

**Department of Health and Human Services (DHHS)
Advisory Committee on Problem Gambling (ACPG) Legislative Workgroup**

February 2, 2018 Meeting Minutes

Approved February 23, 2018

Meeting Locations

Meeting held via teleconference with physical location of 1820 E Sahara Avenue, Suite 208, Las Vegas, NV

Members Present Via Phone

Tony Cabot
Alan Feldman
Ted Hartwell
Carol O'Hare
Denise Quirk
Debra Robinson

Members Absent

Connie Jones
Judge Cheryl Moss

Others Present

Michael Alonso, Lewis Roca Rothgerber Christie LLP
Dr. Jeff Marotta, Problem Gambling Solutions
Cindy Smith and Cathy Council, Office of Community Partnerships and Grants (OCPG), DHHS

I. Call to Order, Welcome, Introductions, and Announcements

Tony Cabot, Chair of the of the Legislative Workgroup, welcomed all and called the meeting to order at 2:00 PM. Individuals attending on the phone introduced themselves.

Cynthia Routh-Smith, OCPG Chief, announced Pat Petrie and Gloria Sulhoff were absent due to illness. She is representing staff, along with Cathy Council, the new Administrative Assistant.

II. Public Comment

None

Mr. Cabot skipped to agenda item IV to accommodate Mr. Alonso's schedule.

IV. Discussion on Nevada Legislature

Michael Alonso, a lobbyist who provided pro-bono assistance with Senate Bill (SB) 120 during the last legislative session, shared his views on why the fiscal part of the bill was unsuccessful. Generally, the legislature was receptive, but the Finance Committee was uncomfortable with a request for an increase when the Fund held a surplus of \$800,000. Allowing for the required reserve of \$200,000, this still left \$600,000 in unspent funds.

The legislators understood the need and that the revenue was declining due to the number of slot machines going down, and that the request was an attempt to regain funding to the level it would be if the number of slots had increased as projected at the time. In the end, the issue was that we could not account for or explain why more money was needed when there was still \$600,000 or more in the account that had not been committed or spent. DHHS attributed it to timing. Fiscal staff attributed it to a combination of factors, not enough providers, a low number of clients that year, timing, etc. They never received a good explanation.

Mr. Alonso made several recommendations for pursuing an increase in the 2019 session.

- It is important to start early. Meet with Senator Cancela, one of the bill's sponsors who understands the issue well, to ask her to put a bill request in.

- Work with the Governor to put it in the budget. Although it is a revenue-neutral increase, it does affect the general fund. By allocating more money from gaming tax revenues, less is available to go into the general fund to be allocated for other uses. There will be a much better chance of success if the increase is already accounted for in the Governor's budget. There won't be a need for discussion about surplus; only that this is the number needed going forward, and the mechanism has changed slightly to a flat fee, and the legislation needs changing to make that number work.
- Have conversations with Senator Woodhouse, who will probably be back chairing the Finance Committee, and Maggie Carlton, who chairs the Assembly's Ways and Means Committee, so they thoroughly understand the funding mechanism and what happened to create the surplus.
- Meet with DHHS about what to put in the Department budget.
- At the appropriate time, have conversations with the incoming governor. He will be making budget refinements using the outgoing governor's budget as a base.

Workgroup members discussed important points to cover when speaking with the legislators.

- Clearly explain where the funds come from and that the requested increase comes from existing gaming taxes, not from any new tax, and not from the General Fund.
- Have a clear and concise answer when asked why additional monies are needed. Clearly explain the reason for any existing surplus funds.

Mr. Cabot asked about the timing for putting together the Governor's budget. Mr. Alonso stated they start getting information from the Departments during the summer, and gear up in late summer to early fall. DHHS should start the process now, and talk to Senators Cancela and Woodhouse within the next few months.

III. Approval of January 12, 2018 ACPG Meeting Minutes

Before taking action on this agenda item, Ms. Smith asked for confirmation of a quorum. Roll call was taken and a quorum was confirmed.

Mr. Cabot called for corrections or additions to the minutes of the previous meeting. There were none.

- Denise Quirk moved to approve the minutes of the January 12, 2018 minutes as presented. The motion was seconded by Alan Feldman and carried unopposed.

V. Discussion on Program Funding

Mr. Cabot clarified that Problem Gambling Program funds do not come from the General Fund; they are generated from gaming tax revenues. All the taxes go into a pot, and an amount equal to \$2 per slot machine in the State is allocated to the Problem Gambling Fund. The rest of the gaming tax revenue in the pot goes to the State General Fund. SB120 attempted to change the allocation from a formula to a definitive dollar amount. The increased allocation to the Problem Gambling Fund will decrease the amount left in the pot going to the General Fund; however, Mr. Cabot believed the General Fund would see a considerable increase prior to the next legislative session, resulting in extra money. It was noted that the budget documents coming from the Office of the Controller to the Finance Committee during the last legislative session were labeled "General Funds", which caused confusion over the funding source.

Dr. Marotta offered three potential sources of new funds for consideration:

- Change the formula from \$2 per slot machine to \$3, add a \$100 per table fee, or a 5% surcharge on the gaming license fee
- Allocate forfeited or unclaimed winnings
- Devise a mechanism for the industry to voluntarily donate to the Problem Gambling Fund

The group did not feel any of these were viable options because funding needs to be stabilized in order to plan and grow the field. Ms. O'Hare stated that other health issues are not funded so randomly and it was time the State had a budget for problem gambling. Mr. Feldman noted that part of the reason the legislation passed in the first place was that the State was providing the money; the formula was a mechanism for the State to pay for it. It wasn't about what the industry gives; it's about the State of Nevada acknowledging that revenue from the gaming industry makes up an enormous part of the state budget and there is a public health issue that needs to be properly addressed.

The group discussed next steps and decided to first hold a formal meeting with DHHS regarding the Department budget that will be going to the Governor and to learn why the Fund is showing a surplus. Then, meet with Senator Cancela to talk through the issue and get her support and ideas on how to move forward, and at the same time, meet with the Governor's Office. Ms. Smith encouraged the group to start early. The Department starts to build budgets in April so they should start now before the money gets allocated.

Ms. Quirk asked for support from DHHS during these meetings to help interpret the flow charts and spreadsheets, as well as the statute and regulations. Ms. Smith offered to provide budget information and bring in fiscal staff to explain reserves and carry over. Ms. O'Hare added that when legislators ask questions, they will need immediate access to fiscal staff who can answer those questions. They need to know that they have the full support of the Department, from the Director on down, so there are no surprises that these conversations are taking place.

Mr. Cabot asked if the talking points regarding use of funds that was put together for the last session needed updating. Dr. Marotta and Ted Hartwell, who put that together, agreed to review the numbers and update if needed. Mr. Cabot added that there will also be the need to justify use of the funds.

Ms. Smith asked if the ACPG is being provided with quarterly budget reports. Ms. O'Hare stated they had been provided in the past, but that report has fallen off the agenda. The report included gaming control board tax projections and amounts collected in previous quarter. The ACPG does receive quarterly expenditure reports, but nothing that shows overall Fund balance or cash flow.

VI. Develop and Adopt Action Plan for Legislative Workgroup

Mr. Cabot tabled this agenda item until after the meeting with DHHS. He asked Ms. O'Hare to provide a Workgroup update at the February 15 ACPG meeting, which he would be unable to attend.

VII. Meeting Schedule

The group discussed the date for their next meeting. Mr. Hartwell and Dr. Marotta confirmed they would be able to complete their review by February 23. Because this was listed on the agenda as a possible action item, the group formally approved the scheduled date.

- Ms. O'Hare moved to schedule the date of the next Legislative Workgroup meeting for February 23, 2018 at 2:00 PM. The motion was seconded by Mr. Feldman and carried unopposed.

VIII. Public Comment

None

IX. Additional Announcements and Adjournment

Mr. Cabot called for a motion to adjourn.

- Ms. O'Hare moved to adjourn the meeting. Mr. Hartwell seconded the motion and the meeting adjourned.