

Casinos, state on opposite sides about food comps

By David McGrath Schwartz, Las Vegas Sun

Food fight!

The state says it has been stiffed tens of millions of dollars by casinos that give free meals to patrons and employees but don't pay taxes on the value of the comps.

And casino companies are trying to reclaim \$210 million that they think the state wrongfully collected because of shifting legal opinions.

Who says the capital is quiet when the Legislature has gone home?

At issue is whether casinos should be taxed for the food they give away – whether to employees in their lunchrooms or to gamblers as a way to entice them to linger and gamble.

“The stakes for both sides are very high,” said Carole Vilardo, president of the Nevada Taxpayers Association. If casino companies win, the state would have to pay refunds “which would be very difficult in this economy.” But if the state wins, casinos would have to pay a much higher sales tax based on the retail value of the food versus the wholesale value.

A state Tax Department audit found Boyd Gaming Corp. owes the state \$20 million in unpaid taxes and interest, according to a company filing with the Securities and Exchange Commission. Boyd is fighting that decision, and argues the state owes the company about the same amount in taxes it wrongfully paid on comped meals from 2000 to 2008.

The comped-food battle will also test the will of Gov. Brian Sandoval and lawmakers to tangle with the state's most

powerful industry. Once, in 2008, gaming lobbyists successfully killed legislation that would have settled the matter.

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