I do believe that comps are something I need to look at more closely. I need to understand those particular business models that are out there, because I think that really is a part of the way Nevada works, so I am very open to looking at that.

I have already said that conventions and trade shows are something we need to define, maybe a little bit more closely. I do want to thank Burning Man and the auto folks for at least coming to the table with a solution and a proposal; because, at the end of the day, as long as we broaden the base, we can lower the rate, but we cannot do any of that unless we can make sure what we are currently getting we continue to get.

I believe the Reno Rodeo issue is a unique issue. I think it is great that they are giving back to the kids, because that is really what we want to do.

I do want to talk about NASCAR, because I failed to mention in my opening presentation what they do for the community as well. I believe that Levy Restaurants does a great job. All of their concessions are out there, and it all goes to nonprofit. It all goes back to kids within the community. It is a great mechanism for them to raise money, so they should be recognized for that.

I do believe that Mr. Powell has some thoughts on some solutions that we can look at, and I am open to doing that.

I did not quite get the sense that EDC had anything extra. I did want to clarify, for the record that, yes, they were in Chicago, but now they are in Joliet, outside of the city limits, so that they do not have to pay the admissions tax. I did call the City of Chicago today to verify that.

Also, I wanted to verify Mr. Goldwater's conversation on the money that we spend on economic development. As of May 3, the Florida Legislature adjourned without taking action on the bills that have the \$250 million tax rebate for the Daytona Speedway, so I just wanted to clarify that, yes, they had bills, and we know we have plenty. In the Assembly we have culled 150 or so.

One thing I want to say is that I appreciate the fair hearing. I encourage people to come up, because the more we hear, the better. The one thing that I cannot walk away from is the idea that once we give them an exemption we can never take it back, because I believe that is not what any of us do. If that is the case, I could help Assemblywoman Carlton with about 40 bills that are in the Assembly Committee on Ways and Means, and we could just be done with them if that is the message we are sending.

I appreciate the opportunity. I am willing to work with everybody, but here is the deal. We have to work late at night or early, at 3 a.m. and 10 p.m. That is my schedule these days. I want to work with everybody and I appreciate them coming to the table. I will get with the gym membership folks.

**Chairwoman Bustamante Adams:**

So office hours are before 7 a.m. and after 7 p.m., for those who are interested. Our goal really is to mature and evolve our tax structure, so I appreciate the comments about weaning people off and that this is not a permanent exemption. Thank you.

Is there any public comment from Las Vegas? [There was none.] Is there any public comment here in Carson City? [There was none.] [[Exhibit N](#), [Exhibit O](#), [Exhibit P](#), [Exhibit Q](#), and [Exhibit R](#) were presented but not discussed and are included as exhibits for the meeting.]

I will close the hearing on A.B. 498. I do want to remind the Committee members on the Assembly side that we have a meeting tomorrow night, Wednesday, starting at 6 p.m. I also want to extend my gratitude to my Cochairman and the Senators who joined us for the joint meeting. The meeting is adjourned [at 4:58 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Irene Bustamante Adams  
Chairwoman

DATE: \_\_\_\_\_

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Senator Ruben J. Kihuen  
Chairman

DATE: \_\_\_\_\_

## EXHIBITS

**Committee Name:** Committee on Taxation

**Date:** May 14, 2013

**Time of Meeting:** 1:29 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 498	C	Assemblywoman Kirkpatrick	A.B. 498, Nevada Entertainment and Admissions Tax
A.B. 498	D	Carole Vilardo	Admissions and Amusement Transaction Tax Analysis White Paper
A.B. 498	E	Chris Powell	PowerPoint Presentation
A.B. 498	F	Simon Rust Lamb	PowerPoint Presentation
A.B. 498	G	Bill Bertelson	Reno Rodeo Association
A.B. 498	H	Rebecca Gasca	Salon of Beauty
A.B. 498	I	Rebecca Gasca	What is First Friday?
A.B. 498	J	Rebecca Gasca	Joe Downtown: Iowa students announce vegan food truck as their downtown project
A.B. 498	K	Rebecca Gasca	Las Vegas experiences renaissance in marketing agencies
A.B. 498	L	Rebecca Gasca	Life is Beautiful Festival 2013 PowerPoint
A.B. 498	M	Rebecca Gasca	Life is Beautiful
A.B. 498	N	Multiple constituents	Golf opposition emails
A.B. 498	O	Multiple constituents	No new taxes emails
A.B. 498	P	Motion Picture Association	Opposition letter
A.B. 498	Q	Gaming Control Board	Fiscal note
A.B. 498	R	Yvonne Murphy	Support email