

MINUTES

ASSEMBLY TAXATION

May 13, 1975

9:30

Members Present: Chairman May
Mr. Mann
Mr. Christensen
Mr. Murphy
Mrs. Ford
Mr. Young

Members Absent: Mr. Bennett
Mr. Demers
Mr. Harmon

The meeting was called to order at 9:35 by Chairman May. He explained that this meeting was to discuss SJR 15 and A. B. 13.

SENATE JOINT RESOLUTION 15

Mr. Jack Sheehan of the Nevada Tax Commission explained to the committee that the courts have already decided that the state had no jurisdiction on Indian land. He said that the only thing this resolution does is to ask what the intent of federal government was when they passed USC § 261. He clarified the current procedure that the Indian traders are using to get their cigarettes from Oregon.

Mr. Ed Johnson told the committee that the licensing of these smoke shops supported tribal government. He added that if the law was changed by the federal government so that only Indians who lived on the reservation could buy from these shops that it would be unfair because a lot of Indians do not live on the reservations.

Mrs. Ford told the committee that she had some problems with the way the resolution was worded; that it was biased against the Indians.

SENATE BILL 392

Mr. Jack Sheehan of the Nevada Tax Commission told the committee that this bill was to limit the power of the Tax Commission to seize property after a death until the taxes were paid. It would allow seizure of only the amount owed. He said that if this bill did not pass, the commission would adopt it by administrative rule.

ASSEMBLY BILL 13

Mr. Bob Broadbent, Chairman of the Las Vegas Convention/Visitors Authority, spoke in favor of the bill. He handed out a letter (ATTACHMENT 1) and a booklet. He went over parts of the letter. He told the committee that this bill would let Nevada invest its money because for every dollar used for promotion, there is \$5 brought back in by tourists.

Mr. Les Kofoed from the Gaming Industry Association spoke against the measure. He said that you don't take money out of the general fund unless you have money to replace it.

SENATE AMENDMENTS TO ASSEMBLY BILL 317

After hearing the amendments proposed by the Senate, Mrs. Ford moved that the committee concur in those amendments, seconded by Mr. Mann, passed unanimously.

There being no further business, the meeting was adjourned at 10:12.

Respectfully submitted,



Kim Morgan, Secretary

ASSEMBLY
HEARING

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COMMITTEE ON TAXATION.....

Date May 13, 1975 Time 9:30 Room 316.....

Bill or Resolution
to be considered

Subject

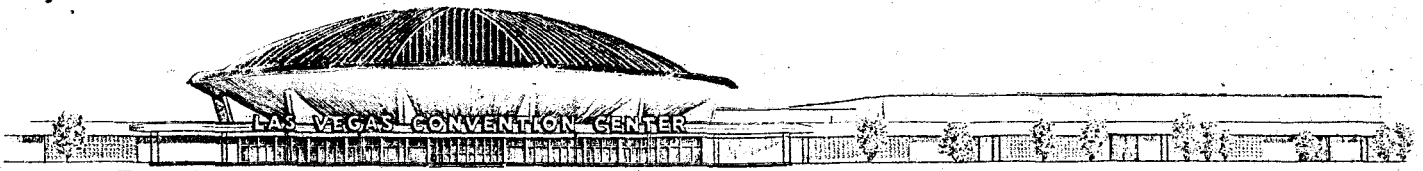
THIS AGENDA CANCELS THE AGENDA FOR MAY 8, 1975.

THERE WILL BE NO MEETING ON MAY 8, 1975.

SJR 15 Memorializing Congress to remedy tax inequities
involved in certain transactions in Indian reservations

A. B. 13 Returns a portion of casino entertainment tax to county
of origin.

SB 392



LAS VEGAS CONVENTION/VISITORS AUTHORITY

CONVENTION CENTER
PARADISE ROAD • P.O. BOX 14006
LAS VEGAS, NEVADA 89114
TELEPHONE • AREA CODE 702 • 735-2323

May 6, 1975

Mr. Paul May
Chairman
Assembly Taxation Committee
State Assembly Building
Carson City, Nevada

Dear Mr. May:

As you are aware, the Las Vegas Convention/Visitors Authority is petitioning this Legislative Session to amend the Nevada Revised Statutes. This amendment would provide a return of one-half of the total entertainment tax to the county in which it was collected. These monies would then be returned to the Las Vegas Convention/Visitors Authority in Clark County for any legal use as provided by the Nevada Revised Statutes.

Of the 17 counties which comprise our state, Clark County stands alone as the top producer in tourism-generated revenues. In 1974, in entertainment tax earned, \$9,118,986 of the total \$11,171,351 (or 81.6%) earned in the entire state was raised in Clark County.

In addition to producing the majority of all tourism-related revenues, Clark County is also the top promoter of tourism in our State. Each year, our local hotels and casinos average a promotion expenditure of some \$300-\$350 million, not including the exorbitant cost of top name talent. It is because of these expenditures, which are spent to fill showrooms and hire tourist drawing celebrities, that the preponderant amount of this State imposed entertainment tax is raised in Clark County.

We feel Clark County should receive the benefit of its efforts, and, under this proposed amendment to NRS 463.303, that one-half of these entertainment tax monies should be returned to the Las Vegas Convention and Visitors Authority for its designated use in the promotion of tourism and conventions.

The LVCVA is a governmental entity representing all of Clark County, and it provides the only nation-wide advertising of the

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Las Vegas/Clark County market area, in addition to its promotion of tourism and conventions. To understand how this organization promotes our area, we can look first at the allocation of its 1974-1975 fiscal year advertising budget. Approved at the figure of \$1.5 million, these monies were spend in media buys of:

59 billboards in	Los Angeles, Route 66, San Diego, San Francisco, Oakland, San Jose, Phoenix, Chicago and New York
5,000 radio spots in	San Francisco, San Jose, Oakland, Los Angeles, Phoenix, and San Diego
550 television spots in	Phoenix, San Jose, Oakland, San Francisco and Los Angeles
61 insertions in	SPORTS ILLUSTRATED and NEWSWEEK
and 39 insertions in	tourism and convention trades

Additionally, the television commercial, which runs in Las Vegas major market areas, features Rich Little, and recently won the American Advertising Federation's "Best in the West" award.

In the area of tourism promotion, the LVCVA works closely with travel agents across the nation, attending all travel trade shows, conducting travel agent familiarization seminars and providing travel agents with Las Vegas promotional material.

In 1974, the LVCVA attended 12 trade shows, with a total agent contact of 25,000. The LVCVA also conducted 100 travel agent familiarization tours this year, and in 1974, its brochure room mailed some 1,679,167 promotional pieces, the majority of which were printed in-house. The brochure room maintains a list of 10,850 travel agents who receive quarterly mailings of Las Vegas information.

As another service to the travel agent, the LVCVA reservations office operates a toll-free WATs line for the exclusive use of the agent. In 1974, this office reserved 157,341 room nights at 27 different hotels and 67 different motels. This service has been made available in an effort to reduce the regret factor in room reservations, and to make booking Las Vegas more convenient for the travel agent.

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In the area of convention promotion, and in addition to those ads appearing in the convention trade magazines, the LVCVA recently produced a 7 1/2 minute convention sales film featuring the voice of Ricardo Montalbon, for the use of its convention bureau salesmen. This film is utilized by our local representatives in making calls on association executives, and by our two regional offices in Chicago and Washington.

This is the general type promotion the Convention and Visitors Authority is implementing on a nation-wide basis. Effective promotion of our market area is becoming a primary concern. In today's travel industry, competition for the tourist dollar has reached an all-time high, and cities throughout the United States are discovering what Las Vegas has known from the beginning--conventions are big business. Every large city in the United States offers convention facilities and almost every resort town has added these facilities to their accommodations. More important, those cities regarded as leading convention sites are expanding their facilities at an alarming rate. To remain competitive, and successful as a leading convention and tourism destination, and to compete with the expanding advertising of comparative destinations such as Maui, who this year allocated \$1-million for that small island alone in advertising dollars, effective advertising and promotion on a large-scale basis is mandatory.

Another area of increasing concern is the rapidly growing number of hotel/motel rooms in our area. Las Vegas currently offers 33,351 hotel/motel rooms--more rooms than cities five times our size. Within 10 years, projections indicate our total room capacity will more than double, and to maintain high level occupancy, and a stable economy, we will need an equal increase in the number of tourists and convention delegates.

An example of what can happen to a tourism-dependent economy which rapidly overbuilds is the situation of Hawaii. As the total number of rooms were increased in this destination, the average occupancy levels were drastically reduced, causing an economic slow-down. Las Vegas is presently at the cross roads of this situation. During 1974, the number of hotel/motel rooms increased 15%, which caused the average occupancy levels to decrease. During 1975, our room capacity will increase another 15% and proposals for additional hotel/motel rooms are already on the drawing boards. Effective promotional programs and

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effective convention sales programs must be implemented to prevent Las Vegas from experiencing what happened in Hawaii.

Conventions play a vital role in stabilizing our occupancy levels and our economy. Large conventions fill every hotel/motel room in town and contribute millions of dollars into our economy. Our area, like every resort town, experiences "slow seasons", and an influx of convention delegates during these periods can prevent any possible economic slump.

In 1973, conventions delivered some \$90-million in revenues to Clark County, and in the first nine months of 1974, over \$50-million. These figures are computed on delegate expenditure, which is projected at \$60-per-day exclusive of gambling. The additional revenues contributed directly to our local economy and to our local employment through such areas as freight, construction, catering, etc. are equally enormous.

Within the last five years, Las Vegas has experienced an increase of 117.8% in convention generated revenues. 703 conventions have already been booked for the next eight years, with attendance estimated at 1,145,139 and potential income of \$302,339,100.

These figures were computed before the expansion to the Las Vegas Convention Center was approved. This expansion in convention facilities has greatly increased our potential in the convention market. Our sales efforts must be broadened and intensified to keep abreast of the increasing competition in the convention industry, and we must implement even stronger sales programs to utilize our additional facilities to their full advantage.

Clark County needs this additional entertainment tax income. We need it to insure our future growth, to stabilize and expand our economy, to insure the acquisition and expansion of private industry and to insure our position as a leading travel destination. Our tourists are our livelihoods, and unless we can motivate more tourists to our area, and subsequently generate more tourist dollars, our future economic situation will suffer greatly.

As representatives of Clark County, we ask that you give this amendment your most earnest consideration. We ask that you look upon this proposal not as a deficit to state funds, but rather as an investment in our future.

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Clark County has never taken funds from the state; rather, Clark County generates the majority of all taxes paid in Nevada. 43% of the entire state budget is raised through gaming taxes, and of that, 69% is raised in Clark County alone. Clark County earns more sales tax, more liquor tax, more room tax and more gasoline tax than any other county in Nevada.

And, for every dollar spent in promotion and sales, we receive five tourist dollars in return. Which means, with the additional income from this amendment, and with effective promotional programs, Clark County can and will return more tax dollars to the State than ever before.

To put it simply, the future of Clark County is the future of Nevada. We are facing a cross roads in our economic development and the decision made on this amendment will effect the economic stability of the entire State of Nevada for years to come.

We are looking to you for support.

Thank you.

Sincerely,

Robert Broadbent
Chairman