

Gamers renew entertainment tax fight, but solons see dollar signs

In politics, it's not only paramount to choose your battles, but to know when to fight them.

As Nevada's casinos gird for another skirmish in a nearly three-decade war with state regulators, their timing may prove to be less than propitious. By charging ahead on this issue now, the gaming troops could find themselves in full retreat by session's end, forced to regroup and attack not through the political system but via the courts.

The fusillade begins Tuesday night when longtime gaming antagonist Bob Price will lead his Assembly Taxation Committee in a discussion of a little-noticed measure that would change the way the state assesses the casino entertainment tax. The seemingly innocuous bill has generated much lobbying by the industry. Gaming Control Board Chairman Bill Bible is expected to testify against the measure while casino lawyers and executives will argue for it.

While the public policy questions themselves could (and have) generated hours of debate, what the



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gamers have done is raise the possibility of collecting more tax money to lawmakers at a time when the Gang of 63 has never been more ravenous for revenues.

The bill itself is simple. It would exempt from the entertainment tax any event "presented in a facility other than a permanent theater-restaurant, showroom or lounge." Put simply, anything outside a casino showroom, such as theme parks (Hello MGM, Circus Circus and the Mirage), would be shielded from the tax. But the issues surrounding this debate are complex. The history itself is fascinating enough to recount. It's a classic story of a government's attempts to stick its fingers deeper into an industry's pocket while that enterprise struggles

through legal and political maneuvering to keep the tax man at bay.

After the federal cabaret tax was repealed in 1965, Nevada copied the language and began assessing a 10 percent entertainment levy on casinos for "music and dancing privileges or any other entertainment, except instrumental or mechanical music alone, afforded the patrons in connection with the serving or selling of food, refreshment or merchandise."

What ensued, though, was a series of disputes between the control board's auditors and the industry. The topics ranged from laughable to serious. The auditors at one time wanted to tax restaurants in casinos if they had strolling violinists. They wanted to tax boxing matches and outdoor concerts. They hoped to extract money from the MGM Grand Hotel's jai alai fronton. More recently, they wanted to tax New Year's Eve parties.

Through the years, the industry argued its case successfully with the attorney general and in court. Ironically, one of the key players in the late-1970s was Deputy Attor-

ney General Mike Sloan, who ruled in favor of the industry in the jai alai case, and then two years later, state Sen. Mike Sloan, who successfully pushed a bill to make admission charges to casino showrooms and lounges subject to the casino entertainment tax. That same Mike Sloan is now the gaming industry's most accomplished political operative as a Circus Circus executive — the same company that now has a theme park called Grand Slam Canyon in its backyard.

So now the industry takes its unblemished record of victories on the entertainment tax to price's committee this week, a pre-emptive strike of sorts to prevent a further expansion of the tax that could affect the various theme parks and other special events.

Bible is expected to tell the committee, though, that the fathers of the federal cabaret tax couldn't possibly have envisioned the changes in entertainment that have come along. Attorney General Frankie Sue Del Papa apparently has backed up Bible, despite industry pressure.

"She has been very helpful in asserting the board's position," he said.

The industry will undoubtedly rebut Bible by saying if lawmakers want to tax theme parks, they should create another tax; just don't try to do it within the entertainment tax's framework. That argument, no matter how cogent, may not linger very long once lawmakers learn that the control board estimates that \$10 million annually could be lost if the theme parks are exempted. The entertainment tax brought in \$22.2 million in 1992 — not much in the scheme of the \$863 million in total revenues, but a nice chunk of change.

Dangle another \$10 million in front of the salivating legislators and lawmakers won't look at the policy questions or the industry's impeccable legal record on the issue. They'll see an offer they can't refuse.

— One heads-up: Expect an announcement this week by the Regional Transportation Commission of a settlement with Las Vegas Transit.