



2007
Nevada Gaming Fact Book



A Brief History of Nevada Gaming

1864 to 1931 Nevada's gaming history goes far back to before the state's inception. As prospectors came searching for gold in the Sierra Nevada, many brought their games of chance with them. In the early 1860s, President Lincoln appointed Nevada Territory Governor James Nye, who admonished vice and held a vigilant stand against gambling, encouraging the territorial legislature to ban games of chance. In 1861, the territorial legislature instituted stiff pen-

alties in running and participating in any game of chance. The measure was not in itself very successful however, by the time Nevada became a state in 1864, the state's first legislature attempted to legalize and regulate gambling, only to fail. As a compromise, penalties for gambling were dramatically reduced with operators being punished mildly and players not at all.

In 1869, the Nevada State Legislature finally succeeded in decriminalizing certain forms of gambling. Nevada's gaming laws would change little until 1909 when the Progressive movement finally succeeded in passing legislation banning nearly all games of chance in the Silver State. Over the coming years, gaming laws would relax, initially allowing specific social games and "nickel-in-the-slot machines" paying out drinks, cigars and sums of less than \$2. By 1919, all cities and counties throughout the state were licensing card rooms that permitted social games such as bridge and whist. During the 1920s, Reno became the state's gambling capital and was home to numerous legal card rooms and a large number of clubs with illegal games as well.

As the country entered the Great Depression, Nevada's conflicted feelings about gambling were finally reconciled. In 1931, freshman Nevada State Assemblyman Phil Tobin introduced Assembly Bill 98 allowing for wide-open gambling. March 19, 1931, Assembly Bill 98 was signed into law by Governor Fred Balzar making legal a large number of games, thus taking the small card games and illegal betting out of the back rooms and side alleys, allowing the rise of the gaming industry and the regulated modern casino as we know and enjoy today.

1930s In the 1930s, gaming grew nominally throughout the state. The first licensees that took advantage of the legalization of wide-open gaming were existing bingo parlors, card rooms and small casinos already operating games of chance. The first four licensees (Boulder Club, Las Vegas Club, Exchange Club and Northern Club)



were located in Downtown Las Vegas with many to follow in Reno and outlying areas. Although Nevada casino gaming would not grow much before the end of World War II, many new operators began to flock to Nevada to set up new gaming operations, including William Fisk Harrah, founder of today's (2007) world's largest casino-resort company Harrah's Entertainment.

1940s By 1940, gaming operations throughout the state were beginning to take hold. One of the most active areas in the 1940s was the emerging Las Vegas Strip. Many credit Benjamin "Bugsy" Siegel with creating the first Las Vegas Strip resort by developing the Fabulous Flamingo. However, five years earlier Thomas Hull opened the 57-acre El Rancho Las Vegas on San Francisco Street and the Los Angeles Highway in 1941. Today, these roads are known as Sahara Avenue and Las Vegas Boulevard.

R.E. Griffith and William Moore soon upstaged the El Rancho in 1942 with The Last Frontier.

The Flamingo was originally conceived by successful L.A. nightclub owner and publisher of The Hollywood Reporter, R.W. "Billy" Wilkerson. Due to reported debts, Wilkerson was forced to sell and it was Siegel who opened the Flamingo on December 26, 1946, and inherited the title as the man who "invented" Las Vegas. Even though it was not the first resort on the Las Vegas Strip, there is little debate that it helped raise the bar for what a Nevada hotel and casino could be.

1946 was a busy year in casino development with the opening of the famed Golden Nugget in Downtown Las Vegas; Harrah's Club,

Nevada Club in Reno; the Wagon Wheel Casino and Tahoe-Biltmore Hotel-Casino near Lake Tahoe; The Mapes, in Reno, followed in 1947; and then The Thunderbird on the Las Vegas Strip in 1948.

Up until 1945, gaming licensing was handled at the local and county levels. Taxes were determined by the number of games or machines in operation. In that year, licensing authority shifted to the state level and Nevada enacted a new licensing program that, in addition to the per-game fee collected, enacted fees based on a percentage of gross-gaming win. The first Nevada state tax on gaming was levied in 1946 securing 1 percent of gross earnings, and revenue totaled \$670,000 statewide.

1950s By 1950, the state's population was just shy of 160,000 people. Casino and hotel construction flourished throughout the state, with more than 13 major casino openings.

Besides the tremendous growth of the industry, the 1950s introduced what would become the template for all other gaming jurisdictions to follow in regulating gaming. By 1952, commercial gambling had eclipsed mining and agriculture to become Nevada's largest revenue-producing industry. As Nevada's economy became more and more dependant upon gaming as an economic engine, the fear of federal gaming prohibition and negative public sentiment grew larger. This prompted the Nevada State Legislature to create the Gaming Control Board in 1955. A division of the Nevada Tax Commission, the board's primary purpose was to oversee the licensing and operation of Nevada casinos, all the while eliminating the unsavory elements that threatened the industry's existing and future integrity. In 1959, the legislature passed the Gaming Control Act, which established the Nevada Gaming Commission. The commission acted upon the recommendations of the Gaming Control Board and was the final arbiter of all gaming licensing matters. In addition, the gaming regulators created the now famous Black Book. The Black Book is a listing of nefarious characters and cheaters who are not allowed in casinos. This was a direct result of Nevada's commitment to further protect the industry's integrity.

Nevada's gaming regulatory system has been an integral part of Nevada's success and has become the standard upon which all other national and international gaming regulatory agencies are based.

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NEVADA RESORT ASSOCIATION

PRESIDENT'S MESSAGE

Dear Reader,

Thank you for taking the time to review this copy of the Nevada Resort Association's 2007 Gaming Fact Book. As this report demonstrates, Nevada's casino industry remains the lifeblood of the State's economy. By nearly every measure – jobs, taxes paid, capital investment, community support, etc. – the casino industry leads the State.

In 2007, we mark the conclusion of the first 75 years of gaming in Nevada. During that period, the evolution of the industry and our State has been nothing short of epic. Nevada is home to world-renowned entertainment, shopping, convention, and dining destinations that host more than 51 million visitors annually. Gaming in Nevada has indeed created pride, opportunity and hope in the Silver State, making the State a great place to live, work and raise a family.

The industry is clearly closing one chapter as it begins the next. An unprecedented level of investment and construction will reshape the Las Vegas landscape and usher in a new generation of ultra-resort destinations. At the same time, southern, northern and rural markets will further define their position in an increasingly competitive, increasingly global marketplace.

Bill Bible,
President

MISSION AND PURPOSE

The Nevada Resort Association (NRA) monitors government and regulatory activities in Nevada and adopts and advocates policies regarding state gaming issues. The NRA is also a member of the American Gaming Association (AGA) and frequently exchanges information and support with the Washington, D.C.-based organization on gaming-related issues being debated at the state and federal level.

THE FACTS ABOUT Gaming In Nevada

2007 Nevada State Gaming Fact Book

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Nevada decriminalizes certain forms of gambling; Storey County (Virginia City) most populous county in Nevada

1869

Nevada criminalizes gaming and the operation of all games of chance, effective the following year

1909

Making History...

"For the 30th consecutive year, the Automobile Association of America (AAA) presented the Golden Nugget Hotel and Casino with its coveted Four-Diamond award, a record number of years for any lodging establishment in the state of Nevada. Only 14 hotel establishments in the United States have earned the Four-Diamond rating for 30 consecutive years or longer."

(Business Wire, 01.27.2007)

"Las Vegas lured a record 44 conventions in 2005, topping No. 2 Orlando, Fla.'s 26. Tradeshow Week magazine says Chicago came in third place with 20. Chicago spent decades as the nation's convention capital but toppled from the top spot..."

(Crain's Chicago Business, 05.01.2006)

"The World Boxing Council super-welterweight showdown [between Floyd Mayweather and Oscar De La Hoya] in Las Vegas also attracted a record 2.15 million pay-per-view buys in the U.S., the New York based-Home Box Office said."

(Townsville Bulletin, Australia, 05.11.07)

"Bally Chief Executive Officer Richard Haddrill said the company received a record number of purchase commitments at the last month's Global Gaming Expo in Las Vegas."

(Las Vegas Review-Journal, 12.23.2006)

"The winner of the \$10,000 No-Limit Texas Hold'em World Championship at the 37th annual World Series of Poker presented by Milwaukee's Best Light will take home a record \$12 million, the largest single-event prize in live poker history."

(Business Wire, 08.01.2006)

"Enough people to populate a small nation poured into Las Vegas in September, setting a record for the month and keeping Southern Nevada on pace to attract 38.7 million visitors this year."

(Las Vegas Review-Journal, 11.14.2006)

"A record 46.2 million people went through McCarran International Airport in 2006."

(Las Vegas Review-Journal, 02.07.2007)

"Mike Metzger, 30, sets a world record by becoming the first motorcyclist to complete a back-flip over the fountains at Caesars Palace, Las Vegas, in May."

(Sunday Times, United Kingdom, 12.24.2006)

"A record 55 drivers will participate in the NASCAR Pre-season Thunder test sessions for Nextel Cup Series teams Monday and Tuesday at Las Vegas Motor Speedway."

(Las Vegas Review-Journal, 01.26.2007)



March 19, wide-open gaming legalized in Nevada by the Nevada State Legislature; Riverside Hotel on Virginia Street in Reno receives gaming license
1931

Apache Hotel, Las Vegas' first luxury hotel (air-conditioned lobby & elevator), opens on Fremont Street, Downtown Las Vegas
1932

SINCE CASINO-GAMING was legalized on March 19, 1931, the industry and the state of Nevada have grown by leaps and bounds. In 1960, the state reported a population of only 285,000 and gross gaming revenue had just broken the \$200 million mark. Today, Nevada is the nation's 35th largest state, and no other has grown faster during the past decade. In 75 years, Nevada has grown into the the world's largest gaming and tourism economy – employing more people, paying more in taxes and generating more capital investment in Nevada than anywhere else in the United States or abroad.

PHOTO COURTESY LAS VEGAS NEWS BUREAU



Key Statistics For Nevada Gaming Operators - FY 2005 and FY 2006

	FY 2005	FY 2006	GROWTH RATE	OUTLOOK FOR FY 2007
Visitor Volume	51,299,201	51,237,703	-0.1%	▲
Convention Attendance	6,934,869	7,128,304	2.8%	▲
Hotel Occupancy Rate	84.2%	84.4%	0.2%	◀▶
Hotel Room Nights Occupied	54,799,573	55,289,891	0.9%	▲
Hotel Room Inventory	180,224	179,856	-0.2%	▲
Number of Slot Machines	177,904	178,608	0.4%	◀▶
Number of Table Games	6,669	6,898	3.4%	▲
Airport Volumes	48,913,511	50,998,066	4.3%	▲
Vehicle Traffic Volume (Entering Nevada)	26,655,288	28,849,026	8.2%	▲
Total Fixed Asset Value (Capital Investment)	\$27,015,191,815	\$34,695,441,410	28.4%	▲
Total Number of Licensed Gaming Operations	2,919	2,947	1.0%	▲
Total Number of Restricted Gaming Operations	2,182	2,206	1.1%	▲
Non-Restricted Licensee Revenue	\$21,356,201,433	\$24,081,107,436	12.8%	▲
Gross Gaming Revenue	\$11,005,331,019	\$12,193,543,262	10.8%	▲
Casino Hotels and Gaming Employment	219,200	219,700	0.2%	▲
Casino Hotels and Gaming as a Percent of All Employment	17.9%	17.1%	-0.8%	▲
Average Daily Room Rate	\$99.60	\$110.78	11.2%	▲
Revenue Per Available Room (REVPAR)	\$87.60	\$97.69	11.5%	▲
Return on Average Assets	8.0%	8.4%	5.0%	◀▶
Return on Invested Capital	8.8%	9.7%	10.2%	◀▶
Room Tax Collections	\$363,218,496	\$414,709,344	14.2%	▲
State General Fund Gaming Tax Collections	\$749,655,622	\$838,094,296	11.8%	▲
Casino/Live Entertainment Tax Collection	\$107,884,337	\$117,109,288	8.6%	▲

(Sources: NV Commission on Tourism; NV Gaming Control Board; LVCVA; and the NV Economic Forum)
Note: Figures in this table are all reported for FY 2006 to be internally consistent. In other sections of this document, data for calendar 2006 may be reported where more current data were available at the time this report was drafted.



Raymond "Pappy" Smith opens Reno's Harold's Club
1935

William (Bill) Fisk Harrah opens his first bingo parlor in Reno, Nevada
1937

Bill Harrah opens the Plaza Tango in Reno
1938

El Rancho Vegas opens, becoming the first hotel-casino on the Las Vegas Strip – El Cortez opens in Downtown Las Vegas
1941



PHOTOS COURTESY LAS VEGAS NEWS BUREAU

The Facts About: Gaming Employment in Nevada

IN 1970, tourism became Nevada’s largest industry and it has never looked back. Nevada’s casino-hotels and gaming operators reported total employment of 214,800⁽¹⁾ at the close of 2006. This equates to a little more than 16 out of every 100 jobs in the state.

While the resort industry remains Nevada’s single-largest employer, it has seen its share of employment decline somewhat during the past 10 years. The leisure and hospitality sector has fallen from representing 29.2 percent of all employment in 1996 to 25.9 percent of all employment at the close of 2006. Hotel-casinos and gaming enterprises accounted for 21.2 percent of all employment in 1996, a factor that has fallen to 16.4 percent of statewide employment at the close of 2006.



Note: (1) It is important to note southern Nevada’s tourism industry includes, but is not limited to casino-hotels and gaming operations. The broader “leisure and hospitality” industry includes non-gaming hotels, restaurants and taverns, and other non-gaming amenities. These independent venues may or may not be physically located within a casino-hotel, but undeniably add to the region’s tourism economy.



Last Frontier Hotel (New Frontier, Frontier) opens on the Las Vegas Strip
1942

Authority to grant gaming licenses shifted to State Tax Commission; first tax imposed on gaming licensees at 1 percent of gross earnings
1945

Nevada's Changing Economy

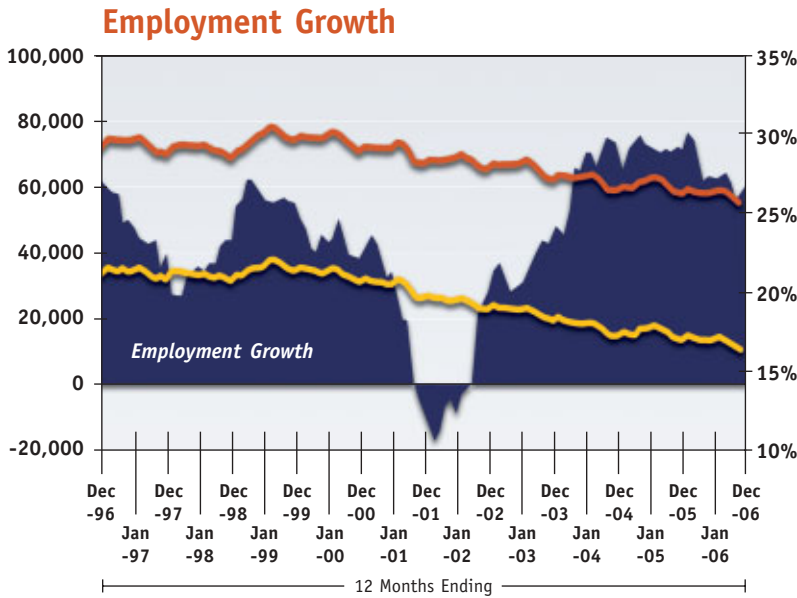
Gaming enterprises have not always been Nevada's largest employers. Mining dominated the State's economy for more than a century with the first discovery of gold by William Prouse in Dayton in 1849, the opening of Nevada's first mine at Mount Potosi in 1855, and, of course, the fever pitch that followed the Comstock Lode's discovery in 1859. Nevada itself would not even become a state until October 31, 1864.

The 20th Century brought with it a number of changes. Nevada's population was a whopping 42,335, agriculture and mining were central industries, and, in 1905, some dusty townsites in a southern portion of the state called Las Vegas were auctioned off. In the year following, the Union Pacific railroad depot would be completed in Las Vegas breathing economic life into a town that was little more than a watering stop.

In 1928, the United States government appropriated the initial funds for the \$165 million Boulder Canyon Project, later renamed Boulder Dam, Las Vegas by President Roosevelt, and changed again by Congress in 1947 to Hoover Dam. The Dam, which stands 726 feet high, 1,244 feet across, and is 660 feet thick, employed some 16,000 men and women between the project's commencement in March of 1931 and the time when President Roosevelt dedicated the project on September 30, 1935.

On the same month and year that the Boulder Dam commenced construction, then Nevada Governor, Fred Balzar, approved the "wide open" gambling bill that had been introduced by Winnemucca rancher, Assemblyman Phil Tobin. It is somewhat ironic that also in that year Fremont Street, an avenue that would become synonymous with neon lights, became home to Las Vegas' first street light. From these humble beginnings, gaming enterprises have undeniably grown to become the State's most prolific employers.

At the time of the MGM MIRAGE-Mandalay Resort Group merger, MGM MIRAGE grew from 11 to 23 properties and increased from 40,000 to 70,000 employees. Harrah's Entertainment, the nation's largest gaming employer, reported that it employed 85,000 people in its 2005 annual report. Boyd Gaming employs roughly 20,000 people and Station Casinos, which was recently ranked as the 18th best company to work for in the United States by Fortune, notes employing approximately 14,000 people. The spin-off effects of this employment should not be underestimated, as Nevada's casino-hotel companies are undeniably the core of the State's modern economy.



■ Leisure and Hospitality Employment as a Percentage of All Employment
■ Casino Hotel and Gaming Employment as a Percentage of All Employment

(Source: Nevada Department of Employment, Training and Rehabilitation, December 2006)

The 20 Largest Employers In Nevada:

RANK	EMPLOYER	NUMBER OF EMPLOYEES
01	Clark County School District	>30,000
02	Clark County	9,500 to 9,999
03	Bellagio	8,500 to 8,999
04	Wynn Las Vegas	8,500 to 8,999
05	MGM Grand Hotel/Casino	8,500 to 8,999
06	Washoe County School District	8,000 to 8,499
07	Mandalay Bay Resort & Casino	7,500 to 7,999
08	The Venetian Casino Resorts	5,500 to 5,999
09	The Mirage Casino-Hotel	5,500 to 5,999
10	Caesars Palace	5,500 to 5,999
11	University of Nevada Las Vegas	4,500 to 4,999
12	Las Vegas Metropolitan Police	4,500 to 4,999
13	Rio Suite Hotel & Casino	4,500 to 4,999
14	University Medical	3,500 to 3,999
15	Flamingo Hilton	3,500 to 3,999
16	University Of Nevada-Reno	3,500 to 3,999
17	Luxor	3,500 to 3,999
18	Harrah's Las Vegas	3,500 to 3,999
19	Treasure Island at The Mirage	3,000 to 3,499
20	Bally's Casino/Hotel	3,000 to 3,499

(Source: Nevada Department of Employment, Training and Rehabilitation, Q2 2006)

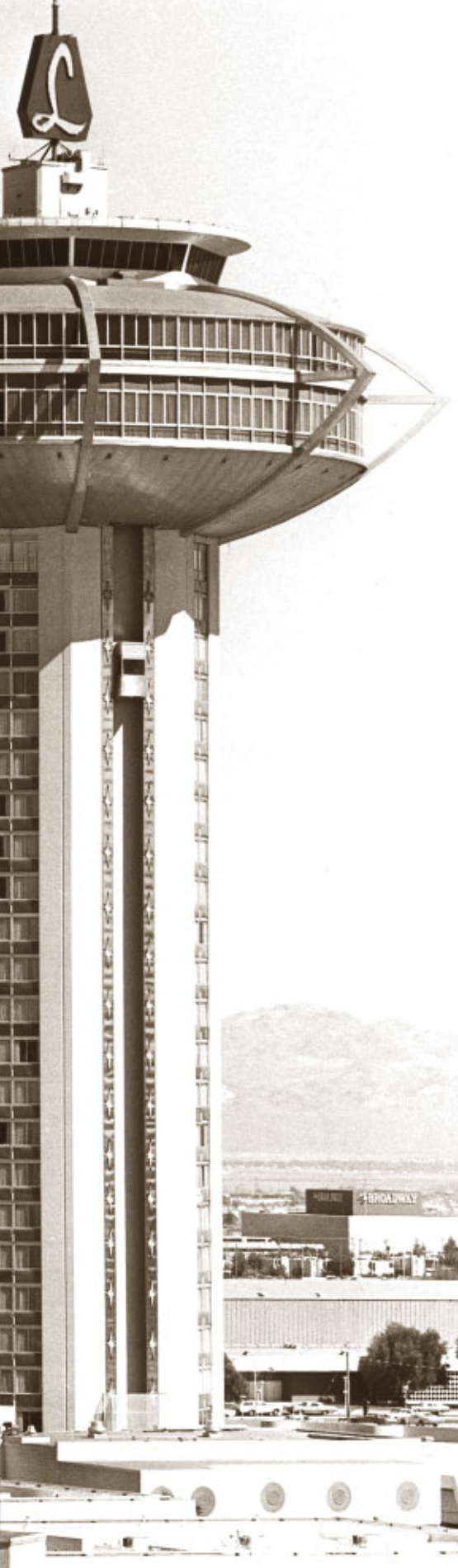
Note: It is important to note that this analysis is site specific. Several of the projects listed are actually owned and operated by a single entity. For example, MGM MIRAGE owns and operates Bellagio, MGM Grand Hotel/Casino, Mandalay Bay Resort Casino, and Treasure Island at the Mirage. Stated as a single entity the largest gaming company's in Nevada would be the State's largest employers.

Six hotel casinos open, including the Flamingo Hotel on the Las Vegas Strip; Nevada Club Casino in Reno; the Golden Nugget Casino opens in Downtown Las Vegas; and Harrah's Club opens in Reno

1946

Nevada Legislature increases in state gambling tax to 2 percent of gross winnings

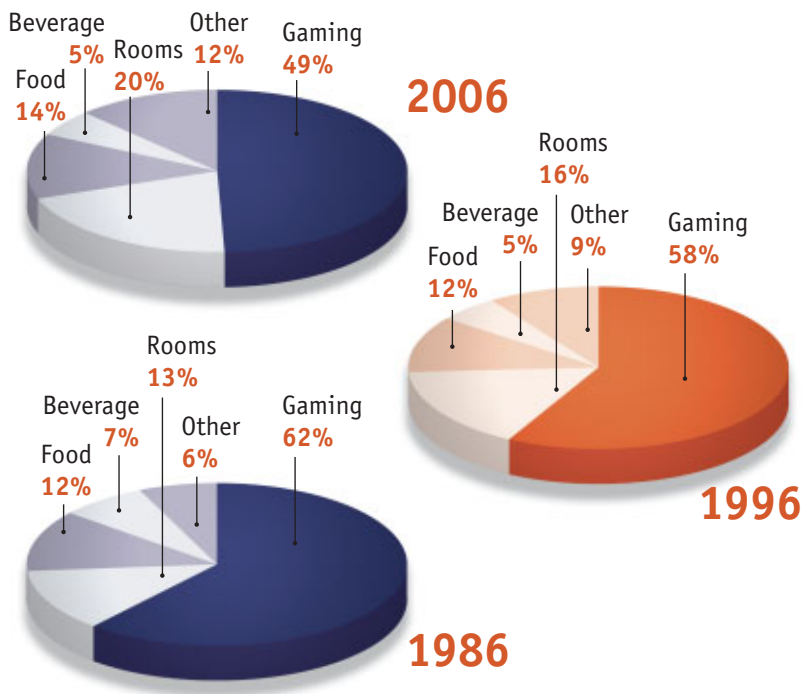
1947



The Facts About: Nevada's Changing Economy

GAMING OPERATORS reported that non-gaming revenues surpassed gaming revenues for the first time in 2005 – a rite of passage for the Nevada's ever-evolving gaming industry. While it is unlikely that a \$24 billion tourism industry would have ever been conceived when William Harrah opened Reno's first bingo parlor in 1937 or Thomas Hull opened Las Vegas first "Strip" casino in 1941, it is certain that their vision laid the foundation for building a tourism and gaming economy without equal on the globe.

The gaming industry continues to diversify still today. At 49 percent, casino gaming's share of the industry's combined operating revenue has decreased by 13 percentage points since 1986 and nine percentage points since 1996. This diversification within the industry has helped Nevada attract a broader cross section of visitors and convention travelers. It has also required a significant capital investment in new restaurants, shopping centers, entertainment venues and hotel towers. While Nevada's hotel-casinos have invested billions of dollars in new, expanded and remodeled facilities during the past five years, the number of slot machines on casino floors has actually declined by more than 13,000 since its peak in early 2001.



B&W PHOTOS COURTESY LAS VEGAS NEWS BUREAU



The Thunderbird opens on Las Vegas Strip
1948

Nevada Legislature passes bill allowing the State Tax Commission to investigate the background of persons applying for a gaming license
1949

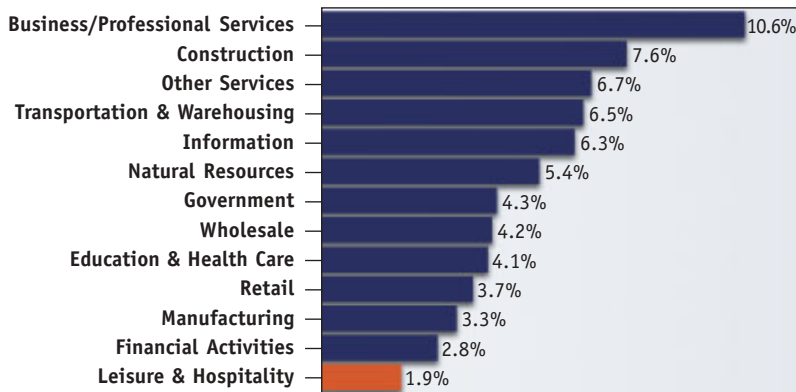
Desert Inn opens on Las Vegas Strip
1950



Worth noting is that casino-hotels and gaming operations are not Nevada's fastest-growing segment of the economy. During 2006, Nevada's employment base grew by 60,300 new jobs. The leisure and hospitality industry accounted for 6,300 new positions, expanding by 1.9 percent during the year. During the past five years, construction

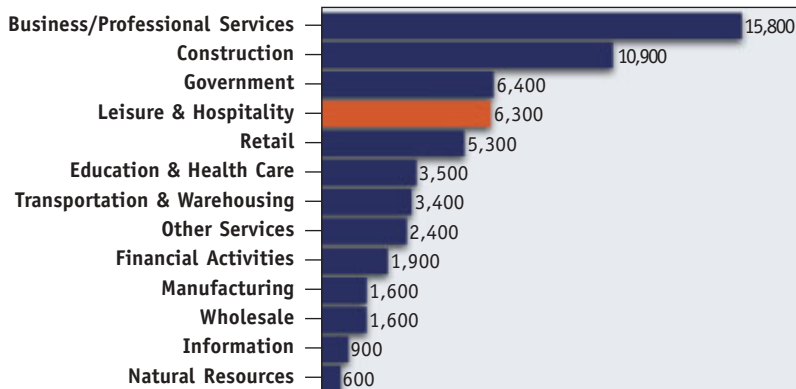
has been the fastest growing segment of Nevada's economy. During the past 12 months, however, professional and business services took over the top spot. Business and professional services grew by 10.6 percent during the year, adding nearly 16,000 new jobs.

Percentage Growth Rates

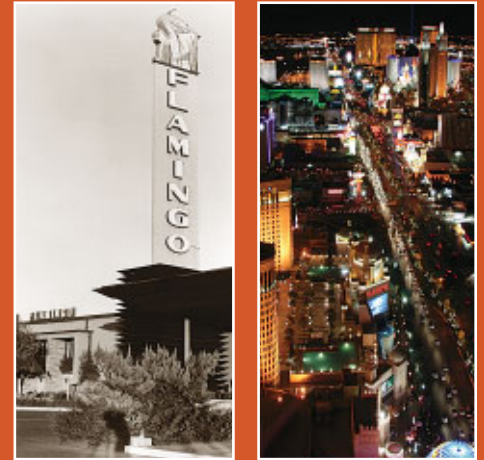


Note: Casino hotels and gaming are a subset of the broader leisure and hospitality industry. During the same period, that subset reported a loss of 300 jobs, roughly 0.1 percent of the work force.

New Jobs Added



The Beginning of the Las Vegas Strip



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Obviously no one person invented the Las Vegas Strip, but Las Vegas owes much of its vision and success to Thomas Hull, R.E. Griffith, William Moore, Billy Wilkerson and the nefarious Bugsy Siegel.



PHOTOS COURTESY LAS VEGAS NEWS BUREAU

The Facts About: Working for Nevada's Gaming Industry

NEVADA'S CASINO-HOTELS and gaming enterprises employ a workforce that is strengthened by its diversity. The industry provides higher than average wages and unmatched health benefits for more than 200,000 employees and their families.

According to data reported by the U.S. Bureau of Economic Analysis, Nevada's hotels and hotel-casinos pay average wages and salaries 37.7 percent higher than the national average paid to similarly situated employees nationwide. This is the second-highest average pay differential reported among Nevada's major industries and the largest margin for any major sector (i.e., sectors employing more than 100,000 people). Additionally, where hotel and hotel-casino employees earn only 64 percent of the average wage paid to all private, non-farm employees nationwide, this ratio is 93 percent in Nevada.



Gaming Control Board created within Nevada Tax Commission; four new properties open; legislature increases state gambling on a "progressive scale" from 3 to 5.5 percent of gross winnings
1955

Hacienda opens on Las Vegas Strip – Fremont Hotel-Casino opens in Downtown Las Vegas
1956

Average Wage and Salary Payments

Per Employee by Sector

United States and Nevada Averages – 2006

EMPLOYMENT SECTOR	UNITED STATES	NEVADA	NEVADA AS A % OF U.S.	NEVADA EMPLOYMENT
Management of companies and enterprises	\$88,688	\$128,042	144.4%	13,885
Accommodation (including hotel-casinos)	\$26,835	\$36,962	137.7%	218,323
Food services and drinking places	\$15,050	\$18,562	123.3%	92,359
Health care and social assistance	\$38,755	\$44,556	115.0%	85,387
Government and government enterprises	\$42,005	\$46,834	111.5%	161,917
Retail trade	\$25,593	\$28,450	111.2%	141,485
Other services, except public administration	\$26,112	\$28,018	107.3%	42,211
Construction	\$44,521	\$47,478	106.6%	147,764
Educational services	\$31,719	\$32,973	104.0%	6,730
Arts, entertainment, and recreation	\$31,053	\$30,019	96.7%	31,854
Real estate and rental and leasing	\$42,015	\$40,529	96.5%	27,520
Wholesale trade	\$58,002	\$55,656	96.0%	39,540
Forestry, fishing, related activities, and other	\$25,945	\$24,792	95.6%	826
Professional and technical services	\$68,274	\$63,585	93.1%	57,610
Administrative and waste services	\$29,360	\$26,819	91.3%	90,679
Mining	\$77,963	\$69,368	89.0%	11,633
Manufacturing	\$51,328	\$45,134	87.9%	50,828
Information	\$66,120	\$51,178	77.4%	15,242
Finance and insurance	\$78,533	\$55,091	70.1%	40,353

(Sources: U.S. Bureau of Economic Analysis, 2006)

Howard Hughes Comes to Nevada



As legend has it, in the middle of the night Thanksgiving 1966, famed aviator, filmmaker and entrepreneur billionaire Howard

Hughes quietly rolled into Las Vegas not knowing that in a few short years he would change the face of gaming and permanently change Nevada. As the story goes, *Las Vegas Sun* publisher, Hank Greenspun, secured accommodations for the reclusive Hughes and his entourage of employees. After a few weeks, the Desert Inn's owner, Moe Dalitz, told Hughes that he needed to vacate the hotel as he and his entourage were occupying valuable rooms. In response, Hughes bought the Desert Inn (where Wynn stands today). This began a spending spree as Hughes bought the Frontier, Sands, Castaways, Landmark, Silver Slipper, North Las Vegas Airport, Alamo Airways, Harold's Club in Reno and nearly all available undeveloped land in the Las Vegas valley. Since the 1950s, Hughes had already owned 25,000 acres west of Las Vegas, now part of the Summerlin master-planned community.

Hughes finally stopped buying hotels and casinos when, in 1968, he tried to buy the Stardust. At the time, Hughes had control of one-third of the revenue earned by all the casinos on the Strip and had become Nevada's largest employer. The United States Justice Department issued a monopoly lawsuit against Hughes, which concluded his industry investment streak. Nevada's political leadership embraced Hughes as his money, reputation and visibility provided further legitimacy to the gaming industry. And as quietly as he had entered Las Vegas, he left Thanksgiving 1970, four years to the day he arrived.

Even though Howard Hughes never built a hotel or casino in Nevada, he remains a pivotal figure in gaming's success and the growth of Nevada.

Tropicana opens on Las Vegas Strip
– Mint Hotel-Casino opens in
Downtown Las Vegas
1957

Stardust Resort & Casino Opens on Las Vegas Strip
1958

The Nevada Gaming Commission created by Nevada State Legislature – Approval of Nevada's "Black Book" of excluded persons
1959



The Facts About: Nevada's Population Growth

EACH MONTH, thousands of people from around the country relocate to Nevada in hope of making a better life for themselves and their families. Many have not been disappointed. Much like the European immigrants who flooded American shores at the turn of the century, a great many of Nevada's newest residents have found what they have been seeking: better wages, employment security, health benefits, a haven for retirement, and hope for a brighter tomorrow.

The *American Dream* is alive and thriving in the Silver State:

Nevada has been the fastest-growing state in U.S. for 19 out of the past 20 years. Between 1996 and 2006, the State's population increased by a remarkable 54.6 percent. Compared to a national growth rate of 1.2 percent annually, Nevada has witnessed a compounded annual growth rate of 4.5 percent during the past decade. The majority of the State's population growth is from immigration. There have been many benefits to the community associated with this growth, not the least of which are increased diversity; a thriving construction sector; and broader access to desirable retail, professional and health care services. Examples are the planned Lou Ruvo Brain Institute and the recently completed Nevada Cancer Institute, which are to provide world-class medical care in Nevada.

Employment-related motivations are the largest factor in people choosing to move to Nevada. The most recent information available suggests that 38 percent of "newcomers" choose to move into southern Nevada either due to a "job transfer" or in hopes of "finding a

job." Migration demographics also show that Nevada is increasingly becoming a destination of choice for those in their golden years. Nevada ranks first nationally in terms of net in-migration of those aged 65 and older. Clearly, the State's temperate climate, low-tax structure and myriad of indoor and outdoor recreation alternatives make it a logical choice retirees.

Newcomers also choose Nevada because it affords a better way of life. The median family incomes in 2006 were \$60,859, \$2,000 more than the national average. Unemployment rates have been consistently below national and regional averages, and the number of Nevadans whose incomes fall below the poverty level was 10.3 percent during 2006, well below the national average of 13.3 percent. Those seeking a better life often find that Nevada provides opportunities unavailable in other parts of the county.

Nevada has its challenges, to be sure. This having been said, it is clearly viewed as a destination of choice for the 1 million new residents opting to choose it as their home during the past 11 years.



Harveys Resort Hotel and Casino opens at South Lake Tahoe
1963

Gaming Industry Association formed in Reno
1965

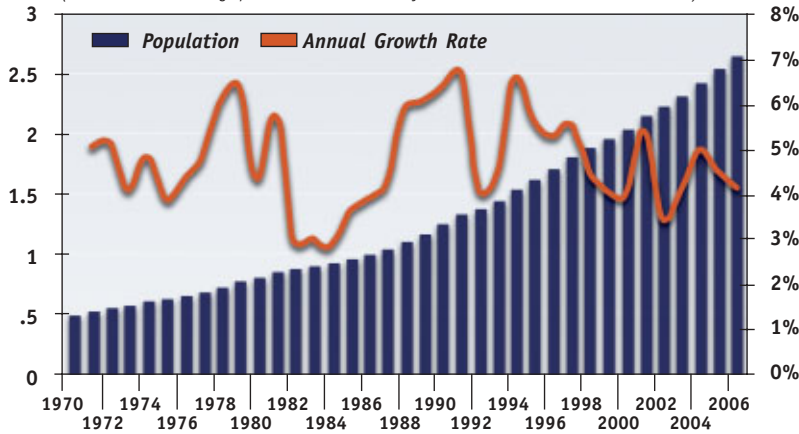
Howard Hughes arrives Thanksgiving night to live at Desert Inn; Caesars Palace, the Aladdin and Four Queens all open
1966



Nevada's population increased by 926,000 during the past decade and 104,000 during the past year. To put this rate of expansion into perspective, Nevada's population increased by 10.6 people per hour for an entire decade and nearly 12 people per hour during 2006.

Population Growth (in millions)

(Source: NV State Demographer and the UNLV Center for Business and Economic Research, 2006)



Employment Growth and Demand for New Housing Units

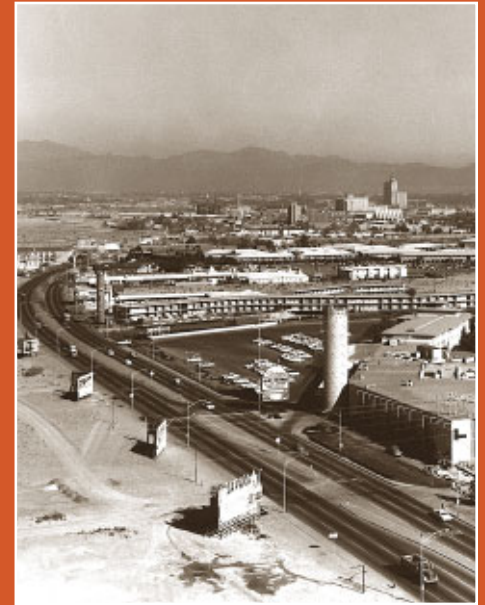
Analysis Based on Growth Between 1996 and 2006

	NEW EMPLOYEES	SUPPORTED POPULATION	NEW HOUSEHOLDS	SHARE
Leisure & Hospitality	83,000	159,678	60,714	18.4%
Casino Hotels & Gaming⁽²⁾	30,200	58,100	22,091	6.7%
Professional & Bus. Svcs.	80,000	153,906	58,520	17.8%
Construction	69,600	133,899	50,912	15.5%
Retail	51,800	99,654	37,891	11.5%
Government	50,100	96,384	36,648	11.1%
Education & Health Svcs.	38,600	74,260	28,236	8.6%
Financial Activities	23,800	45,787	17,410	5.3%
Trans., Warehousing & Util.	16,900	32,513	12,362	3.8%
Other Services	15,800	30,396	11,558	3.5%
Wholesale	11,300	21,739	8,266	2.5%
Manufacturing	11,200	21,547	8,193	2.5%
Information	1,200	2,309	878	0.3%
Natural Resources & Mining	(3,000)	(5,771)	(2,194)	-0.7%
Total Employment	450,300	866,300	329,392	100.0%

(Source: Nevada Department of Employment, Training and Rehabilitation, 2006, and the U.S. Census Bureau)

Note: (1) Analysis assumes 1.367 workers per household and 2.63 persons per household. (2) Casino hotels and gaming is a subset of leisure and hospitality.

Why people move to Nevada



There are a number of reasons why people choose to move to Nevada, and employment opportunities are always listed among the motivating factors. While the gaming industry remains at the core of the State's economy, it accounted for only 6.7 percent of Nevada's employment growth during the past decade.

Two facts are undeniably clear: 1) Nevada's economy is diversifying and 2) the State's population growth is not merely a function of gaming industry growth.

Nevada's Population Growth:

Year	Population
1930	91,058
1940	110,247
1950	160,083
1960	258,278
1970	488,738
1980	800,493
1990	1,201,833
2000	1,998,833
2006	2,622,753

PHOTO COURTESY LAS VEGAS NEWS BUREAU

Nevada Resort Association founded in Las Vegas; public corporations authorized to own gambling facilities without licensing each stockholder; Howard Hughes buys the Desert Inn

1967

Circus Circus Casino opens on Las Vegas Strip

1968

The Facts About: The Gaming Industry's Contributions to State and Local Tax Collections

CONTRARY TO popular belief, gaming was not legalized in 1931 simply as a means to generate tax revenue for the state government programs. Upon passage, licensed card games were licensed for \$25 per table, per month; other games, except slot machines, were licensed at \$50 per game, per month; and slot machines were licensed at \$10 per handle. County, city and town governments received 75 percent of these fees. It was not until 1945, some 14 years after gaming was first legalized, that the first gross gaming tax on gambling was imposed by the State. During FY 2006, the various taxes imposed on gaming operators accounted for \$838 million in State general

NV Hotel-Casino Industry's Contribution to State General Fund Revenues - FY 2006

	TOTAL COLLECTIONS	HOTEL-CASINO INDUSTRY	GAMING INDUSTRY SHARE OF TOTAL
Total Mining Taxes	\$19,661,886	\$0	0.0%
Total Sales And Use Tax	\$1,005,054,248	\$342,723,499	34.1%
Total Gaming Taxes	\$838,094,296	\$838,094,296	100.0%
Casino/Live Entertainment Tax	\$117,109,288	\$90,174,152	77.0%
Insurance Premium Tax	\$238,627,989	\$11,454,143	4.8%
Liquor Tax	\$37,347,240	\$12,660,714	33.9%
Cigarette Tax	\$114,693,245	\$18,465,612	16.1%
Other Tobacco Tax	\$8,178,593	\$1,316,753	16.1%
HECC Transfer	\$5,000,000	\$5,000,000	100.0%
Business License Fee	\$21,897,095	\$766,398	3.5%
Business License Tax	\$431,986	\$3,888	0.9%
Modified Business Tax (MBT): Nonfinancial ⁽¹⁾	\$232,760,812	\$37,008,969	15.9%
Financial	\$22,491,110	\$0	0.0%
Branch Bank Excise Tax	\$2,819,210	\$0	0.0%
Real Property Transfer Tax	\$164,841,506	\$2,967,147	1.8%
Total General Fund Tax Revenue	\$2,829,008,504	\$1,360,635,572	48.1%
Non-Tax Revenue ⁽²⁾	\$229,794,955	\$2,297,950	1.0%
Total General Fund Revenue	\$3,058,803,459	\$1,362,933,552	44.6%

(Source: Nevada Department of Employment, Training and Rehabilitation, Q2 2006)

Note: (1) The modified business tax is a tax on gross payroll, less a deduction for employer-provided health care coverage. Because the hotel-casino industry provides such a significant share of these benefits to its employees, the industry's share of modified business tax collections is lower than its share of employees; (2) Non-tax revenues include fees, charges, interest and other collections. A conservative one-percent share of these revenues has been assumed for purposes of this analysis; however, it is likely that closer scrutiny would reflect the industry's contribution to non-tax revenues would be materially higher.



First "mega-resort" International (Las Vegas Hilton) opens on Paradise Road

1969

Tourism becomes Nevada's largest industry

1970

Union Plaza Hotel-Casino opens in Downtown Las Vegas

1971

fund revenues. Not only was this roughly 30 percent of all general fund tax collections, but it was also the largest industry-specific levy imposed in Nevada. By way of comparison, the modified business tax, which all businesses, including gaming, pay, generated only \$255 million during the same fiscal year.

Gaming companies pay more than just gaming taxes. They also account for a substantial share of retail sales and use taxes, liquor taxes, and modified business tax collections. In all, Nevada's hotels and casinos account for an estimated 48.1 percent of the State's general fund tax collections and 44.6 percent of all general fund revenues.

Nevada's leisure and hospitality industry, its patrons, and employees, are the single-largest source of tax revenue in Nevada. Focusing on the State's principal sources of tax revenue, property tax, retail sales and use tax, and gaming tax, the industry accounted for \$2.3 billion in tax payments during FY 2006. This was 36.2 percent of all major taxes analyzed and nearly three times the second-largest contributor.

Gaming Taxation Then and Now...

In 1931, gaming tables and machines were taxed at a rate ranging from \$10 to \$50 per month. Adjusting these rates for inflation reflects a fairly substantial per-unit charge that, if applied today, would yield roughly \$340 million in tax revenue.

	1931 TAX RATE	*2006 TAX RATE	TAXABLE UNITS (FY 2006)	TAX REVENUE (2006\$)
Tables	\$300	\$3,505	1,098	3,848,644
Games	\$600	\$7,010	6,232	43,688,065
Machines	\$120	\$1,402	207,569	291,024,192
				\$338,560,901

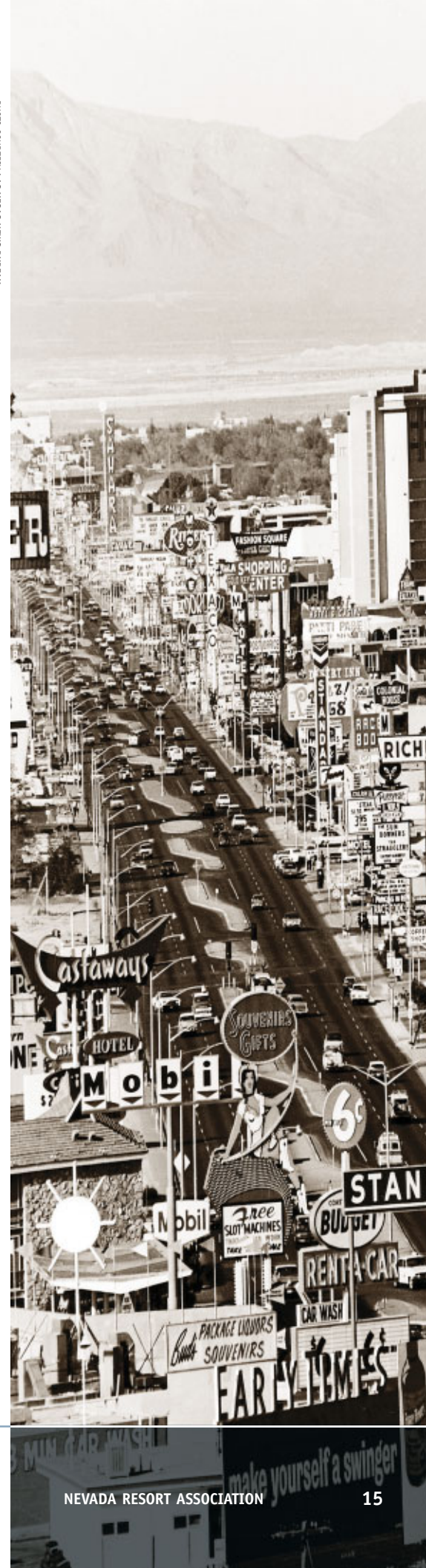
By comparison during FY 2006, the gaming industry accounted for more than \$1 billion in tax payments. This represents a rate increase of nearly 300 percent over what would have been generated at the original rates imposed in 1931. In effect, gaming tax rates have been increased by roughly 1.5 percent per year for the past 75 years.

(*Inflation Adjusted)

Percentage Fees	\$790,403,819
Entertainment Tax	\$108,420,425
Quarterly Nonrestricted Slot Tax	\$13,980,960
Quarterly Games Tax	\$7,300,179
Quarterly Restricted Slot Tax	\$9,533,014
Annual Slot Tax	\$52,196,353
Annual Games Tax	\$2,820,063
Other Collections	\$17,792,312
Total	\$1,002,447,124

1931 Rates	\$338,560,901
2006 Rates	\$1,002,447,124
Difference	\$663,886,224
Increase	296%

PHOTO COURTESY LAS VEGAS NEWS BUREAU



Harrah's becomes the first gaming company listed on the New York Stock Exchange; Original MGM Grand Hotel-Casino opens on Las Vegas Strip

1973

Nevada gaming revenue tops \$1 billion

1975

Nevada Major Sources of Tax Revenue - FY 2006

	SALES TAX	PROPERTY TAX	GAMING TAX	TOTAL	TAXES PER EMP.
Nat. Resources and Mining	\$15,340,699	\$24,095,720	\$1,038,364	\$40,474,782	\$3,646
Construction	\$537,136,401	\$264,298,872	\$13,349,055	\$814,784,327	\$5,710
Manufacturing	\$162,663,686	\$129,108,588	\$4,546,349	\$296,318,623	\$6,097
Trans. and Warehousing	\$58,668,699	\$116,558,527	\$3,994,426	\$179,221,652	\$4,197
Utilities	\$14,015,074	\$17,365,659	\$477,086	\$31,857,820	\$6,247
Information	\$30,380,752	\$34,131,856	\$1,347,066	\$65,859,675	\$4,574
Retail Trade	\$110,281,145	\$344,709,872	\$13,190,026	\$468,181,043	\$3,320
Wholesale Trade	\$69,840,477	\$105,464,139	\$3,573,468	\$178,878,084	\$4,683
Finance and Insurance	\$53,369,202	\$104,645,117	\$3,882,171	\$161,896,490	\$3,901
Real Estate, Rental and Leasing	\$50,411,577	\$83,392,126	\$4,490,502	\$138,294,205	\$2,881
Prof. & Business Services	\$194,881,729	\$378,303,109	\$13,929,042	\$587,113,880	\$3,943
Leisure and Hospitality	\$1,094,243,131	\$645,962,547	\$597,505,298	\$2,337,710,976	\$7,050
Education and Health Services	\$106,438,718	\$165,729,096	\$8,082,399	\$280,250,213	\$3,244
Other Services	\$39,184,257	\$57,584,767	\$3,339,602	\$100,108,626	\$2,804
Government	\$417,897,522	\$351,728,995	\$14,003,879	\$783,630,396	\$5,235
Major Sources	\$2,954,753,070	\$2,823,078,990	\$686,748,733	\$6,464,580,793	\$5,028

Note: Revenues were estimated for business purchases, employees, and visitor expenditures. There are some groups, e.g., retirees, that fall outside of this analysis; and, therefore, total collections reported will be less than actual dollars collected by state and local governments. Please note that taxes and other collections are attributed to the individual or entity spending the money or entering into the transaction that resulted in the tax levy rather than person or entity that collected and remitted the tax payment. For example, gaming taxes are attributed to both resident and visitor consumer expenditures. Resident expenditures are attributed to employees in every sector of the economy, not only the gaming sector who collects and remits 100 percent of gaming taxes.

Major Tax Collection Per Employee



PHOTO COURTESY LAS VEGAS NEWS BUREAU



Bingo Palace opens west of the Las Vegas Strip, the beginnings of the Station Casinos empire

1976

Gaming revenues in Clark County top \$1 billion; Internal Revenue Service requires hotel-casinos to report winnings of gamblers to federal authorities

1977

Worth noting is that the leisure and hospitality industry generates \$7,050 in major tax payments per employee. This figure is higher than any other industry and 140 percent of overall average for all industries, which stands at \$5,030 per employee. Stated otherwise, the gaming industry provides a large tax subsidy for other businesses and industries, which bear a significantly lower tax burden.

Top 10 Property Taxpayers in Clark County - FY 2006

RANK	TAX PAYER	TAXABLE ASSESSED	TAXABLE APPRAISED
01	MGM MIRAGE **	\$3,975,386,376	\$11,358,246,789
02	Harrah's Entertainment Incorporated **	\$1,913,518,270	\$5,467,195,057
03	General Growth Properties	\$1,619,089,206	\$4,625,969,160
04	Boyd Gaming Corporation **	\$708,350,385	\$2,023,858,243
05	Nevada Power Company	\$689,599,260	\$1,970,283,600
06	Focus Property Group	\$532,966,253	\$1,522,760,723
07	Wynn Las Vegas Limited Liability Company **	\$520,267,248	\$1,486,477,851
08	Venetian Hotel & Casino **	\$506,890,547	\$1,448,258,706
09	Station Casinos Incorporated **	\$466,864,146	\$1,333,897,560
10	Pulte Homes	\$369,567,788	\$1,055,907,966

Top 10 Property Taxpayers in Washoe County - FY 2006

RANK	TAX PAYER	TAXABLE ASSESSED	TAXABLE APPRAISED
01	DP Industrial	\$105,064,946	\$300,185,560
02	Circus & Eldorado Joint Venture **	\$54,435,394	\$155,529,697
03	Peppermill Casino, Inc. **	\$49,454,098	\$141,297,423
04	FHR Corporation **	\$49,224,832	\$140,642,377
05	Washoe Medical Center, Inc.	\$42,934,937	\$122,671,249
06	Lennar Reno, LLC	\$37,685,941	\$107,674,117
07	International Game Technology **	\$37,221,215	\$106,346,329
08	Golden Road Motor Inn, Inc. **	\$36,490,092	\$104,257,406
09	Eldorado Resorts, LLC **	\$33,269,774	\$95,056,497
10	Reno Retail Company, LLC	\$29,264,986	\$83,614,246

(Source: Clark County and Washoe County Assessor's Offices, 2006)

**Note: Taxpayers are gaming companies or related enterprises.



Park Tahoe Hotel-Casino opens at South Shore, Lake Tahoe
1978

IGT introduces first "draw poker" machine; Vegas World, Imperial Palace, and Barbary Coast all open in Las Vegas
1979

MGM Grand Hotel fire; stricter fire regulations result, making Nevada resorts among the safest in the world
1980



Nevada's gaming industry is the single-largest nonresidential source of ad valorem (property) tax in the State. In Clark County alone, hotels and gaming enterprises account for \$33.4 billion of taxable value, or 37 percent of the nonresidential tax base. Gaming companies account for the top two taxpayers in Clark County and six of the top 10 property taxpayers in both Clark County and Washoe County.



Nevada's lodging (or room) tax generated an estimated \$415 million during FY 2006. The majority of these monies was used to fund local government activities including the promotion of tourism, building roads, construction of schools, and adding parks to communities.



The Internal Revenue Service institutes stricter regulations for the reporting of gaming dealers' tips
1981

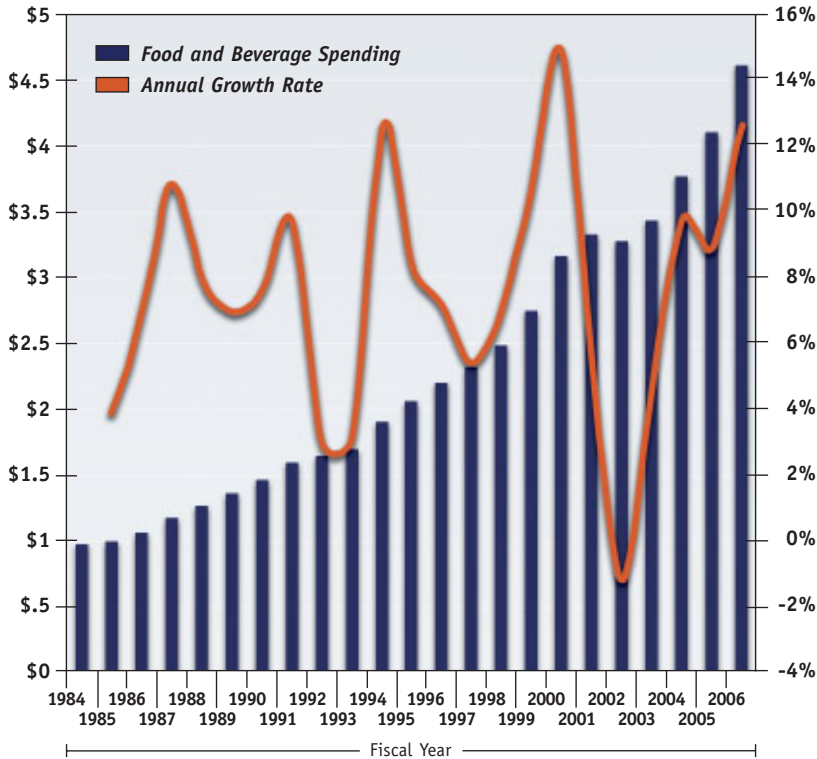
Sports betting tax drops to .25 percent; High Sierra Hotel-Casino opens at Stateline, South Lake Tahoe
1983

IGT introduces Megabucks
1986

During FY 2006, Nevada's nonrestricted gaming licensees reported food and beverage revenues of \$4.6 billion. Eating and drinking places are Nevada's single-largest source of retail sales tax. While not a perfect comparison, gaming industry food and beverage sales represent approximately 9.5 percent of all taxable sales and 54 percent of taxable sales attributable to food service and drinking place receipts.

Food and Beverage Sales in Nevada Nonrestricted Gaming Locations

FY 1984 - FY 2006 (in billions)



Mayme Stocker: Nevada's First Gaming Licensee



Do you know who received Nevada's first gaming license?

Many would quickly say names such as Benjamin "Bugsy" Siegel or Bill Harrah. The real answer is a woman named Mayme Stocker.

It was the 56-year-old mother of three sons who is credited as Nevada's first gaming licensee. She, along with her husband Oscar, owned the Northern Club on Fremont Street in what is known today as Downtown Las Vegas. Coming to the area in 1911 as the wife of an engine foreman, Mayme opened the Northern Club in 1920. Over the next decade, the family, mainly sons Harold and Lester, led efforts to legalize Nevada gaming. And in 1931, just after the governor signed the bill to make wide-open gaming legal in Nevada, Mayme Stocker became the state's first licensee. After her husband's death in 1941, Mayme let others run the Northern Club. In 1945, she leased it to Wilber Clark, who later founded the Desert Inn.

Mayme lived a long life and enjoyed a birthday party in Las Vegas every year until she passed away in 1972 at the age of 97.

PHOTO COURTESY LAS VEGAS NEWS BUREAU

The Mirage opens on the Las Vegas Strip
1989

12 publicly owned corporations own 21 major casinos, producing 50 percent of total Nevada gaming revenue; Excalibur opens on Las Vegas Strip
1990

Harrah's Entertainment converts the Holiday Casino on Las Vegas Strip to Harrah's Casino, marking company's first appearance on the Strip
1992

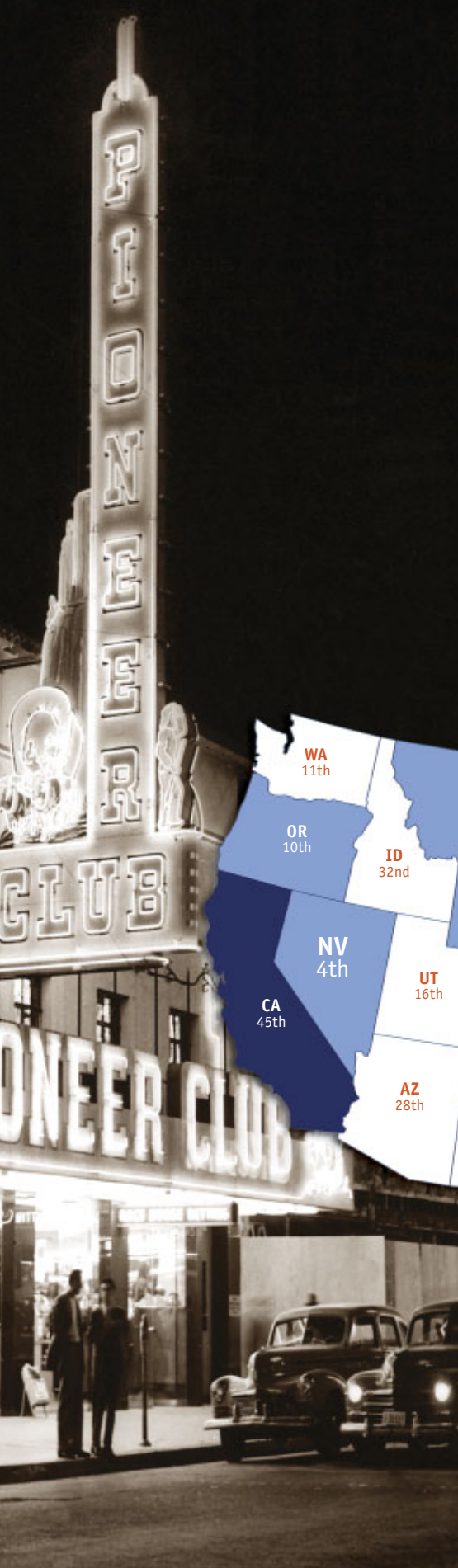
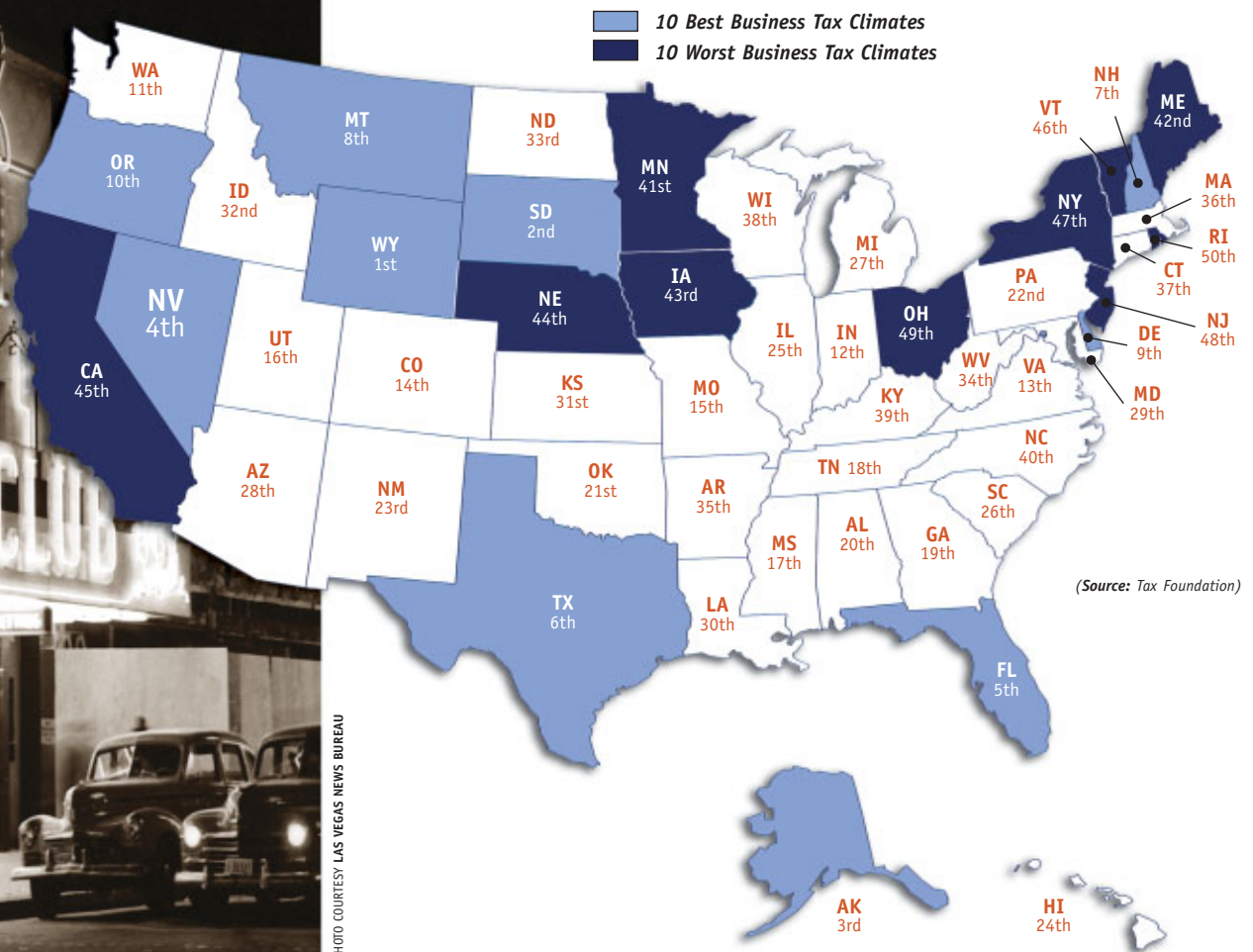


PHOTO COURTESY LAS VEGAS NEWS BUREAU

The Facts About: Nevada's Low Tax Environment

NEVADA'S GAMING enterprises pay all of the taxes borne by the state's businesses and industries generally as well as several industry-specific levies. These industry-specific taxes include, without limitation, gaming percentage fees, which are levied on gross revenue and are payable irrespective of whether an operator posts a profit or a loss in any given year. By paying significantly higher-than-average taxes, hotel-casinos and gaming enterprises create a tax subsidy that allows other businesses and Nevada residents to bear a very low tax burden.

State Business Tax Climate Rankings, 2006



Nevada's gaming revenue exceeds \$6 billion per year; gaming approved in other states and on Indian reservations; three casino hotels open including the world's largest hotel-casino, the MGM Grand Hotel and Theme Park
1993

Boulder Station opens on Boulder Highway in Las Vegas
1994

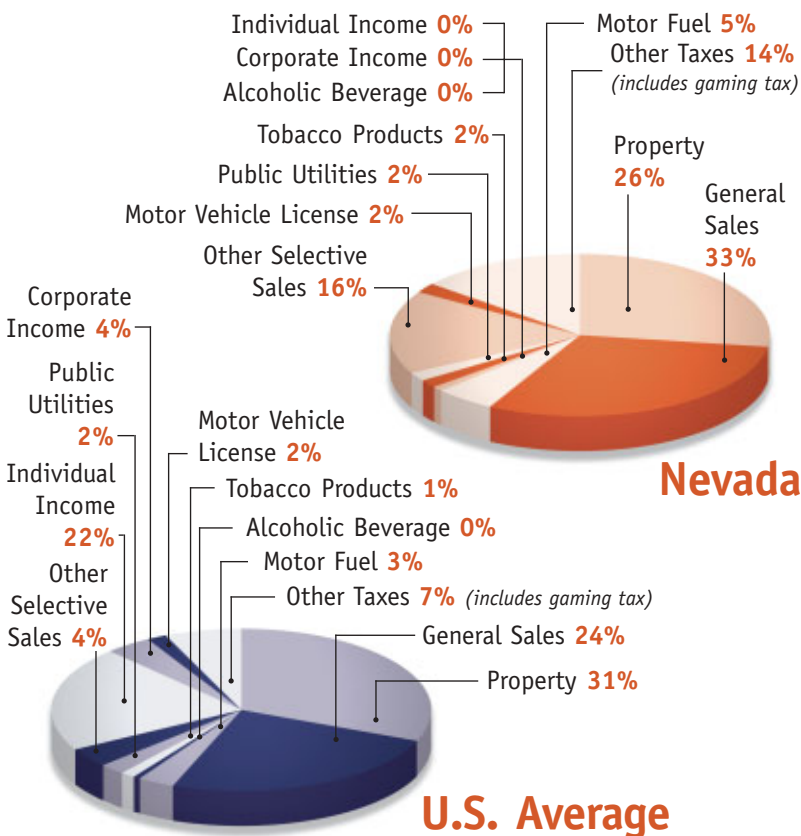
Unlike nearly every other state in the nation, Nevada imposes no corporate or personal income tax. Consequently, Nevada's general business tax climate was recently ranked fourth best nationally by the Tax Foundation, behind only Wyoming, South Dakota, and Alaska.

A recent tax burden study prepared by the District of Columbia's chief financial officer indicated that Nevada families have the fourth lowest tax burden in the nation. The report concluded, "The lowest combined tax burdens for the 51 cities occur in Anchorage, Alaska; followed by Cheyenne, Wyoming; Jacksonville, Florida; and Las Vegas, Nevada."

Average Household Tax Burdens in Las Vegas, Nevada

2005 Estimates by Household Income Range

	TAX BURDEN	SHARE OF INCOME	NATL. RANKING
Family of Three (\$25,000)	\$2,478	9.90%	36th
Family of Three (\$50,000)	\$3,116	6.20%	45th
Family of Three (\$75,000)	\$4,046	5.40%	48th
Family of Three (\$100,000)	\$4,763	4.80%	48th
Family of Three (\$150,000)	\$5,994	4.00%	48th



A Low-Tax Environment:



Unlike other states such as California, Nevada does not have a corporate or personal income tax. Because of the gaming industry in Nevada, many of the additional taxes that are imposed on individuals and businesses in other states are not imposed in Nevada. Some of these taxes include:

- » Personal income tax
- » Corporate income tax
- » Sales tax on food
- » Admissions tax
- » Bank excise measured by income
- » Bank share tax
- » Special intangible tax
- » Franchise tax on income
- » Inventory tax

As these charts to the left demonstrate, Nevada's state and local government have a very different tax structure than do most state and local governments nationwide.

PHOTO COURTESY LAS VEGAS NEWS BUREAU



The Facts About: Gaming's Proliferation Outside of Nevada

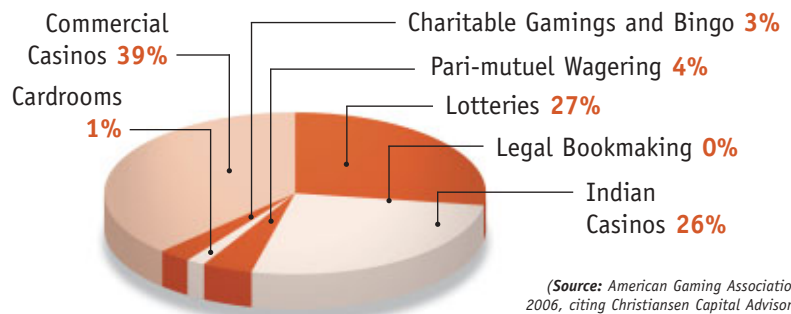
FOR 47 YEARS Nevada was the only state in the Union with casino gaming, giving the state a near monopoly and helping transform a once dusty railroad stop into the entertainment capital of the world. In 1978, New Jersey became the second state to legalize casino gaming. Some nine years later, the landmark Cabazon decision by the U.S. Supreme Court affirmed the right of tribes to self-regulate high-stakes versions of all games not prohibited by state law. While it would be some time until Native American gaming would come of age, a number of states took steps to legalize gaming between the late 1980s and early 1990s. In 1989, casino gaming was legalized in South Dakota and Iowa. In the early 1990s, the first racetrack casinos opened in Rhode Island and Delaware; Iowa, Louisiana, and West Virginia promptly followed suit. During that same period, commercial gaming was legalized in Colorado, Illinois, and Mississippi; and, by 1993, Louisiana, Missouri and Indiana legalized riverboat casinos. By the mid-1990s, 26 states had casinos, 38 states had lotteries, and 40 states had some form of pari-mutuel betting.

States With Legalized Gaming

GAMING TYPE	NUMBER OF STATES
Commercial Casinos	11
Indian Casinos	28 (Class II and Class III facilities)
Lotteries	41 and the District of Columbia
Pari-mutuel Wagering	43
Racetrack Casinos	11
Charitable Gaming	47 and the District of Columbia

(Source: American Gaming Association, 2006)

US Gaming Win Distribution



(Source: American Gaming Association, 2006, citing Christiansen Capital Advisors)



Stratosphere Hotel and Casino and Stratosphere Tower opens on Las Vegas Blvd., with the tallest free-standing observation tower in U.S. and tallest structure west of the Mississippi River
1996

Sunset Station Hotel & Casino opens in Henderson
1997

Today, gaming in one form or another exists in every state save two (Utah and Hawaii). There are 11 states with commercial casinos, 11 states with racetrack casinos, and more than 350 Tribal gaming operations. Nevada remains the industry's dominate player; however, the state is receiving an ever-shrinking share of the rapidly growing pie. A pro-business tax climate, a strong market presence, and a highly competitive marketplace are just a few of the factors helping Nevada set the standard for gaming and non-gaming entertainment as well as shopping, dining, and business gatherings. This having been said, the industry is ever mindful of the continued global proliferation of competitive gaming from Michigan to Macau.

“ Capital investment and tax rates are inversely related. As tax rates rise, capital investment falls. More than \$53 billion has been invested in U.S. commercial casinos and racetrack casinos since 1989. Of this amount, \$26.7 billion is invested in Nevada, where the effective tax rate is 8.4 percent. ”

(Source: Christiansen Capital Advisors, LLC. – The Impacts of Gaming Taxation in the United States. American Gaming Association 10th Anniversary White Paper Series - 2006.)

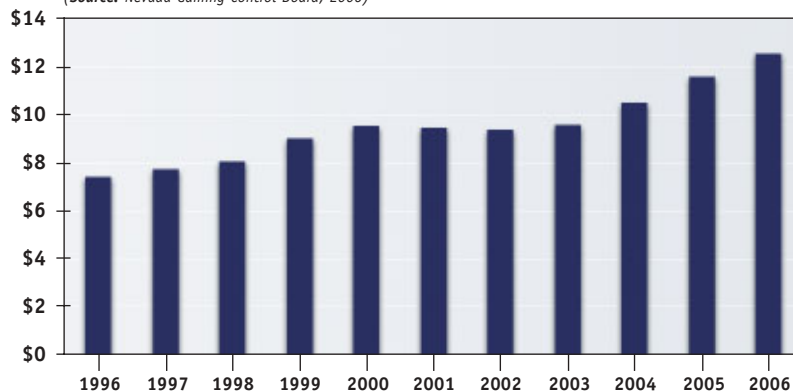
Gross Gaming Revenue by Sector, 2005

INDUSTRY	GROSS REVENUES
Card Rooms	\$1.12 billion
Commercial Casinos	\$31.85 billion
Charitable Games and Bingo	\$2.33 billion
Indian Casinos	\$22.62 billion
Legal Bookmaking	\$130.5 million
Lotteries	\$22.89 billion
Pari-mutuel Wagering	\$3.68 billion
Grand Total	\$84.65 billion

(Source: American Gaming Association, 2006, citing Christiansen Capital Advisors)

Nevada Gross Gaming Revenue Trend, 1996 – 2006

(Source: Nevada Gaming Control Board, 2006)



Nevada's First Slot Machine



Slot machines did not make their appearance in Nevada until around the turn of the century. Charles Fey built the first slot machine, named the Liberty Bell, in San Francisco in 1895. The machine had three reels bearing strips of symbols, bells, horseshoes, stars, and card suits. Each reel was spring-loaded and as a player would put a nickel into a slot and pull the handle on the side, the springs would compress. When released, the springs would expand to send the reels spinning until stopped by a separate mechanism. If the symbols matched, the player won a “jack pot” which referred to a pot of money, or “jack.”

The machine was wildly successful in San Francisco saloons and equally successful in Nevada. Its popularity prompted the 1905 Nevada State Legislature to authorize licenses for slot machines.

The three-reel Liberty Bell is considered the great-grandfather of slot machines and provides the basic design on which most future slot machines would be based. Walk into a Nevada casino today and though the machines are completely different in the way they work, most are still recognizable descendants of the Liberty Bell.

Portions of this passage were taken with permission from the Lionel Sawyer and Collins book NEVADA GAMING LAW.

PHOTO COURTESY LAS VEGAS NEWS BUREAU

Bellagio opens on Las Vegas Strip
1998

Paris Las Vegas, The Venetian, and Mandalay Bay open on Las Vegas Strip
1999

MGM Grand Inc. announces the purchase of Mirage Resorts Inc., creating the largest corporate buyout (in gaming history) at the time
2000

The Facts About: Nevada's Gaming Regulation

NEVADA LEGALIZED GAMBLING in 1931 in response to gaming laws that were unenforced and a severely depressed mining industry during the Great Depression. What was viewed in 1931 solely as an activity that might bolster the economy has proven to be an unparalleled economic boon for the State.

Currently, all establishments where gaming is conducted and where gaming devices are operated, as well as all manufacturers, sellers and distributors of gaming devices, are required by Nevada law to obtain a gaming license. As of December 2006, there were 2,977 active licenses issued in the State.

Licenses Issued and Active in Nevada

Licenses In Force - 2006

	CLARK	SOUTH LAKE TAHOE	ELKO	CARSON VALLEY	WASHOE	ALL OTHERS	TOTAL
Restricted (1)	1,452	3	51	106	397	215	2,224
Non-restricted Slots Only (2)	65	-	7	11	15	32	130
Non-restricted Games & Slots (3)	156	5	22	17	58	51	309
Manufacturers (4)	89	-	4	2	13	2	110
Distributors (5)	105	2	6	2	25	3	143
Slot Route Operator	36	-	2	1	12	4	55
Wire Services	3	-	-	-	1	-	4
Information Services	2	-	-	-	-	-	2
Total	1,908	10	92	139	521	307	2,977

Notes: (1) "Restricted license" or "restricted operation" means a state gaming license for, or an operation consisting of, not more than 15 slot machines and no other game or gaming device at an establishment in which the operation of slot machines is incidental to the primary business of the establishment. NRS 463.0189. (2) "Nonrestricted license" or "nonrestricted operation" means: 1. A state gaming license for, or an operation consisting of, 16 or more slot machines; 2. A license for, or operation of, any number of slot machines together with any other game, gaming device, race book or sports pool at one establishment; A license for, or the operation of, a slot machine route; or A license for, or the operation of, an inter-casino linked system. NRS 463.0177. (3) "Group I licensee" means either: 1. A nonrestricted licensee having gross revenue of \$3,305,000 or more for the 12 months ended June 30th each year; or 2. A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts \$55,077,000 or more in wagers during the 12 months ended June 30th each year. (4) "Group II licensee" means either: 1. A nonrestricted licensee having gross revenue of less than \$3,305,000 for the 12 months ended June 30th each year; or 2. A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts less than \$55,077,000 in wagers during the 12 months ended June 30th each year. (5) "Operator of a slot machine route" means a person who, under any agreement whereby consideration is paid or payable for the right to place slot machines, engages in the business of placing and operating slot machines upon the business premises of others at three or more locations. NRS 463.018. (6) "Manufacturer" means a person who: 1. Manufactures, assembles, programs or makes modifications to a gaming device, cashless wagering system or interactive gaming system; or 2. Designs, assumes responsibility for the design of, controls the design or assembly of, or maintains a copyright over the design of, a mechanism, electronic circuit or computer program which cannot be reasonably demonstrated to have any application other than in a gaming device, cashless wagering system or interactive gaming system for use or play in this state or for distribution outside of this state. NRS 463.0172 See also (NRS 463.650). (Source: Gaming Control Board)



Green Valley Ranch Resort, Spa and Casino opens in Henderson; Harrag's Entertainment acquires Harveys Casino Resorts

2001

Mandalay Resort group opens THEhotel; gaming percentage fees increased to maximum of 6.75 percent

2003

The Importance of Gaming Regulation



The words “gaming regulation” elicit yawns among most Nevadans and gaming employees, but these two words have allowed Nevada to grow into what it is today. Up until 1945, gaming licensing was handled at the local and county levels. Taxes were determined by the number of games or machines in operation. In that year, licensing authority shifted to the state level and Nevada enacted a new licensing program that, in addition to the per-game fee collected, enacted fees based on a percentage of gross gaming win.

Over the next 10 years, gaming in Nevada flourished. By 1952, commercial gambling had eclipsed mining and agriculture to become Nevada’s largest revenue-producing industry. As Nevada’s economy became more dependant upon gaming as an economic engine, the fear of federal gaming prohibition and negative public sentiment grew larger. This prompted the Nevada State Legislature to create the Gaming Control Board in 1955. The board was a division of the Nevada Tax Commission and was charged with overseeing the licensing and operation of Nevada casinos, all the while eliminating the unsavory elements that threatened the industry’s existing and future integrity. In 1959, the Legislature passed the Gaming Control Act, which established the Nevada Gaming Commission. The commission acts upon the recommendations of the Gaming Control Board and is the final arbiter of all gaming licensing matters.

Nevada’s gaming regulatory system has been an integral part of Nevada’s success and has become the standard upon which all other national and international gaming regulatory agencies are based.

PHOTO COURTESY LAS VEGAS NEWS BUREAU

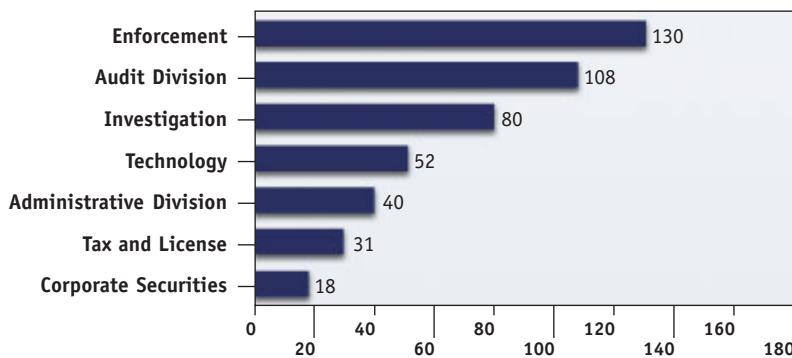
Nevada’s gaming regulatory model is used as the standard nationally and internationally. It consists of a three-member Nevada State Gaming Control Board and a five-member Nevada Gaming Commission, members of which are all appointed by Nevada’s governor. The Gaming Control Board is responsible for the daily regulation and administration of the Nevada Gaming Control Act.

The Nevada Gaming Commission has the responsibility and authority to deny, limit, condition or restrict all gaming license applications, finding of suitability or other required approvals. The commission acts on State Gaming Control Board recommendations, adopts regulations pursuant to the Nevada Gaming Control Act and adjudicates gaming tax disputes and disciplinary actions.

The Gaming Control Board’s Divisions...

Seven divisions operate under the auspices of the Gaming Control Board with a budget of approximately \$40 million.

Employees In Each Division



PHOTOS COURTESY LAS VEGAS NEWS BUREAU

Nevada’s gaming revenue exceeds \$10 billion per year; significant market consolidation, including the MGM MIRAGE-Mandalay Resort Group; Harrah’s Entertainment-Caesars Entertainment; and Boyd Gaming Corporate-Coast Resorts mergers announced

2004



PHOTO COURTESY LAS VEGAS NEWS BUREAU

The Facts About: The Gaming Industry's Contributions to the Community

IN ADDITION to the direct tax contributions the gaming industry makes each year in support of Nevada's public services and programs, the industry and the more than 215,000 people it employs make significant charitable contributions to Nevada communities each year through financial donations and volunteered time. Support for youth, health care and senior programs are among the top priorities of community-giving campaigns spearheaded individually and collectively by gaming companies. In addition to these philanthropic efforts, the industry is also actively engaged in efforts designed to promote responsible gaming.

MGM MIRAGE created the Voice Foundation in 2000 to provide an avenue for employees to fund charitable campaigns that would help meet the needs of the community and represent the requests and input of each employee. The Voice Foundation has been a great success due to the tremendous support of the company's employees and a very significant impact on the community. To date, MGM MIRAGE employees have contributed more than \$24 million to local United Way chapters, the Employee Emergency Relief Fund, Voice Community Funds, Children's Medical Support Fund and numerous nonprofit organizations of their choice. By assuming all operating expenses for the Voice Foundation, MGM MIRAGE has ensured that each dollar donated by employees reaches its intended recipient. Additionally, the MGM MIRAGE Corporate Charitable Giving Program invests in early childhood development, education, community development and

“ I volunteer through HERO because I have been blessed with a good job, good health and a great family. I think most people want to give something back to others who are less fortunate, but we are suspicious of where our money goes. With the HERO committee, I know where the money goes and more importantly, I get to physically help someone out. I've helped renovate homes, purchased Christmas toys for children whose parents can't afford gifts and for seniors in a nursing home who have no family left. I've delivered a birthday cake to a shut in and sent packages to our soldiers in Iraq. I'm grateful that there is a HERO committee, as it's given me the power to help make someone's life a little bit better. ”

Robin Haeffner-Matos
Wildlife Manager
Flamingo Las Vegas

Continued from page 27

CONTINUED ON PAGE 28 »





NEVADA COUNCIL ON PROBLEM GAMBLING

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February 2007

EXECUTIVE DIRECTOR
Carol O'Hare

Mr. Bill Bible, President
Nevada Resort Association

The Nevada Council on Problem Gambling believes that problem gambling is a community health issue, requiring a community solution that can best be accomplished through public and private collaboration. Over the years we have seen many positive outcomes as we have worked together to generate awareness, promote education and advocate for quality treatment of problem gambling in our state. The support of the Nevada Resort Association and the gaming industry has been significant in helping us to achieve many important milestones along the way.

Since the 1998 adoption of NGC Regulation 5.170, Programs to Address Problem Gambling, Nevada's gaming licensees have helped us distribute nearly 2 million public awareness brochures containing the Problem Gamblers HelpLine number, and enabling us to respond to more than 20,000 calls for information and assistance.

With the industry's support for the passage of SB351 in 2003, we were able to establish a professional credential for problem gambling counselors, insuring Nevada would provide the highest standard of care for problem gamblers in need of treatment services. In 2005, the support of Nevada's gaming industry helped secure 2.5 million dollars in funds for the prevention and treatment of problem gambling. Gaming industry representatives continue to contribute their leadership and expertise as members of the State Advisory Committee on Problem Gambling, working in collaboration with all stakeholders to develop the most effective and comprehensive programs possible in the State of Nevada.

On behalf of the Nevada Council on Problem Gambling, I would like to express our sincere appreciation for your industry's longstanding commitment and support of these vital efforts. We look forward to many more accomplishments as we continue to work together to address the impact of problem gambling in the State of Nevada.

Sincerely,

Carol O'Hare
Executive Director

Nevada Council on Problem Gambling is a non-profit organization and an affiliate of the National Council on Problem Gambling.
CORPORATE FOUNDRING MEMBERS: Aztec Corporation • Boyd Gaming Corporation • Harrah's Entertainment • MGM MIRAGE • Station Casinos
CORPORATE PLATINUM MEMBERS: Association of Gaming Equipment Manufacturers • Bally Technologies • E-T-T Inc. • International Game Technology • Nevada Resort Association

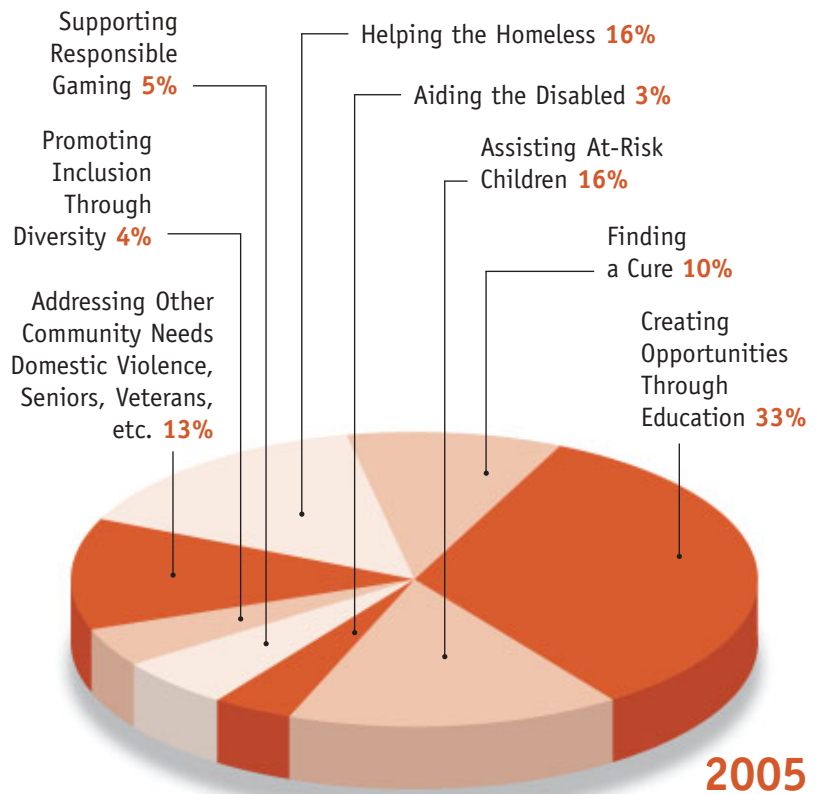


diversity. In 2005, the company contributed more than \$4.5 million to numerous nonprofit organizations.

Station Casinos' community outreach efforts provide support for a wide spectrum of community needs. In 2005, thousands of southern Nevada's most-needy residents benefited from this groundbreaking program in which nine of the valley's most effective nonprofit organizations were awarded a \$50,000 donation in conjunction with a public service campaign. The Company's Smart Start School Partnership program contributes close to \$500,000 annually to Clark County's most economically challenged primary schools. Each of Station's property adopts one high-need elementary school in southern Nevada and provides volunteers and resources to ensure each student is given access to the tools and opportunities that will help them become successful adults. In 2005, the company provided financial contributions to a total of 70 high-need elementary schools, reaching 55,137 students in 2,360 classrooms.

CONTINUED ON PAGE 30 »

Station Casinos' Charitable Contributions





Latin Chamber of Commerce

Latin Chamber of Commerce, Nevada, Inc.
300 North 13th Street
Las Vegas, Nevada 89101
(702) 385-7367 — Fax (702) 385-2614
Email: otto@lvcc.com — Web Site: www.lvcc.com

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Dear Mr. Bible,

It is with great pleasure that we offer this letter of support to our friends at the Nevada Resort Association. As one of Nevada's largest Chambers of Commerce, we have been proud and truly fortunate to include members of Las Vegas' gaming industry in our membership roster. Without fail, properties both on and off the Las Vegas Strip have consistently been supportive of our chamber and our community, always providing sponsorships for Latin chamber events, banquets, expos, golf tournaments and many other endeavors. In particular, our friends at the Nevada Resort Association have been generous in their support of our annual student scholarship fund which goes directly towards helping our young Hispanic students aspiring or pursuing higher education.

Of course, it is no secret that the Hispanic community in Nevada has come to find a great number of employment opportunities in the gaming and tourism industry. Las Vegas has become one of the most popular destinations for Latinos to work and live because of the opportunities made available, both directly and indirectly, by the gaming industry. However, as a Chamber, we see it as more than a statistic. We appreciate the underlying reality that having these opportunities allows so many Latinos to achieve their goals of homeownership, of financial independence, and the chance to make reality their hopes and dreams.

For many years, the Latin Chamber of Commerce has been honored to count on the support of our friends in Nevada's most popular and most important industry. Not only has gaming been a reliable member, but an active one with representation on our various committees, and Board of Directors. In is this kind of involvement that we most appreciate and look forward to counting on in the future.

Sincerely,

Otto Merida
President & CEO

Rise of the Megaresort



It is debated when and who developed Las Vegas' first "megaresort." Many point to Kirk Kerkorian's 1969 opening of the International, now the Las Vegas Hilton, as the first. Some cite the rise of Circus Circus in the 1970s, but most feel that the moment the megaresort truly took shape was when Steve Wynn opened The Mirage in 1989.

Megaresort is commonly defined as a type of destination resort: it integrates the services offered by a hotel, casino, dining, entertainment and shopping into a single, large and highly stylized or themed venue. The Mirage was seen as revolutionary as it placed less emphasis on gaming and more emphasis on the overall visitor experience, ushering in a new boom in Las Vegas resort development. The Excalibur quickly followed and through the 1990s, more than 10 megaresorts opened along the Las Vegas Strip.

Beyond the fact that many of these establishments boast some of the largest casinos in the world, megaresorts once again attracted top-name entertainers and international acts to showrooms and transformed Las Vegas into one of the world's most impressive dining destinations by bringing in top chefs like Wolfgang Puck, Bobby Flay and Bradley Ogden to open restaurants on the Las Vegas Strip.

PHOTO COURTESY LAS VEGAS NEWS BUREAU

In 2005, Boyd Gaming contributed more than \$2.4 million to recognized charitable organizations in the various communities in which it operates. This represents corporate and property contributions exclusively and does not reflect its employees' individual contributions or their volunteer hours donated to a variety of worthy organizations. In addition to the Company's on-going support of the William S. Boyd School of Law at the University of Nevada, Las Vegas and the Andre Agassi College Preparatory Academy in Las Vegas, each of Boyd's properties undertakes charitable initiatives in education, health care and the arts.

Beyond its various community and charitable programs, Harrah's Entertainment has been a clear industry leader in raising awareness about responsible gaming. For most people, gambling is a fun and entertaining pastime. A small segment of the population, however, has

“ I am blessed with health, family and a sense of community and a 30-year career in the casino industry that has done everything and more to support, teach and train me to be a better employee. I believe it is my responsibility to give back to the community I live in and share with others. As a member of the hospitality industry it is not only my privilege but my responsibility to give back to the communities in which I live, and for that I'm grateful to the HERO committee for providing me with an outlet to which I've been a part of at Harrah's Council Bluffs, Harrah's Rincon and here at the Flamingo. ”

Deb Albertson
O'Shea's Casino Shift Manager
Las Vegas, Nevada

CONTINUED ON PAGE 32 »



Frank Fertitta III, Lorenzo Fertitta and Colony Capital LLC, announce buyout valued at \$9 billion
2007



February 2007

William Bible
President
Nevada Resort Association
3773 Howard Hughes Parkway
Suite 320 North
Las Vegas, NV, 89109

Dear Mr. Bible,

Nevada Cancer Institute's (NVCII) ability to meet the commitment to deliver research-based care as well as cancer education and early detection has been in large part the result of the leadership and support provided by members of the Nevada Resort Association (NRA).

NVCII is a statewide, not for profit institution dedicated to reducing the incidence of cancer through innovative and collaborative research, education and patient care. Since starting operations in September 2005, our physicians and researchers have rendered care to more than 1500 patients, while our Outreach and Education staff has rendered patient navigation and education programs and services to 2500 patients. Notably, with oncologists and other care givers across the state, we are helping Nevadans prevent cancer, detect it earlier, and stay closer to home for care should they be diagnosed.

The institute relies on a multitude of funding sources to make this promise a reality. The early and on-going support provided by NRA member entities combined with essential financial support from the State of Nevada, has allowed us to attract world class researchers along with essential funding from other entities, including the federal government, private foundations and individual donors.

Thanks to you and your member organizations for your leadership and support to one of our state's leading health issues.

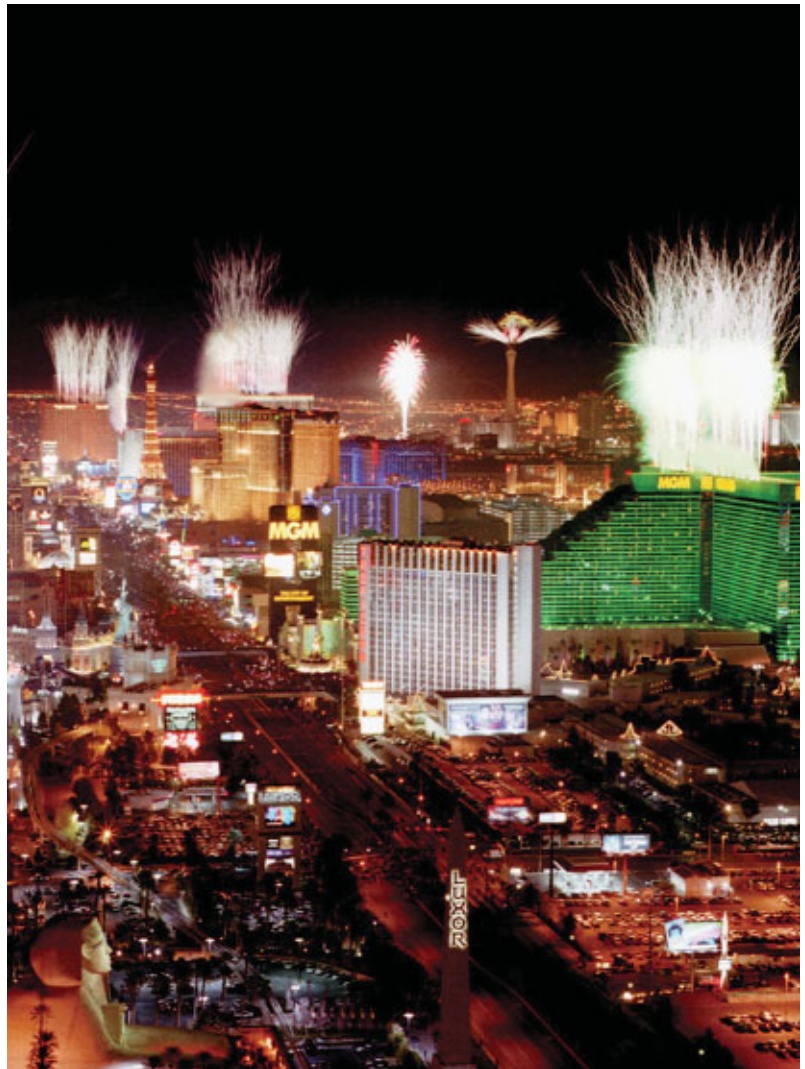
Sincerely,

A handwritten signature in black ink that reads 'Heather Murren'.

Heather Murren, CFA
Chair and CEO



difficulty gambling responsibly. Harrah's initiatives led to the development of the U.S. gaming industry's first-ever broadcast advertising campaign focused specifically on responsible gaming. Ads featuring Chief Executive Officer Gary Loveman explain the importance of responsible gaming and how responsible gaming is an important part of its "Code of Commitment." The gaming industry is at the forefront of responsible gaming efforts, raising public awareness and contributing millions of dollars to research, education and treatment initiatives. These efforts include partnerships with national and state councils on problem gambling and the National Center for Responsible Gambling; strict enforcement of casino age restrictions; employee training on the signs of problem behaviors as well as assistance sources; and self exclusion/self restriction programs.





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January 2007

For 53 years, Opportunity Village has provided programs and services for people with intellectual and related disabilities in order that they have the most productive, engaged lives possible. Through vocational training, employment, advocacy, therapeutic respite and other much-needed programs, people with disabilities can find employment and social opportunities that otherwise are almost impossible to attain. Last year, Opportunity Village serves almost 3,500 people and their families each year and we were able to do so with generous financial and contributions from the Nevada gaming

Throughout Opportunity Village's history, the gaming industry has provided amazing support through generous financial contributions, goods and services. Resort hotels have done many amazing things; donate rooms of furniture and lost & found items to our Thrift Store, and obsolete décor for our events. In addition, resort properties encourage employees to volunteer at our fundraising events and as a result, hundreds of people lend their time, talents and energy to make events like the Magical Forest an incredible success.

Opportunity Village's vocational training and employment programs give almost 700 people the chance to earn paychecks every payday. Through our employment and training center contracts with local businesses, off-site supported employment programs and placement in independent jobs in the community, people who are considered unemployed are able to experience the joy and dignity of earning a paycheck and being a tax-paying citizen. The resort community, in particular, has provided major support of independent job placement by hiring graduates of Opportunity Village's advanced training programs. Today, people with intellectual disabilities are working in custodial, housekeeping and culinary departments throughout the hospitality industry.

Properties have also become program services patrons, donating funds to expand and support programs for young adults with profound disabilities. Because of this generosity, Opportunity Village has been able to offer desperately needed therapeutic respite to young people and their families.

Opportunity Village is indebted to the Las Vegas gaming industry. Through their generosity, we have been able to continually serve the most vulnerable members of our community. They continue to give us the ability to grow; look upon us as a business solutions partner and support us in every way possible. Because of their continued support, Opportunity Village can continue to make the lives of people with disabilities the best possible.

Sincerely,

Linda
Linda Smith
Chief Development Officer

6300 W. Oakey Blvd., Las Vegas, Nevada 89146 • ph: 702.259.3700 • fax: 702.259.3753 • www.opportunityvillage.org

« CONTINUED FROM INSIDE FRONT COVER

1960s In 1960, total gross gaming revenue had reached more than \$200 million annually and the state's population had grown to more than 280,000 people. Gaming regulation had begun to enforce the Black Book and casino operators continued to develop and expand projects throughout the state. Harvey's, Caesars Palace, Aladdin, Circus Circus, Four Queens and Landmark were only a few that opened their doors in the 1960s. The decade ended with Kirk Kerkorian opening the world's largest hotel-casino named the International (now the Las Vegas Hilton). Consequently, this brought Elvis Presley to the stage and established him as an eternal Las Vegas icon.

One of the most important events in Nevada gaming history was the arrival of famed aviator, filmmaker and entrepreneur billionaire Howard Hughes, permanently changing Nevada gaming and tourism. Upon arriving in Las Vegas, Hughes bought the Desert Inn, the Frontier, Sands, Castaways, Landmark, Silver Slipper, North Las Vegas Airport, Alamo Airways, Harold's Club in Reno and nearly all available undeveloped land in the Las Vegas valley.

Hughes finally stopped buying hotels and casinos when, in 1968, he tried to buy the Stardust, and the United States Justice Department issued a monopoly lawsuit against Hughes, who had control of one-third of the revenue earned by all the casinos on the Las Vegas Strip and had become Nevada's largest employer. Nevada's political leadership embraced Hughes as his money, reputation and visibility provided further legitimacy to the gaming industry.

Just as pivotal as Hughes was the Nevada State Legislature's 1967 legalization of public companies owning and operating gaming facilities without licensing each shareholder, allowing the industry to become what it is today.

The 1960s also saw the establishment of a new city on the border between Arizona and Nevada. Don Laughlin, former owner of the 101 Club in Las Vegas, flew over the tri-state area in his private plane in 1964 and liked what he saw. In 1965, he bought a boarded-up motel and 6.5 acres of riverfront property for \$250,000. In less than two years the bar and motel, now called the Riverside Resort, was offering all-you-can-eat chicken dinners for 98 cents; play on 12 slot machines and two live gaming tables, and accommodations in four of the motel's eight rooms. The Laughlin family occupied the other four rooms.

A little-known fact is that the city of Laughlin got its name when a U.S. Postal Service inspector insisted Don Laughlin give him a name, any name, in order to receive mail. Laughlin recommended the name Riverside and Casino, but the postal inspector used Laughlin instead.

1970s By 1970, tourism had become Nevada's largest industry. In 1975, gaming revenues topped \$1 billion annually and nearly 50 percent of Nevada's budget was supported by gaming-based tax revenue.

As decades before, the 1970s saw huge growth in hotel-casino development throughout the state. Household property names including MGM Grand (now Bally's), Imperial Palace, Barbary Coast and Eldorado



(Reno) all opened.

In 1972, Harrah's Entertainment took advantage of the 1967 law allowing public companies to own casino operations and became the first gaming company to be listed on the New York Stock Exchange.

The Nevada State Legislature established specific criteria for inclusion in The Black Book and lowered the sports betting tax allowing for the proliferation of legalized Nevada-based sports books.

By the end of the decade Nevada had become the fastest growing state in the nation and increased gaming revenues by 150 percent.

1980s In the 1980s, Nevada was the fastest growing U.S. state as the population grew by an average of more than 3,300 people a month to 1.2 million by 1990. The early part of the decade was a time of concern for both Reno and Las Vegas because Atlantic City had legalized gaming in the late 1970s, which ended the legal monopoly Nevada had owned for more than 45 years. Added concern was provided by the MGM Grand fire in Las Vegas and Harvey's Hotel-Casino bombing in Lake Tahoe, which provided a terrible rash of bad publicity for Nevada gaming operators.

But by the end of the decade everything was about to change as a Las Vegas icon took what was considered the state's biggest gamble by building a \$750 million "mega-resort," ushering in a new era in Las Vegas gaming. November 1989, Golden Nugget owner Steve Wynn opened The Mirage to much fanfare, attracting attention from around the globe. The Mirage was considered the most elegant property in Las Vegas. Its exterior centerpiece was a manmade volcano with waterfalls facing the Strip entrance to the hotel. The theme carried into the casino and hotel by strategically placed indoor plantings, a white tiger habitat and 20,000 gallon aquarium, creating the illusion of a South Pacific paradise. Even though the International was large and had integrated enter-



PHOTOS COURTESY LAS VEGAS NEWS BUREAU



tainment and Caesars Palace was luxurious, both primarily focused on the casino. The Mirage's focus was on providing a luxury resort experience that happened to have gaming.

The opening of The Mirage sparked what was to be one of the largest regional construction and population explosions the United States had ever seen.

In 1988, the U.S. Congress formally recognized but limited the right of Native Americans to conduct gaming operations with the passage of the Indian Gaming Regulatory Act (IGRA). Northern Nevada would ultimately feel the effects of reservation gaming after the year 2000 upon California's acceptance of Native American gaming establishments.

1990s Upon the 1989 opening of The Mirage, Las Vegas and Southern Nevada began a decade-long boom, experiencing a construction and population growth not seen in the United States since the Gold Rush of the 1840s and 1850s. More than 15 major themed casino-hotels opened their doors throughout the Las Vegas Valley. Las Vegas saw a dramatic diversification of entertainment options, including: theme parks like Circus Circus' Adventure Dome, the Las Vegas Hilton's Star Trek: The Experience and stage production shows: Cirque Du Soleil and FX. Different properties exchanged hands including The Frontier Hotel, Sands, Vegas World (Stratosphere), Holiday Casino (Harrah's) and Aladdin. New themed hotels like Luxor, New York-New York, MGM Grand and Bellagio opened their doors, each with tremendous attention and excitement.

In Reno, the Silver Legacy Hotel and Casino opened its doors on Virginia Street in 1995. However, with the passage of California's Proposition 5 in 1998, casino-style gambling on Native American reservations was given an open door to compete with Northern Nevada casinos. As Nevada was entering the 21st century, nearly every state had gambling in one form or another and the increased access to Na-

tive American casino gaming was dramatically changing the way Nevada approached its tourism economy.

2000s By 2000, Nevada's population was nearly 2 million people, with nearly 7,000 people moving monthly to Las Vegas. The resort industry was running strong up until the fateful day of September 11, 2001. In a few hours of tragedy, Nevada's resort industry felt the effects. Once considered recession proof, Nevada's resort industry showed its vulnerability and the state's budget suffered dramatically. Secondary to the tragedy beheld by New Yorkers, many resort employees were laid off as U.S. travel became a trickle of what it was just weeks before. Hotel rooms were empty, entire areas of casinos were quiet and Nevada faced one of its greatest challenges: how to inspire travel back to Nevada.

Through the intensive and extensive efforts of the Las Vegas Convention and Visitors Authority, Nevada Commission on Tourism and Reno/Sparks Convention and Visitors Authority, Nevada steadily regained its position as the nation's favorite playground. Unfortunately, the damage was done. The state faced a budgetary crisis due to the reduced resort-related tax revenues. But by 2005, the tax revenues were back on track and so was the industry.

As Reno experienced a significant population boom, Reno refocused itself not exclusively as a gaming destination but also as an outdoor/adventure destination embracing the areas' plentiful natural surroundings. Californians who once only gravitated to Las Vegas were finding Nevada's tax benefits were statewide.

Las Vegas' popular "Only Vegas" campaign, which used the now famous "What happens here, stays here™" tag line, found a new market of young travelers seeking a com-

plete resort experience. Ultra lounges, mega-nightclubs and world-class restaurants began opening at a fevered pace. Las Vegas had once again retained its place as the city the rich and famous came to play.

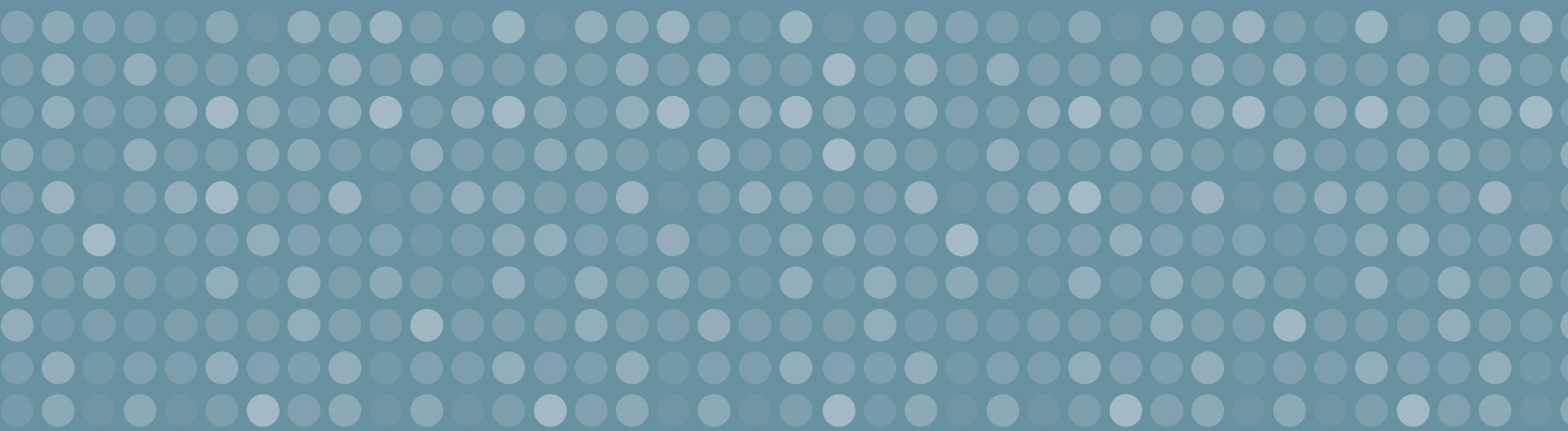
MGM MIRAGE acquired Mandalay Resort Group in 2005, making it the largest resort operator in Nevada. Soon after, Harrah's Entertainment acquired Caesars Entertainment, making Harrah's the largest gaming company in the world. Wynn Las Vegas, Green Valley Ranch, Resort and Spa, Red Rock Resort and Spa, THEhotel, and the Palms are only a few of the properties that have opened in Las Vegas since 2000.

The Future

By 2006, gaming revenues grew to more than \$12.5 billion annually and numerous large-scale projects had been announced including the nation's largest ever private construction project, MGM MIRAGE'S \$7 billion Project CityCenter, and Boyd Gaming's \$4 billion Echelon Place. Numerous other expansions and new projects have been announced or have begun construction, ushering in what will be one of the most prolific hospitality development booms in Nevada history. In Reno, Grand Sierra Corporation acquired the Reno Hilton and renamed it the Grand Sierra Resort, while Station Casinos has announced its intentions to build a resort on Mt. Rose Highway in south Reno.

As the state continues to grow, gaming will always be the primary reason tourists from around the globe come to Nevada. With significant expansions of exciting properties and the construction of new mega-properties, Nevada's gaming environment is bright. With competition from Macau and Native American gaming, Nevada will remain vigilant in maintaining its competitive advantage by creating a unique experience for every visitor.





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