

# 2016 Las Vegas Strip Hotel Map

Click a hotel to use interactive map...



## TESTIMONY FOR THE SOUTHERN NEVADA TOURISM INFRASTRUCTURE COMMITTEE

ROBERT LANG, PH.D. | PROFESSOR & EXECUTIVE DIRECTOR  
BROOKINGS MOUNTAIN WEST | THE LINCY INSTITUTE  
GREENSPUN COLLEGE | UNIVERSITY OF NEVADA, LAS VEGAS

# Who Am I?

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**Executive Director of  
Brookings Mountain  
West/The Lincy Institute**

**Senior Fellow at The  
Brookings Institution  
in Washington, DC**

**Urban/Public Affairs  
Professor at UNLV's  
Greenspun College**

# Who Do I Represent?

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**I am Not a Current  
Consultant to Any Party  
in This Conversation**



**I am Based at UNLV, but  
I Do Not Represent the  
University on This Issue**



**I am an Academic Urban  
Planner Offering Insight  
on Tourist Infrastructure**

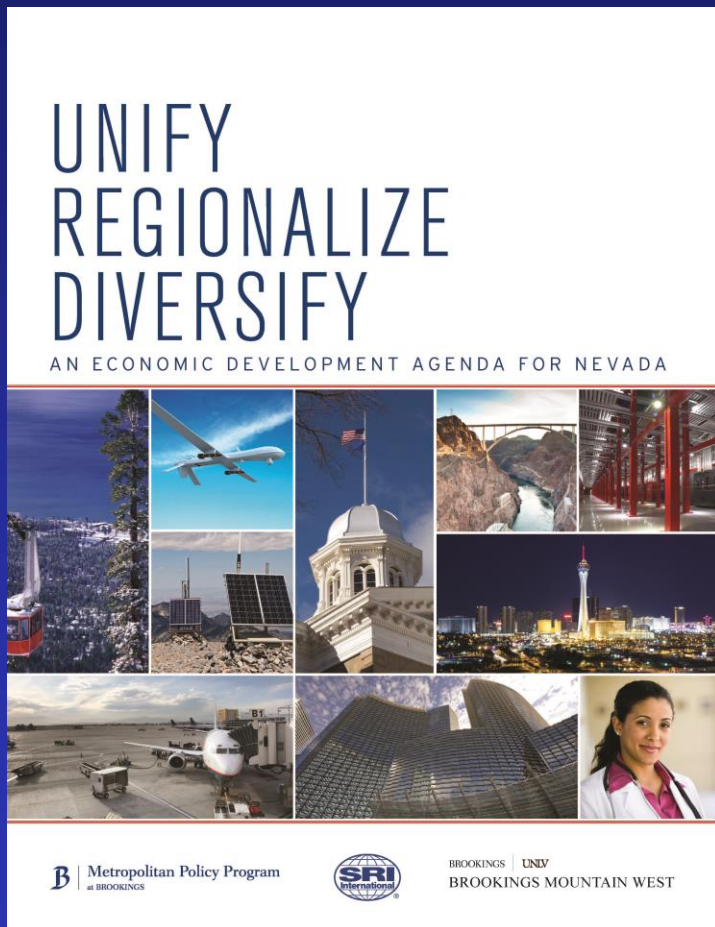
# Main Points of My Talk

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- ❑ Build Everything at Once—Upgraded Convention Center, Rail Transit, and a Stadium**
- ❑ Here is Why—All Our Competitors Have or are Now Building These Assets**
- ❑ Tourism is by Far Southern Nevada's Largest Export—All Fortune 500 Firms are in Gaming**
- ❑ We Need to Rethink the Way We Tax Tourism and See it as More Than a Zero-Sum Game**

# Brookings-SRI Economic Dev Report

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Listed “Tourism, Gaming and Entertainment” as Nevada’s “Core Industry” and Emphasized “Diversifying Within” the Core Sector

Diversifying Within the Core Comprises LV’s Biggest Success to Date

# How Big is Tourism in Las Vegas?



Las Vegas is the 30<sup>th</sup> Most Populous U.S. Metro, but has the 3<sup>rd</sup> Largest Accommodation Services Sector—After NY and Miami, but Ahead of 4<sup>th</sup> Ranked Orlando. By Contrast, Las Vegas Ranks 65<sup>th</sup> Among Advanced Industry Economies.

# Top Accommodation Services Metros

Metropolitan Area	Output in \$Millions
New York	\$6,694
Miami	\$5,064
<b>Las Vegas</b>	<b>\$3,444</b>
Orlando	\$2,479
Honolulu	\$2,239
San Francisco	\$2,168
Washington, DC	\$1,996
Chicago	\$1,685
Los Angeles	\$1,601
Boston	\$1,470

Source: Brookings Metropolitan Policy Program

# Tourist Assets and Taxes

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- ❑ **The Following Tables Show Tourist Assets in Las Vegas Relative to Other Regions in the U.S.**
- ❑ **The Tables Compare Las Vegas on Several Asset Metrics—including Our Tourist Tax Rates**
- ❑ **Our Biggest Threat: Orlando Taxes Tourists the Least and Yet Carves Out a Big Local Revenue Share for Investments in Major Tourist Assets**
- ❑ **We Need to Reconsider Our Tax Carve Outs**



# Comparing Key Tourist Assets

Metro Area	Domestic Airport Rank	Downtown Rail to Airport	Conv. Ctr. Rail to Airport	Distance Conv. Ctr. to Airport	60,000+ Stadium
Atlanta	7	YES	YES	12.0 Miles	YES
Chicago	2	YES	YES	18.9 Miles	YES
Dallas	6	YES	YES	25.1 Miles	YES
Denver	8	YES	YES	26.5 Miles	YES
Las Vegas	4	NO	NO	3.6 Miles	NO
Orlando	5	NO	PLANNED	13.0 Miles	YES

Note: Airport Rank is Based on Origin/Destination & Connections

Tabulation and Data Analysis by Brookings Mountain West/UNLV

# Looking at a Stadium

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- LV's Stadium Would Be a Key "Consumption Export"—Seats Would Be Filled with Tourists**
- A Carve Out of the Live Entertainment Tax Should Be Used to Build Entertainment Venues**
- The Stadium Would Help Diversify the Region's Core Economy By Adding More Events**
- If the Stadium Hosts at Least 20 Events, it Will add \$800 Million to the Las Vegas Economy**

# Stadiums in Metros Around 2 Million

Metropolitan Area	Metro Rank	Pop. In Millions	Biggest Stadium Name	Seating Capacity
Cincinnati	28	2.15	Paul Brown	65,535
Kansas City	29	2.07	Arrowhead	79,451
<b>Las Vegas</b>	<b>30</b>	<b>2.07</b>	<b>Sam Boyd</b>	<b>36,800</b>
Cleveland	31	2.07	First Energy	73,200
Columbus	32	1.99	Ohio	104,994
Indianapolis	33	1.97	Lucas Oil	63,000
San Jose	34	1.95	Levi's	68,500
Austin	35	1.95	Darrel K Royal	100,119

Tabulation and Data Analysis by Brookings Mountain West/UNLV

# Back of the Envelope Calculation

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- ❑ **Live Entertainment Taxes (LET), Add about \$150 Million Annually to Nevada's Revenue**
- ❑ **Perhaps 90% of the LET (or \$135 Million) is Collected in Clark County—Most on The Strip**
- ❑ **An LET Carve Out of Just 25% Equals Almost \$34 Mil Per Year for Investment in a Stadium**
- ❑ **If We Generate \$800 Million in New GDP from a Stadium at a 5% Tax Rate that Equals \$40 Mil**

# Comparing Convention Center Space

Metro Area	Main Center Space Ft <sup>2</sup>	Other Centers Space Ft <sup>2</sup>	Total Center Space Ft <sup>2</sup>	Total Annual Attendance	Total Space Per Attendee
Atlanta	1,500,000	1,000,000	2,500,000	2,287,459	1.09
Chicago	2,670,000	967,000	3,637,000	2,300,000	1.58
Dallas	1,000,000	870,000	1,870,000	1,200,000	1.56
Denver	584,000	133,000	717,000	918,616	0.78
Las Vegas	2,182,167	6,900,000	9,082,167	5,169,054	1.76
Orlando	2,100,000	3,452,000	5,552,000	1,357,387	4.09

Note: Other Convention Space in Centers with 100,000+ Square Ft

Tabulation and Data Analysis by Brookings Mountain West/UNLV

# Comparing Tourist Taxes

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Metro Area	Room Tax on \$105 Per Day	Car Rental Tax on \$57 Per Day	Dining Tax on a \$93 Meal	Total Tourist Tax Burden	Rank Among Top 50
Atlanta	\$16.85	\$5.71	\$7.47	\$30.02	23
Chicago	\$16.85	\$14.16	\$10.03	\$41.04	1
Dallas	\$15.80	\$8.56	\$7.70	\$32.05	15
Denver	\$15.53	\$9.56	\$7.47	\$32.56	13
Las Vegas	\$12.64	\$11.47	\$7.56	\$31.66	17
Orlando	\$13.16	\$5.71	\$6.07	\$25.94	50

Tourism Tax Data From The Global Business Travel Association

Tabulation and Data Analysis by Brookings Mountain West/UNLV

# Where Does the Room Tax Go?

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<b>Las Vegas</b>	<b>Percent</b>	<b>Orlando</b>	<b>Percent</b>
<b>LVCVA</b>	<b>32%</b>	<b>Orange County</b>	<b>100%</b>
<b>State of NV</b>	<b>25%</b>		
<b>Clark County Schools</b>	<b>14%</b>		
<b>Taxing Entity</b>	<b>14%</b>		
<b>Clark County Transportation</b>	<b>8%</b>		
<b>NDOT</b>	<b>4%</b>		
<b>State of NV Tourism</b>	<b>3%</b>		

**Tabulation and Data Analysis by Brookings Mountain West/UNLV**

# What Can the Room Tax Support?

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- In Las Vegas, Room Taxes Can Support:  
Las Vegas Tourism Promotion, Las Vegas Convention Center, State of Nevada Schools, Clark County Schools, Localities, Clark County Transportation, NDOT, and State Tourism Promotion**
- In Orlando, Room Taxes Can Support:  
Orlando Tourism Promotion, Orange County Convention Center, and Tourist-Related Investments Such as Stadiums**



# Tourist Assets: Public vs Private

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<b>Public Tourist Asset</b>	<b>Las Vegas Versus Orlando: Who Leads?</b>	<b>Private Tourist Asset</b>	<b>Las Vegas Versus Orlando: Who Leads?</b>
<b>Airport Connections</b>	<b>Las Vegas</b>	<b>Luxury Resorts</b>	<b>Las Vegas</b>
<b>Rail Connections</b>	<b>Orlando</b>	<b>Fine Dining</b>	<b>Las Vegas</b>
<b>Highway Connections</b>	<b>Orlando</b>	<b>Upscale Shopping</b>	<b>Las Vegas</b>
<b>Convention Center</b>	<b>Orlando</b>	<b>Convention Space</b>	<b>Las Vegas</b>
<b>Large-Scale Stadium</b>	<b>Orlando</b>	<b>Live Entertainment</b>	<b>Las Vegas</b>

**Orlando Leads Las Vegas in Public, but Not Private Tourist Assets**

# Summing Up Tourist Assets/Taxes

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- ❑ We Need to: Refurbish/Expand the Convention Center; Build Light Rail; Construct a Stadium
- ❑ Orlando Built These Assets Despite Having The Lowest Tourist Taxes in the Top 50 U.S. Markets
- ❑ Las Vegas Needs More Tourist Tax Carve Outs: Me, **“It’s Not What You Tax, It’s What You Keep”**
- ❑ Las Vegas Can Show the State That More Tourist Tax Carve Outs Will Add More General Revenue

# Finally...

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- ❑ If Las Vegas Does Not Diversify Within Its Core Sector, Nevada Will Not Have the Resources to Diversify the Economy Outside of Tourism**
- ❑ The Least Risky Bet Nevada Can Make is Supporting Tourist Infrastructure that Diversifies the Las Vegas Core Sector**
- ❑ Atlantic City, NJ is an Example of a Place that Failed to Diversify Within its Core Sector—And the Garden State Suffers as a Result**

**Thank  
You**