

1 CHAIRPERSON JAMES: With that, good afternoon  
2 Senator Neal, and we'll begin with your presentation. I would  
3 remind each of you as well that our timer is right over here.  
4 Please keep an eye there and please be respectful of the other  
5 panelists and try to stay within the time limit.

6 Thank you.

7 SENATOR NEAL: Thank you, Madame Chair.

8 If it pleases this Honorable Commission, my name is  
9 Joseph M. Neal, Jr. I'm a native of Louisiana, and I'm a  
10 44-year-old resident of Nevada and presently serving my seventh  
11 four-year term in the Nevada State Senate. I'm a graduate of  
12 Southern University where I studied political science, history,  
13 and law and also have a diploma from the Institute of Applied  
14 Science, in Chicago, Illinois.

15 Gaming is not like those industries that produces  
16 product, but is money intensive, and it invites one to engage in  
17 the chance for luck whereby the odds are often against the  
18 majority of winning. Every quarter or dollar placed in a slot  
19 machine, a table game, a video poker machine, does not produce a  
20 jackpot or instant cash. Money lost may be money needed for the  
21 quality of life purposes such as milk for babies, paying rent,  
22 doctor bills. It is these reasons that the State treated this  
23 particular industry as a privileged industry, akin to that of a  
24 driver's license for driving an automobile.

25 The early promoters of gaming in this state had no  
26 illusion about the effect of legalized gaming in this state.

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1 They gave the Gaming Control Board extraordinary powers to deal  
2 with this business. Gaming is a parasitic industry. It must  
3 have a host. If gaming does not have a host outside of its  
4 jurisdiction it turns and devours its own community. In other  
5 words, it impoverishes it. You may ask the question how does  
6 this differ from the mining or grocery stores. Mining can  
7 operate far afield from the population center which only those  
8 employees who use to extract the minerals or gold or silver. On  
9 the other hand, a grocery store has to have a traffic flow and  
10 must operate within or near a population center, as does gaming.  
11 The difference being that at a grocery store you have an  
12 exchange of money for goods or service which are mostly geared  
13 to enhance one's quality of life. Gaming is a much different  
14 organism. It cannot survive without a market, euphemistically  
15 called, which means people with money and because of this it is  
16 devoid of any stand alone qualities similar to that of gaming --  
17 similar to that of mining.

18 It is for this reason that in 1955 a group of  
19 business men got together with a little support from casinos and  
20 at the time created what was known as the Fair and Recreation  
21 Board, and this board is now commonly called the Convention  
22 Authority which was used to bring in people into this area  
23 whereby they could engage in the recreation activity of gaming,  
24 spend their money over a few days or holidays, and then leave.  
25 As the casinos gained political power the Convention Authority  
26 was not able to escape their grasp. Their power and authority

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1 was bent to suit the needs of gaming by co-opting the room tax  
2 to advertise Law Vegas for the benefit of the casinos.

3 The casinos began gradually to gain political power  
4 in this state in the 1960's. Through the system of the Baker  
5 versus Carr Decision (ph.), which calls the political powers of  
6 the state to be reapportioned from the rural areas to the urban  
7 areas, and Reno and Las Vegas became the major benefactors of  
8 this power, and this caused money to become a major factor in  
9 electing politicians.

10 This was observed first through the county and then  
11 the city governments, and eventually the state. However, the  
12 influence of casinos statewide did not become noticeable in  
13 state elections until early 1980. And before this time gaming  
14 always made an effort to hedge their bets by giving both major  
15 political parties money. The politician at one time in this  
16 state controlled both the politics and the economics. The loss  
17 of control of the economics and politics of this state by  
18 politicians seems to correspond with the increase in stock  
19 companies or corporations moving into gaming.

20 These corporations aggressively pursued the control  
21 of the future of gaming, and I might add that terms such as  
22 foreign gaming began to appear in the lexicon of our laws and  
23 also in gaming. I did not know at the time what these terms  
24 actually meant until someone explained it to me, which meant  
25 that the local casinos wanted to move outside of the

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1 jurisdiction of the state of Nevada, and that we allowed it to  
2 change or laws to make this possible.

3 Another term which seemed to be used in the '80's  
4 was destination resorts. This I learned was that casinos would  
5 be built -- would build huge complexes where the vacation public  
6 would come and all their needs would be met in one resort. The  
7 fun, gaming and destination resorts, along with the increased  
8 political powers, political affairs of the state by casinos had  
9 three dishonorable impacts upon our state.

10 Foreign gaming allowed the people of this state to  
11 subsidize the increased gaming taxes in other jurisdictions  
12 while keeping them low in Nevada. Nevada also has the lowest  
13 gaming taxes than any other jurisdiction, 6.25 percent. The  
14 destination resort had to affect and eliminate many small  
15 business by associating casinos with huge shopping malls and  
16 entertainment complexes such as movie houses and other type of  
17 businesses within that site.

18 Some casinos have their own liquor stores along with  
19 many other shops. This makes it difficult for the small shops  
20 to compete. Smaller stores would have to function on a scale of  
21 a Dayton Hudson store or have some type of restaurant chain in  
22 order to compete with these mega organizations. Smaller  
23 casinos with houses, room capacity of 200 or more, they were  
24 then pushed to the residential areas, whereby they began to make  
25 the residents or the public of this state their customers. And

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1 as you probably drove around you saw some of these casinos in  
2 the outskirts of town.

3 In the past 17 years the gaming industry has taken  
4 on an atmosphere of arrogance, primarily as a result of its  
5 political clout, and we have seen much of this. In terms of the  
6 beautification of the Strip with the Gogans and the Monet and  
7 all of that art stuff that is being pushed, and we the public  
8 has to subsidize that, and which money should go to children  
9 does not go to - - is now going to these casinos.

10 The employment aspect of the hotels, I would ask  
11 that this Committee direct its attention to the EEO-1 Report,  
12 which I think would give you a better idea as to what type of  
13 employment that we have in this particular area. Those reports,  
14 I understand, are filed each year by the major industries of  
15 this state. We do not have information to show locally exactly  
16 what that employment picture is, but as far as my community is  
17 concerned, we are suspect that -- are suspicious that the  
18 community is not getting its fair share of employment and jobs  
19 in this community.

20 You look around there are very few blacks that are  
21 participating in the various management positions in the hotels.  
22 Most jobs are concentrated in the rooms and food services, and  
23 we have found that at the advent of this Commission, that a lot  
24 of things are beginning to take place. I just walked into this  
25 place today and I saw they had big signs of blacks being shown  
26 and in various capacities, which I have never seen in hotels

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1 since I've been living here the whole 44 years that I've been  
2 working. So the mere fact that this Committee has been  
3 organized, it seems to have a distilling effect in terms of  
4 making some casinos take a broader look at their employment  
5 picture.

6 I've just been given information that just this year  
7 alone one major hotel hired as many as 95 dealers. This has  
8 never happened in the history of this state, where 95 dealers  
9 who were black was ever hired by any of the major hotels totally  
10 in this particular area. So you have an effect by being here.

11 One of the things that I would like to suggest to  
12 the Committee, to this Commission, that since you are here and  
13 since we are dealing with one of those areas that is premier in  
14 the gaming picture, the state of Nevada, which has had an  
15 operation in gaming since about the 1930's, that we kind of look  
16 at what gaming can do. If you allow gaming to continue to have  
17 its political clout and not allow the people to control gaming,  
18 but instead allow gaming to control the people, you are going to  
19 have problems. So one of the recommendations that I wish to  
20 make to this Committee or this Commission, that gaming should  
21 not be allowed to participate in the political process in a  
22 jurisdiction; particularly this one, because they use that  
23 political clout to do things that are to the disadvantage of the  
24 public.

25 The other thing that I would like to say to you that  
26 one of the things if you go forward and say that gaming should

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1 operate in any particular jurisdiction, that one of the  
2 recommendations should be that they would pay at least one  
3 percent of their gross profit -- not their gross gaming profit  
4 -- to social beneficial projects.

5 With that I will stop. You have my statement, and I  
6 will be glad to answer any questions that you might have.

7 CHAIRPERSON JAMES: Thank you very much.

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