CHAIRPERSON JAMES: Mayor Jones.

MAYOR JONES: Thank you. It's an honor to be here this morning and I want to tell you how much I enjoyed the opportunity to spend some time with you yesterday and show you parts of Las Vegas. I've been the mayor of Las Vegas since 1991. I've been a resident of Nevada for 19 years and furthermore I'm the wife and the mother of three children.

First, let me begin by saying that I'm not against regulated gaming. In fact, I'm a staunch supporter of the gaming industry. I've had first-hand opportunity to see how properly implemented and controlled and regulated, how it can benefit a community through tax environment, also through employment where it has shown that it is truly a model for welfare reform, where people have an opportunity to earn a living wage, have benefits and the opportunity to live the American dream.

I also want to make very clear to the Commission that although I do have opinions on convenience gaming, that those opinions are to be taken in the context of application in other jurisdictions. Nevada is what it is and I think that we have very well dealt with our issues. I've worked in the last six months on dealing with the issue of convenience gaming, so my observations need to be taken in the context of information you may wish to apply in developing issues for other jurisdictions.
In the early part of 1997 I began an effort to change the future of the way the slot machines were operated in grocery stores and convenience markets in the City of Las Vegas. My reasons for pushing these changes were that I felt it was inappropriate to have gaming located in these environments. Grocery store and convenience markets are environments where families routinely enter and I felt that having slot machines present in these environments was something that should not be forced upon our children. I have personally entered grocery stores in this community and immediately noticed people sitting at slot machines with their children sitting behind them in shopping carts while their ice cream melted.

Convenience stores, I think we all realize, aggressively market to children. One only needs to understand the slurpy and witness row after row of candies displayed in these outlets to understand that this is true. A target market of the convenience store is the after school child market. Yet when our children do drop in, there is no question that they are forced to breath second-hand smoke and witness gambling.

I believe that having slot machines in this environment may well contribute to an incidence of problem gaming. I accept this fact that a percentage of every population suffers from problem gambling in environments where gaming exists and because of the convenience markets combined with the fact that people need to buy food and gasoline. Problem gaming may well be enhanced if a community offers gaming
in these environments. To suggest otherwise would be in total
denial of reality.

I believe that offering slot machines in grocery
stores and convenience markets is a terrible regulatory model.
Every community in the United States has struggled with the
apparent inability of convenience stores to stop selling tobacco
products to minors. So why should we believe that we would be
any better at stopping the selling of gambling to minors?
Furthermore, it is infinitely more difficult for a state
regulatory apparatus to monitor many locations with a few
machines than a few locations with many machines.

I am of the opinion that offering slot machines in
grocery stores and convenience markets hurts the State of Nevada
in the area of economic diversification. During my tenure as
mayor I have worked diligently to attract firms and industries
from out of state to relocate their operations to Nevada. An
issue that often arises in these discussions is that these firms
do not want to force their executives and workers to live in
environments where they are forced to interact with gaming.

While Nevadans often see this as part of our
cultural heritage, entrepreneurs and executives from Iowa and
Nebraska and the Bible belt and other states see this as just
too culturally shocking. I've had direct and first-hand
knowledge that having slot machines in grocery stores,
convenience markets and other venues has hindered Nevada from
achieving economic diversification and thus has contributed to
placing Nevada at extreme risk of economic damage as other states legalize gaming.

Holding these beliefs I felt it was appropriate to do something. I put together a task force that was comprised of members of the slot route industry, community and neighborhood gaming. It was chaired by Mike Humbolt, former chairman of the Nevada Gaming Control Board and currently an executive with a firm that provides slot machines to convenience store outlets.

We did come up with some agreements. The State of Nevada now requires that grocery stores and convenience markets post information both on their slot machines and in the environment which informs patrons of how to contact help if they feel they have an issue with problem gambling. Grocery stores have agreed to, when possible, relocate slot machines to alcoves or areas that are out of the way.

Air filtration systems have been put in place to reduce the incidents of second-hand smoke and in many cases the operators have put on full time personnel to monitor the machines to insure that minors are not in the area. I've received a number of cards and phone calls from people who suffer from problem gambling and have had both men and women call and thank us for trying to help them cure their gambling addiction by making gambling less convenient to them.

Some of the things I think the Commission needs to really consider when looking at the issue of convenience gaming is the distinction between specialty and convenience. Specialty
gaming locates itself in the resort districts. It brings in new revenues. It stimulates an economy. It provides jobs and it helps to build a community.

Convenience gaming is more often located in neighborhoods and generates revenues that would otherwise go for goods and services. You will hear the argument made that it's only fair because it allows the mom and pop operators an opportunity to compete. I think if you'll look at the reality, you will find that's not true. It's not moms and pops. It's large corporations who operate the machines. Things that should be considered that I've heard here as well, however, is that convenience gaming locates in poor neighborhoods. That is not the case. I think more often than not, you will find that convenience gaming is in more upscale neighborhoods because they're looking for people with revenues, indispensable revenues, and in certain of our lower income neighborhoods, there is a very good opportunity that we would not have supermarkets or major chain supermarkets if they didn't feel they had the revenue from convenience gaming to offset their cost of doing business.

As I noted in my state and city address this past January, I take a strong stance regarding convenience gaming and to continue to encourage all elected officials to do the same. I don't know how we can say that we're for economic diversification if we cannot reconcile the belief with a stance on convenience gaming. If we're interested in creating world
class communities, we must reconcile why we believe that a world
class community would include slot machines where people shop
for groceries, buy gasoline and where children come for
slurpies.

If we say that we're interested in the health and
welfare of our constituents, we need to reconcile why they must
buy their gas in smoke-filled environments. I also believe this
issue is beginning to attract the attention of the gaming
industry proper as I believe the visionaries of the gaming
industry; the Steve Wynn's, the Terry Lanni's, the Kirk
Korkorian's (ph), recognize that convenience gaming and its
image can hurt us. It damages the overall impression of the
State of Nevada and at times its leading industry.

The Commission's Chairperson, Ms. Kay James, has
observed all forms of gaming during the past two days. I would
hope that your images include the best of Las Vegas as well as
some of those issues that are necessarily intrinsic to our state
and I would say, again, because I think it's very important that
this Commission understand, we are what we are. Convenience
gaming has been a function of Nevada life for the last 40 years
and I think we have taken steps as a community to deal with that
issue.

The information and the opinions I offer are only to
be taken into consideration when considering applications as we
move forward into other jurisdictions. Thank you.

CHAIRPERSON JAMES: Thank you, Mayor Jones.