

Nev. bill would tax lift tickets, outdoor concerts

By Anjeanette Damon, Las Vegas Sun

CARSON CITY – The Legislature’s attempt to craft an entertainment tax in 2003 read a little bit like the children’s story of the hen who couldn’t persuade her barnyard animal friends to help her gather and grow grain for the winter.

Lawmakers then considered a proposal by the Nevada Taxpayers Association to tax admissions to nearly every form of entertainment and recreation.

But when it came time to write the bill, a common refrain was sounded by many targeted for the tax.

“Not I!” said the movie theaters.

“Not I!” said the Las Vegas Motor Speedway.

“Not I!” said the baseball parks, bowling alleys, golf courses, hula dancers and strip clubs.



A bill in the Nevada Legislature, if passed, would inflate ticket prices at Harveys Outdoor Concert

Series. Photo/LTN file

Now, as the state climbs its way out of a recession that depleted funding for education and other services, Assembly Speaker Marilyn Kirkpatrick has a message for the naysayers: You gotta pay the tax.

On Wednesday, Kirkpatrick released a sweeping entertainment and admissions tax proposal – the centerpiece of her effort to clean up a Nevada tax code rife with exemptions and haphazardly applied interpretations.

The measure, Assembly Bill 498, would eliminate the two-tiered live entertainment tax, which levies a 5 percent rate on large concert venues and a 10 percent rate on smaller venues and exempts everything from the Las Vegas Motor Speedway to outdoor concerts.

The new Nevada Entertainment and Admissions Tax would levy a flat 8 percent tax on any venue that charges an admission fee or requires a minimum purchase of food, alcohol or merchandise for admittance. The venue would remit the tax to the state but likely charge the ticket purchaser the amount.

And, most important to Kirkpatrick, the exemptions would be eliminated.

Movies would be taxed. Strip clubs, nightclubs and brothels that charge an entry fee would be taxed. Fitness centers, boating clubs, ski resorts, swimming pools and bowling alleys would be taxed.

How much revenue would be generated? Kirkpatrick isn't sure yet.

"It's a policy that gets rid of exemptions," she said. "It's about the policy, not about the money. It's about collecting what we set out to collect in 2003.

“Everything’s in.”

The measure also would give tax collectors investigatory power to make sure venues are paying what they owe.

But Kirkpatrick’s approach to cleaning up the tax by including such activities as movies and fitness clubs is likely to hit a wall of Republican opposition.

Early in the session, Republicans, including Assembly Minority Leader Pat Hickey, spoke favorably of closing tax loopholes and eliminating exemptions.

Those same Republicans say Kirkpatrick’s actual bill goes too far.

“This goes beyond cleaning up the exemptions,” said Sen. Ben Kieckhefer, R-Reno. “This expands the policy from a live entertainment tax to an admissions tax on new activities.

“These are things that families save up to do with their kids.”

Hickey said he continues to support eliminating exemptions from the live entertainment tax for such things as outdoor concerts and the Las Vegas Motor Speedway, but he’s uncomfortable with the broad scope of Kirkpatrick’s bill.

“There are certainly some good elements,” Hickey said. “However, there are certainly elements of it that are clearly a new tax, whether it’s on movies or golf or gym visits.

“There are elements that are new taxes that Republicans in the Assembly are opposed to.”

A spokeswoman for Gov. Brian Sandoval said he opposes the measure.

Kirkpatrick’s measure is clearly aimed at increasing the portion of the entertainment tax paid by nongaming venues. As

it stands, the state's casino industry pays \$125 million a year while nongaming venues pay \$11 million.

That's not to say gaming won't be affected by the changes. The rate for larger venues would increase while the rate for smaller venues would decrease. And nightclubs on casino properties – some owned by the casinos and some not – would be responsible for the tax.

Kirkpatrick described it as an “across-the-board” cleaning-up of the statute.

Not all exemptions are eliminated. A specific group of nonprofit organizations – 501(c)3 groups – are exempt, as well as venues with fewer than 50 seats. Governmental organizations – including college sporting events – are also exempt.

Still, the “Not I's” have begun.

Formally, industry lobbyists are taking a neutral approach to the bill. But in background conversations, they attack the premise of taxing gyms, movies, golf and other activities that aren't necessarily “live entertainment.”

Tom Clark, a lobbyist for Burning Man, said the organization does not yet have a formal position on the bill. But he noted that the event – a counterculture festival in the Black Rock Desert that draws 50,000 attendees – is already contending with efforts from the federal government and county governments to increase fees.

“It's important to note that we have to take all that into consideration,” Clark said.

Clark stopped short of threatening to take the event elsewhere – a threat he made earlier in the session.

Kirkpatrick has been known to offer tax naysayers a U-Haul out of state.

The bill's first hearing will be Tuesday.

In 2003, when lawmakers first crafted the entertainment tax, the debate turned ugly when consumers realized the potential effect on their pocketbooks. Harsh letters were written; petitions were signed.

Kirkpatrick, however, argued that consumers spend discretionary income on such things as golf games and ski passes.

"So you choose whether or not you play golf. It's discretionary," she said. "It's not the everyday person who can afford to go skiing."

As for those ugly emails and petitions that may be coming her way?

"I'm willing to take it," she said. "I wouldn't have put it out there if I couldn't do it."