

Nevada News

RAN — Serving the retail community since 1969

As this newsletter goes to print, the tax force has moved to weekly meetings and continues debate on gross receipts and other taxes.

RAN Tax Survey

You will be receiving a survey that is very important to respond to and return to RAN. We will use this information to show state retailers' true economic participation in Nevada and how this tax will affect RAN members.

Please fill out and return your survey as soon as you receive it.

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New taxes for Nevada – But who will pay and how?

by Mary Lau, executive director, RAN

As any member of the business community knows, the government for the State of Nevada, along with many other states, has been wrestling with reduced revenues. Currently, our state budget demands exceed our revenues. Couple this with Governor Guinn's efforts to bring long-term planning to the state budget process, and you have what has become known as a "structural deficit."

The 2001 legislature formed a committee to study this situation. This committee is known as The Governor's Task Force on Tax Policy in Nevada and was formed under A.C.R. 1 of the 17th Special Session.

(Every member of the Retail Association of Nevada should have a copy of A.C.R. 1. You can download a copy of this bill from the Internet at www.leg.state.nv.us. Once there, click on Session Information, then 17th Special Session. Click on Bills, then on Assembly Concurrent Resolutions. There you'll find A.C.R. 1. If you don't have access to the Net, please call the RAN office for a copy.)

RAN has attended the meetings of this task force and is also a member of a business group that meets at the Las Vegas Chamber of Commerce. Business groups, "special interest" groups, government agencies, etc., have offered many ideas to the task force. However, the task force has promptly ignored most of these suggestions in favor of what has been tagged the "Washington Type Gross Receipts Tax," a problematic system that Washington State has struggled with for many years.

The politics of Washington's gross receipts tax (GRT) has a long history, and it would take more than one issue of the newsletter for such a history lesson. (For further discussion, please see "Washington's Gross Receipt Tax on page 5.) Despite Washington's troubles, the Nevada Resort Association, via their members on the task force and its subcommittee, termed "Technical Advisory,"

New Taxes for Nevada continued on page 3 ...

Short Takes

Scolaris honored by the California Grocers Association

The California Grocers Association (CGA) will honor Joe Scolari, Joey Scolari and Jerry Scolari, of Scolari's Food and Drugs at the CGA Educational Foundation Hall of Achievement Dinner on Thursday, March 6, 2003, in Sacramento, CA.

The Hall of Achievement award is given to outstanding members of the retail food industry. Inductees into the Hall of Achievement, in addition to other criteria, must demonstrate a commitment to their communities through volunteering for charitable and civic programs, participating in major fundraising campaigns and community charitable events, and being involved in humanitarian and cultural causes and enhance community education.

Joe Scolari opened his first

grocery store on the central California coast. Sons Joey and Jerry learned about the business while working with their father, and in 1979, opened JJ's, a convenience store in Rio Grande, CA. In 1982, the three Scolaris bought into Warehouse Markets in Reno. They became sole owners of the business and gave the stores the family name, Scolari's Food and Drugs. There are 10 Scolari's stores in the Reno-Sparks area, stores in Carson City, Gardnerville, Fernley, Yerington and Tonopah, and three stores in California.

Joey is the C.E.O. of Scolari's Food and Drug Company, and Jerry is the C.O.O. Their father, Joe Sr., is Chairman of the Board. Joey and Jerry live in the Truckee Meadows, while Joe works out of the California office.

Dayton Chamber of Commerce releases directory

The Dayton Chamber of Commerce has published its first member directory. Its 36 pages are packed with member information and information for anyone interested in the area.

Not only does the directory contain the usual business advertisements, it's also interspersed with Lyon County and Dayton Valley history, vignettes and photographs from the past. Find out about Fannie Gore Hazlet, a suffragette and the first Nevada woman to pilot a plane. Then there's Andrew Walmsley, who arrived in Dayton in 1859 and developed a nut tree farm, which produced charcoal and firewood for Virginia City. And did you know that parts of *The Misfits*, starring Marilyn Monroe, Clark Gable and Montgomery Clift, were filmed in Dayton?

The Directory is also a consumer's guide to important information about the area, such as where schools and parks are located, who to contact for public services, what organizations meet there, what restaurants are available, and what annual events are held in the area.

For more information about the community or the Directory, contact the Dayton Area Chamber of Commerce at 775-246-7909 or visit the website, daytonnvchamber.org.



"Our employees are our greatest asset. I say we sell them."
AHAJOKES.COM

New taxes for Nevada

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seems to have narrowed down the dialog to one option, a gross receipts tax.

What that looks like nobody knows. As of the September 18th meeting, the task force was just beginning to address some of the myriad problems of this tax. The task force has proposed a definition, though:

Gross Receipts: All consideration received for any good or service provided within the state, less bad debts.

However, what the task force is now wrestling with is, "Is this definition workable," and "Do we need more 'adjustments' to gross?"

The problem is, no business in Nevada pays a true gross revenue tax; actually, only one state, Washington, imposes one, but their rate and definition structure is problematic at best. (Please see "Washington's Gross Receipt Tax on page 5.)

So, as of the September 18th meeting, the Task Force is saying that maybe they should exempt the first \$350,000 of gross revenue so that small businesses are less impacted. Please remember, though, that this is on gross receipts, and there is no deduction for cost of goods sold.

This really creates a problem for the retail sector of Nevada business as we, in our various businesses, cannot be compared as apples to apples. Is the gross of a convenience store with gas sales equal to one without? Is a franchised operation gross equal to non-franchised? Is the gross on a

Governor's Task Force on Tax Policy in Nevada

- Established by Assembly Concurrent Resolution 1 (ACR 1) on June 14, 2001, 2001 Legislative Session.
- Eight members appointed by Governor Kenny Guinn, Majority Leader of the Senate, Bill Raggio, and Speaker of the Assembly, Joe Dini.
- Members include:
 - Russ Fields, President, Nevada Mining Association
 - Eva Garcia-Mendoza, Esq., Garcia-Mendoza & Snively
 - Brian L. Greenspun, President and Editor, Las Vegas Sun
 - Guy Hobbs, Managing Partner, Hobbs, Ong & Associates, Inc.
 - Kenneth B. Lange, Executive Director, Nevada State Education Association
 - Dr. Luther Mack, Jr., Mack Associates, Inc.
 - Mike Sloan, Senior Vice President, Mandalay Resort Group
 - Nancy C. Wong, Vice President, Arcata Associates, Inc.

ACR 1 directs the task force to identify specific taxes for study, and, where necessary, to evaluate alternatives aimed at creating a broader revenue base that will address existing imbalances and provide a more stable and equitable system in the long run.

On or before November 15, 2002, the task force is required to submit a report of its review and analysis to the Office of the Governor and the Director of the Legislative Counsel Bureau.

The report must include one or more definitive proposals to address the tax needs of the state.

Source: www.appliedanalysis.com. Please visit this site for detailed information on how the study of the gross receipt tax is being done. The site also lists meeting dates.

grocery store the same as the gross in auto sales? Further, does this mean that we now will have increases on the cost of food, drugs, medical supplies, etc., because we are taxing the company that sells the products, but Nevada law exempts sales tax on these purchases?

The problems don't end there. For instance, real estate brokers present yet a different scenario. In

some circumstances, they collect the commissions for their agents, then issue the checks. This is not the company's income, but under this proposal, it would pay a tax on these funds. The same would hold true for attorneys on trust accounts.

Make no mistake. This is a tax on all businesses with carve outs for gaming, and possibly mining. This will affect the retail industry as well as the service industry.

Another look at Gross Receipts Tax

Source: Nevada Manufacturers Association (NMA) newsletter, August 2002. Excerpted from "Gaming Proposes Gross Receipts Tax." Ray Bacon, executive director of NMA and newsletter editor.

- "There has been talk of providing a credit for "other gross receipts taxes." There are only two of those, and they include the gross gaming tax and the insurance premium tax. Taken in the broadest interpretation, this means Gaming has no intention of paying another nickel in taxes."
- "Under this plan (GRT), all businesses, whether they owe or not, would have to file a return. Consequently, more government employees would be needed to process and audit these returns." [The Washington Department of Revenue, the state on which the task force is basing its plan, employs approximately 1400 people to handle its GRT. Nevada's Dept of Taxation employs approximately 280.]
- This idea [GRT] misses most of the basic principles of good tax policy. It will have an astronomical overhead and collection cost for the state and a very high compliance cost for every business. The existing computer system at the Department of Taxation cannot handle this massive new tax structure, and the implementation of this tax would take three to five years.
- "The business coalition's

proposed tax on services plan grows with the state and shifts toward services as the economy shifts. It is not real simple because some services would be taxed and others would not. The decision would be based on the dual criteria—purchased by business or with discretionary income. The sales tax on services matches existing systems so it is "more understandable." It is not regressive. The user of the service has the opportunity to decide whether to pay the tax by making the decision to buy the service. The system is in place in the state to handle and process the collections. It will take a few more people because of the volume, but the overhead cost will be proportional rather than exponential."

- "The sales tax on services will easily be applied to at least \$10 billion in annual sales out of the \$38 billion in annual services sales. A mere tax of 2 percent will raise the same \$200 million dollars as the more complex Gaming plan. Lowering the product sales tax rate to around 5 percent and adding selected services seems like a much better solution. We stand firmly behind the sales tax on services."

Source: NTA e-brief, electronic publication of the Nevada Taxpayers Association (NTA), August 27, 2002.

Regarding the August 21 Task Force Meeting:

- Senator Joe Neal, D-Clark, presented a request that the gross gaming tax be increased by adding a fourth tier—over \$1 million with a rate of 10-1/4 percent.
- Carole Vilardo, president of NTA, made another presentation further detailing NTA's proposals for "passive revenue generation." Committee members expressed concerns about: increasing the Secretary of State fees on non-profits; eliminating vacant positions after only 12 months; and eliminating the emergency assistance fund and disaster relief fund in favor of allowing a percentage of the rainy day fund to be used to accommodate those needs. The task force also discussed the collection allowance provided to retailers and whether it should be eliminated, reduced or capped.
- The technical working group of the task force was assigned to prepare a matrix to show the revenue that would be generated under various scenarios of rates and base or other considerations. Proposed for modeling:

Business License Tax

Increasing the rate (not specified to what) and eliminating the conflict, which would have the effect of

NTA e-brief continued on page 5 ...

"If the facts don't fit the theory, change the facts."

- Albert Einstein

NTA e-brief

continued from page 4

including sole proprietors not currently paying the tax. Increasing Secretary of State fees, including the annual filing fees.

Property Tax

Discussion focused on the need to raise the property tax cap if there was to be consideration of providing a 5-cent or 10-cent increase for state use. It was acknowledged that the legislature could simply increase property taxes "outside" the cap.

Sales Tax

Limited expansion of the base to include services provided in conjunction with tangible goods. (Concern was expressed about the regressiveness of capturing repair services.)

Liquor Tax

Generally discussed was an increase to the tax by either 50 percent or 100 percent.

Restricted Slot Tax

Discussion was to look at the viability of having this tax under the gross gaming tax instead of the per machine flat tax.

"When you deal with taxes, believe me, the devil is in the details. How will it be applied? What will the penalties be? How is it going to be paid: on an annual basis, semiannual basis? And if it is on a semiannual basis, will you get interest back on your overpayment?"

– Carole Vilardo, president of the Nevada Taxpayers Association

Source: *Reno Gazette Journal*, 13 September 02.

Washington's gross receipt tax

Washington State's gross receipts tax—Business Activities Tax—was enacted in 1933 as a temporary, emergency revenue measure. It is an "excise tax on the privilege of engaging in business."

In its 69 years, the tax has gone through no less than 18 revisions, additions and deletions. The initial rates of the B&O tax were 0.25 percent for all activities except services, taxed at 0.5 percent. Surtaxes enacted in 1951, 1955 and 1959 put the base tax rate at 0.44 percent, today's rate, for manufacturing, wholesaling and retailing. In subsequent years, surtaxes were added, reduced, and raised. In 1982 and 1983, a series of surtaxes were added, including four rate changes within a 15 month period, including a 10 percent surtax that was later incorporated into the current permanent rate for manufacturing and wholesaling classifications.

In 1987, the U.S. Supreme Court ruled that the Washington B&O tax presented the potential for double taxation of the same income for manufacturing firms that do business in and outside of the state, so the Legislature enacted credits for different types of business activities.

Washington's Tax Reference Manual lists 18 types of exemptions, 17 types of deductions and 10 types of credits granted for specific business activities. According to the Manual, these are only a few of the categories that exist.

In 1994, the Legislature moved to reduce the tax load on small businesses by replacing a thresh-

old of \$1,000 per month by a credit equal to \$35 per month, i.e. a service firm pays no tax if income is less than \$28,000 per year ($\$35/.015 \times 12$). A manufacturing firm doesn't incur B&O liability until it reaches income of \$86,777 per year ($\$35/.00484 \times 12$). Even at that, the Manual says that the B&O tax "imposes a heavy burden on new and small businesses, ... and as a result, does not encourage economic development."

Further, the Manual says that the tax favors certain types of business. Compare the profit margins of two different service industries—legal services, with typical net profits before taxes of about 18 percent, and barber and beauty shops with an average net profit of about 5 percent. The applicable B&O tax rate is 1.5 percent for both, so compared with profits for the firm, the effective B&O tax rate is only 8.3 percent for legal services but 30 percent for barber and beauty shops.

Mary Lau, executive director of RAN, says in a letter to Guy Hobbs, chairman of the task, "Is the B&O tax in Washington State, the [tax force's] model of choice, a good solution?" The Washington Legislature is now dealing with a \$1.4 million deficit and an anticipated \$1 billion deficit in 2003.

Washington has been grappling with its gross receipts tax for nearly 70 years. Lau suggests that the task force present more than this one option to the 2003 Legislature and not proceed with their attitude of "Just get it passed and we'll work out the problems later."

Source One Events Source One Staging

• Events Planner

Branan Allison and Kirk Schulz are a couple of ambitious guys who took their experience in event organizing and turned it into a successful business—actually, two successful businesses. They own Source One Events and Source One Staging, two full-service companies that make events happen.

The companies are located in Las Vegas, the place to be for their kind of work according to Schulz. Las Vegas is the number one destination point for just about every kind of event, including corporate and business meetings and concerts and sports, areas in which

Schultz and Allison excel in facilitating. Their clientele reads like a who's who of movers and shakers.

When Nortel Networks wanted to hold its annual summit meeting, they headed to the Las Vegas MGM and contacted Source One to produce the gig for about 3000 attendees. Not only were there business meetings to tend to where buyers would meet new products, but there were parties to create, a slate of off-site, international theme parties reflecting the regions represented.

No problem, says Schulz,



Laughlin River Days Formula One PROP Boat

“because we are excellent event managers.”

Besides Nortel, they have facilitated events for groups such as H. & R. Block, Lucent Technologies, Native American Finance Officers Association, Mercedes Benz and Domino's Pizza, to name a few.

They like the corporate business, says Schulz, but they also like to create partnerships to produce their own events. Laughlin River Days, showcasing Formula One PROP Boat racing, is one of those events.

Schulz says the group wanted a partner, so Source One took on boat racing. The annual event brings 10,000 people to town. “We produce it soup to nuts,” Schulz

says. It's times like these that the company's staff grows from five permanent employees to up to 50 or 60 contracted employees. Source One finds sponsors and takes care of all the particulars—think ticket printing, ticket takers, tenting, scheduling, promoting, off-site activities, etc. Then the race shows up on ESPN.

Schulz is an old-timer at producing sporting events.

Before he and

Allison started Source One Events, Inc. in 1998, Schultz had worked with a sports marketing firm for about three years. While there, he was a tournament director for the Senior Men's Tennis Tournament featuring Jimmy Connors, John McEnroe and Bjorn Borg.

Allison spent seven years with the Las Vegas Convention and Visitor's Authority. For three years, he was team captain of the Special Events Division, giving him an insider's feel for the work. Together,

[Source One continued on page 7 ...](#)

Source One

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Allison and Schulz have the expertise necessary to make their businesses run smoothly.

Schulz and Allison produce other sporting events including the Professional Bull Riding finals in October, the Big League Challenge in February, golf tournaments, a lacrosse tournament, Friday Night Fights for ESPN2, and more. But it's not all about sports.

After managing over 40 concerts for the Silverton Hotel Casino, Schulz and Allison saw a way to expand their business. The next logical step was Source One Staging. Now they have all the equipment that's needed to put on big name concerts. They have stages, risers, lights, runways infrastructure and expertise. Over the past 18 months, they've produced 20 concerts featuring stars such as Jo Dee Messina, Little Richard, Lyle Lovett, Steppenwolf and others.

Staging isn't just for concerts, though. They can provide the service for all sorts of events. If it

needs a stage, like an annual fundraising fashion show, then Source One can do all the work including erecting the stages and building the sets.

Outsourcing is a popular concept in the business world. Source One Events and Source One Staging works it both ways. Anyone wanting someone to take the headache out of producing an event can call Allison and Schulz. And Allison and Schulz call independent contractors so they can hire just the right specialists for each production.

Schulz says an event doesn't have to be big and a group isn't required to use all the services. The event doesn't even have to be in Las Vegas. They go where the client needs them.

It started as a friendship when Schulz and Allison played football together at Villanova University. Now it's turned into a powerful business partnership that just grows and grows.

NRF predicts increased sales for holiday season

The National Retail Federation (NRF) says that 2002 holiday retail sales will increase 4.0 percent on a year-over-year basis. NRF defines holiday retail sales as sales in November and December for retail stores in the GAFS category—general merchandise, clothing and clothing accessories, furniture and home furnishings, electronics and appliances, sporting goods, hobbies, books and music.

"Consumers this year have been cautious in their spending, but nevertheless continue to bolster retailers' performance," said Rosalind Wells, Chief Economist for NRF. Wells says that a sluggish economic recovery is the main cause for consumers' cautious approach.

According to the survey, consumers who plan to spend less this year on holidays are doing so because they're setting aside money for other purposes, such as savings and paying down debt.

• Seminars •

November - 2002

Western Food Industry Exposition

November 3 - 5, 2002
Las Vegas, NV
Contact: 916-448-3545/
www.foodexpowest.com

January - 2003

FMI Midwinter Executive Conference

January 12 - 14, 2003
Boca Raton, FL
Contact: 202-452-8444/www.fmi.org

IMRA Leadership Forum

January 19 - 22, 2003
Naples, FL
Contact: Jenny Keehan, 703-841-2300

February - 2003

FMI MARKETECHNICS®

February 23 - 25, 2003
Dallas, TX
Contact: 202-452-8444/www.fmi.org

IMRA 2003 Logistics Conference

February 16 - 19, 2003
Orlando, FL
Contact: 703-841-2300

NACS Leadership Assembly

February 24 - 27, 2003
Naples, FL
Contact: 703-684-3600

March - 2003

FMI Distribution Conference

March 16 - 19, 2003
Palm Springs, CA
Contact: 202-452-8444/fmi@fmi.org

April - 2003

nacs.tech 2003

April 28 - 30, 2003
Dallas, TX
Contact: 703-684-3600

Abbreviations

FMI • Food Marketing Institute
IMRA • International Mass Retail Assoc.
NACS • National Association of Convenience Stores
NACDS • National Association of Chain Drug Stores

FINDING BALANCE

By Peggy Morrow, CS

It seems that life comes in two speeds today: fast and even faster. Everyone is pressured, stressed and trying to keep some balance in his or her life as companies cut personnel and try to do more with less.

So your days at work are jam packed, and then you do it all over again at home. What's a body to do? Well, here are a few suggestions and techniques to help you balance all the conflicting priorities in your life and work.

Become a master organizer

Become a master organizer. If you don't have a planning system or you are not using it on a daily basis, you can never hope to find some balance in your life. Use it to track both your work and home commitments so you avoid planning a family vacation before a major project is due at work. Every week, review your schedule to ensure you have everything synchronized. Set up a central information board for your family so they all know the plan for the week and what they have to do.

Above all, delegate to everyone in the family. Even the youngest member can contribute to getting the chores done. One of the biggest problems I see is women (and some men) still trying to do it all. At work, delegate also. Are you a perfectionist who thinks, "No one

can do it as well as I can?" Get rid of that notion if you want to have some semblance of balance in your life.

Set aside personal time each day

Set aside some personal time each day. "But I don't have time," you wail. Actually, taking just fifteen minutes of personal time each day will increase your productivity, and you will avoid burnout. What you do for rest and relaxation depends on your own preferences. Whether it is attending a fitness class or just twenty minutes of meditation, find some time to recharge your batteries each day. But are you guilty of the syndrome that when you become really time-pressured, the first things to go are those things you do for yourself? Guard against the tendency to let your interests and needs drop the minute things get hectic.

Hire whatever help you can afford. Money does buy happiness every once in awhile. Consider help for household chores, yard work and any other thing you can find for someone else to do. Maybe you can only afford it once a month, but even that little bit will help buy you some leisure time.

Simplify and streamline

Simplify and streamline. The years when you are raising children and working at a job are the years

when you should aim to keep your life as uncluttered as possible. Look for ways to consolidate and simplify. For example, shop and cook in bulk. Buy all the birthday cards for the year at once.

How much "stuff" do you really need? A lot of Americans have so much stuff that they have to rent storage spaces to keep all of it. A house won't hold it all! Every purchase brings with it responsibilities and the need for storage room and maintenance.

Keep commitments to a minimum. We all say "yes" to too many things for both our children and ourselves. You can quickly become over extended and burn yourself out. During periods when you feel overwhelmed by work and personal commitments, be ruthless about evaluating what you can eliminate or delegate to others. Think again about just how many activities your children really need to be in. Is it necessary for you to be on that committee, or would you rather spend some quiet time at home?

Remember, in the end, you are the only one who can establish balance in your life.

Peggy Morrow, CSP, is a professional speaker and seminar leader. To have her work with your group call (281) 280-8190, e-mail peggy@peggymorrow.com.

New moves could reduce pharmacist shortage

New rules issued by the National Association of Boards of Pharmacy (NABP) could add to the pharmacist shortage in the U.S. The new rule requires that pharmacy students graduating after January 1, 2003, graduate from a five-year program in order to take the Foreign Pharmacy Graduate Equivalency Exam (FPGEE). Pharmacists must pass the FPGEE before taking the U.S. licensure exam, but only 40 percent of foreign pharmacy programs offer a five-year curriculum. Canadian pharmacy students, however, could still take the FPGEE if the American Council of Pharmaceutical Examiners (ACPE) changes its rules.

The National Association of Chain Drug Stores (NACDS) reports that the Senate Health, Education, Labor & Pensions Committee passed legislation specifically addressing the pharmacy work force.

The Pharmacy Education Aid Act of 2001 (S. 1806) would authorize funding for a pharmacist loan repayment program, create a school-based student loan repayment program for prospective faculty, and create a grant program for schools to install computer-based systems for pharmacy education.

NACDS reports that the legislation should pass the full Senate, but full Congressional action isn't expected until next year.

Jim Nauman joins RAN board

Jim Nauman, store manager for Sears at Meadowood Mall in Reno, has joined the Retail Association of Nevada's (RAN) Board of Directors. Nauman stepped into the lead position at the Reno Sears on January 1, 2002.

Nauman says he wants to see retail in Nevada grow, and likewise for Meadowood Mall. He wants to see retail in the Mall "grow in quality and quantity." Growth may mean more competition for Sears, but it also brings more customers into the market, Nauman says.

Although Nauman is fairly new to the political climate of the state, he does know one thing—if legislation affects retail, he's interested and will work with the Association to promote the best interests of the business community.

Nauman was first associated with the Meadowood Sears seven years ago. As the operations manager, he facilitated the close of the old Sears in Park Lane Mall and the transition to the store in Meadowood Mall. Prior to this move to the Meadowood store, Nauman was in Clovis, CA, where he opened a new Sears. Now he's returned to Reno to host a number of changes.

Since January, Sears has been going through a transformation. Everything from merchandise to marketing has changed, Nauman

says. By the first of October, all the anticipated changes will be in place, and shoppers will find a brighter, more efficient store in which to do their holiday shopping.

There will be no more getting hung up in skinny, merchandise crowded aisles, having to rifle through stacks of clothes to find a size, or waiting for cashiers. Nauman says they've been fine tuning the store to offer easy, enjoyable shopping, and shoppers will be surprised and pleased by what they find.

Shopping will be easier with more variety. Sears is introducing high-end clothing with its Covington line for men, women and children, which is in the store this season, and welcomes Lands' End, available in spring 2003.

The big changes on the sales front are soon to be followed by a \$31 million remodel starting this spring. There will be more space for electronics and appliances, and the home fashions, children's clothing and shoe departments will be expanded. Tool Territory, where the famous Craftsman tools reside, will have a whole new, shopper-friendly look.

It's the 4th quarter for retail, and Nauman says Sears is ready and geared up for a healthy holiday shopping season. He's also ready to work with RAN during the 2003 legislative session.

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• Membership in RAN Required •

Important Information for SIG Members

The NRS governing self insured groups requires notifying members of all new members to the Group. New members for NRNSIG as of October 2, 2002, are listed below. For a complete member list, please call RAN at 775-882-1700.

Please Note: Due to the many new members added each month to NRNSIG, we are able to list only new members on this page. For information on NRNSIG or NCNSIG, please see information below.

NRNSIG

- Abatement Technology Masters LLC
- Carson City Harley Davidson
- Green Valley Electric
- Henseler & Henseler Veterinary Assoc.
- High Desert Rehab, LLC
- J & D Inc.
- Send2End, Inc.
- Sparks Christian Fellowship

NRNSIG members who wish to register a negative vote on a new group member, write NRNSIG at 810 E. Fifth St., Suite A, Carson City, NV 89701, indicating which member and the reason(s) for the negative vote.

NCNSIG members should contact Joseph Burgess at CHSI, PO Box 33250, Reno, NV 89533, indicating the member and the reason(s) for the negative vote.

Membership Information

Find out more about RAN's self insured groups by calling 775-882-1700 or 800-690-5959. Don't forget our website, www.RANNV.org.

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Reducing Mistakes

Researcher discovers problems in our perceptions of our progress toward goals

"How are you doing?" is a question that's easy to answer when successes come quickly. Your hopes and dreams may actually come true. It's also a question that's easy to answer when nothing goes right, although it will be painful to admit that your goals are unlikely to be achieved. But what about ambiguous feedback, when some things go well and others don't?

Most of us live and work under conditions of ambiguous feedback. Successes and failures occur at the same time, and often so much information floods into our senses that we can get overwhelmed by it if we're not careful.

How do you form perceptions of your progress toward goals under these conditions?

Jeffrey Vancouver, from Ohio University, is interested in this question. It's important, he says, because the perception we form about our progress toward goals guides our actions and often causes our mistakes. His research has attempted to shed light on this process, and he recently completed a series of experiments that did just that. What he learned will help us reduce our own mistakes and those of the people we manage.

We act deliberately. We do what we intend to do, and at the moment of action we feel confident that we're acting correctly . . . that our actions will bring us closer to our goals.

Vancouver made an important discovery about this confidence

level that triggers action. It is subject to bias. That is, there are factors that can cause us to reach our confidence level of action too soon, and when this happens, we act before we're ready. Perhaps we haven't thought out the possible consequences of our actions. Perhaps we haven't considered enough of the feedback already available to us, so we make mistakes.

Vancouver discovered two factors that bias our confidence to act.

When we pay attention to a problem and work on it, we imagine we're making progress, even if we're not. This attention to the task creates the illusion of progress. We can't see ourselves spinning in the same place and making no progress, like a mouse on an exercise wheel, running like crazy but going nowhere. We think that if we're working on it, we're making progress toward the confidence level that will trigger our action. This is biased thinking that will lead us to reach this confidence level too soon, and premature action and mistakes will follow.

The second factor is luck. When we have an easy success, we often don't attribute it to luck. We imagine our success reflects on our abilities and especially on the resources, such as the time, energy, and concentration, that we have devoted to the task.

When we have an easy success, it biases our confidence level for



the next action. We reason that we can safely withdraw resources from this task since it's going well for us. We restrict our attention to feedback and our time for planning, and we act too soon. So we make more mistakes.

Fortunately, Vancouver also discovered the antidote for this bias. It's the very mistakes it causes. When we make mistakes, we stop and devote more attention to the task, and by doing so, we correct the problem the bias created, and then make fewer mistakes.

To successfully apply this research in managing our businesses, we must find ways to harness the curative effect of mistakes before they happen. Here's what I suggest. Incorporate these two questions into your everyday thoughts and discussions: "What could go wrong?" and "What would we do then?"

Reference: Vancouver, Jeffrey B., Charles M. Thompson, E. Casey Tichner, and Dan J. Putka (2002) "Two Studies Examining the Negative Effect of Self-Efficacy on Performance." *Journal of Applied Psychology*, 87 (3), 506-516. *C 2002 Management Resources*

*Washington
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Internet gaming on the hot seat-- Internet gambling is illegal in the U.S., but most Internet gaming is conducted outside U.S. borders, leaving the law toothless. Now a House bill, introduced by James A. Leach, R-IA, will put a bite in the law.

The legislation, passed by a voice vote on October 1, will make it illegal for banks and other financial institutions to allow their credit cards, checks or fund transfers to be used for Internet gambling. Failure to comply would mean civil penalties from regulators.

"It may be illegal to keep gambling sites off the World Wide Web, but it is entirely possible to prevent American credit card

companies from completing these transactions that these crooks need to make their money, and that's what this bill does," Representative Joseph Pitt, R-PA, says.

Some U.S. banks already prohibit their credit cards from being used for Internet gambling.

Gamblers living in America have generated about 60 percent of the \$3.5 billion in Internet gaming revenue this year.

Senator Jon Kyl, R-AZ, will try to push similar legislation in the Senate. Action would have to come before Congress closes.

This is the first time the House has considered legislation that would give regulators the power to enforce the U.S. ban on Internet gaming.

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