

Convention Center Expansion and Renovation
Legislative Recommendation | Preliminary Draft

EXPLANATION: Matter in *bolded italics* is new; matter between brackets ~~{omitted material}~~ is material to be removed.

OVERVIEW

SECTION 1 amends NRS 244 to increase the room tax by one-half of one percentage point (0.5 percent) in counties with 700,000 people or more. **SECTION 2** specifies allowable uses of the additional room tax revenue created in **SECTION 1**. **SECTION 3** enumerates prohibited uses of the additional room tax revenue created in **SECTION 1**. **SECTION 4** amends NRS 244A to cap the local government collection allowance for the transient lodging tax to an amount not greater than \$25 million per year in counties with a population of 700,000 or more; establishes the allowable uses and prohibited uses for the revenues in excess of the maximum collection allowance in Section 4. **SECTION 5** creates a committee for convention facilities in counties with a population of 700,000 or more. **SECTION 6** establishes the duty of the county fair and recreation board to provide support and information to an oversight committee for convention facilities. **SECTION 7** establishes certain reporting and duties of an oversight committee for convention facilities. **SECTION 8** amends NRS 268 to increase the room tax by one-half of one percentage point (0.5 percent) in all cities in a county with 700,000 people or more. **SECTION 9** specifies the allowable uses of the additional room tax revenue created in **SECTION 8**. **SECTION 10** enumerates prohibited uses for the additional room tax revenue created in **SECTION 8**. **SECTION 11** exempts the imposition of the increases in room tax as set forth in this Act from the business impact statement requirement. **SECTION 12** and **SECTION 13** exempt the Act from the legislative limitation on the imposition of additional transient lodging taxes. **SECTION 14** makes the Act effective upon passage and approval with ninety (90) days to implement the increase in room tax and sunsets the tax when the notes, bonds or other securities issued to fund the cost of the project have been paid in full or thirty-three (33) years, whichever occurs first, unless the state legislature determines it is in the best interest of the state's tourism industry to extend the tax for a longer period of time.

LANGUAGE FOR CONSIDERATION

SECTION 1. *NRS 244.335X Additional mandatory tax on revenues from rental of transient lodging: Imposition and collection; schedule for payment; penalty and interest for late payment.*

1. The board of county commissioners:

(a) In a county whose population is 700,000 or more, shall impose a tax, in addition to any other tax imposed on transient lodging, of one-half of one percent (0.5%) of the gross receipts from the rental of transient lodging in that county upon all persons in the business of providing lodging. This tax must be imposed by the board of county commissioners in each county, regardless of the existence or nonexistence of any other license fee or tax imposed on the revenues from the rental of transient lodging. The ordinance imposing the tax must include a schedule for the payment of the tax and the provisions of subsection 4.

2. The tax imposed pursuant to subsection 1 must be collected and administered pursuant to NRS 244.335.

3. The tax imposed pursuant to subsection 1 may be collected from the paying guests and may be shown as an addition to the charge for the rental of transient lodging. The person providing the transient lodging is liable to the county for the tax whether or not it is actually collected from the paying guest.

4. If the tax imposed pursuant to subsection 1 is not paid within the time set forth in the schedule for payment, the county shall charge and collect in addition to the tax:

(a) A penalty of not more than 10 percent of the amount due, exclusive of interest, or an administrative fee established by the board of county commissioners, whichever is greater; and

(b) Interest on the amount due at the rate of not more than 1.5 percent per month or fraction thereof from the date on which the tax became due until the date of payment.

5. As used in this section, "gross receipts from the rental of transient lodging" does not include the tax imposed and collected from paying guests pursuant to this section.

SECTION 2. NRS244.33X Additional mandatory tax on revenues from rental of transient lodging: Distribution of proceeds; Use of funds.

1. The proceeds of the tax imposed by Section 1 shall be paid to the county fair and recreation board established by NRS 244A.597 thru NRS 244A.645 for that County and the proceeds of the tax received by the county fair and recreation board under Section 1 shall not be subject to the collection fee set forth in NRS 244A.645 and must be accounted for separately and used only:

(a) To expand an existing convention center owned and operated by the fair and recreation board with the addition of no less than 600,000 square feet of leasable exhibition space plus associated support space, and to further expand, construct, improve, maintain and renovate existing convention center facilities of the county fair and recreation board; and

(b) To pay the principal and interest on notes, bonds or other securities issued to fund the cost of projects described in subsection 1.

2. Such proceeds shall be treated as pledged revenues of the project for the purposes of subsection 3 of NRS 350.020.

SECTION 3. NRS244.33X Additional mandatory tax on revenues from rental of transient lodging: Prohibited uses of proceeds. The proceeds of the tax imposed pursuant to Section 1 may not be used:

1. As additional security for the payment of, or to redeem, any general obligation bonds issued prior to the passage of this Act;

2. To defray the costs of collecting or administering the tax incurred by the county fair and recreation board;

3. To fund operating activities;

4. To fund any general repair and maintenance on recreational facilities that would otherwise be funded from the general fund of the fair and recreation board;

5. To improve and expand recreational facilities other than those authorized in Section 2;

6. To construct, purchase or acquire recreational facilities other than those authorized in Section 2; or

7. For any other purpose inconsistent with Section 2.

SECTION 4. NRS 244A.645 Powers of board concerning license taxes assigned or appropriated by cities, towns and counties. In connection with any license taxes assigned or appropriated by any city, town or county, or any combination thereof, for use in connection with NRS 244A.597 to 244A.655, inclusive, the county fair and recreation board of any county, upon behalf of the county, in addition to powers elsewhere conferred, may:

1. Collect the proceeds of such taxes from time to time, receive, control, invest and order the expenditure of all money pertaining thereto, prescribe a procedure therefor, including, but not limited to:

(a) Enforcing the collection of any delinquent taxes and providing penalties in connection therewith, including, without limitation, the suspension of the business license issued by a county, city or town to a transient lodging facility and the closure of a transient lodging facility for failure to pay the tax on transient lodging; and

(b) Creating an office and hiring personnel therefor.

2. Defray the reasonable costs of collecting and otherwise administering such taxes from not exceeding 10 percent of the gross revenues so collected, excluding from this limitation and from those gross revenues any costs of collecting any delinquent taxes borne by any delinquent taxpayer.

(a) In a county whose population is 700,000 or more:

(1) The incorporated cities collectively and any county shall enter into an agreement with the board for the payment of collection fees, which may not exceed 10 percent of the proceeds of the license taxes collected by a particular city or the county, except that the total payment of collection fees to all the cities and the county must not exceed \$25 million in any single fiscal year.

(b) Revenues in excess of the maximum collection allowance from the taxes imposed on the rental of transient lodging as set forth in Section 4 (2)(a) which would have been paid to the collecting entities shall be pledged revenues for the purpose of subsection 3 of NRS 350.020 and accounted for separately and used only:

(1) To expand an existing convention center owned and operated by the county fair and recreation board with the addition of no less than 600,000 square feet of leasable exhibition space plus associated support space, and to further expand, construct, improve and renovate the facilities of the county fair and recreation board; and

(2) To pay the principal and interest on notes, bonds or other securities issued to fund the cost of projects described in Subsection 1.

(c) Revenues in excess of the maximum collection allowance from the taxes imposed on the rental of transient lodging as set forth in Section 4 (2)(a), which would have been paid to the collecting entities shall not be used:

(1) As additional security for the payment of, or to redeem, any general obligation bonds issued prior to the passage of this Act;

(2) To defray the costs of collecting or administering the tax incurred by the county fair and recreation board;

(3) To operate and maintain recreational facilities under the jurisdiction of the county fair and recreation board;

(4) To improve and expand recreational facilities other than those authorized in Section 2;

(5) To construct, purchase or acquire recreational facilities other than those authorized in Section 2; or

(6) For any other purpose inconsistent with Section 2.

SECTION 5. NRS 244A.XXX Oversight panel for convention facilities: Establishment in counties whose population is 700,000 or more; membership; terms of members; meetings.

1. The oversight committee shall be comprised of seven (7) members that live in the county.

2. Oversight committee members shall be nominated by the board of county commissioners, city councils of any incorporated city in the county, the Majority Leader of the Nevada State Senate, the Speaker of the Nevada State Senate, and the association of gaming establishments whose membership in the county collectively paid the most gross revenue fees pursuant to NRS 463.370 in the preceding year, and shall be appointed by the Governor.

3. The seven (7) members appointed by the Governor shall include:

(a) Five members who are executives and/or directors of construction of active commercial hotel resort properties who have experience managing the design, engineering, cost estimating and construction of commercial conference and/or convention facilities; and

(b) Two members who are experienced in the financing of capital projects within the State of Nevada.

4. No two members of the oversight panel for convention facilities shall be representatives of the same company.

5. The initial term for members appointed under Section 5(3)(a) shall end on June 30, 2018, and the initial term for members appointed under Section 5(3)(b) shall end on June 30, 2019. After the initial terms, the term of each member of the oversight panel is two (2) years. Members of the oversight panel are eligible for reappointment.

6. The chair and vice chair of the oversight panel shall be appointed by the Governor.

7. The oversight panel for convention facilities may meet at the call of the chair of the oversight panel, but is not required to hold meetings except for the purposes of carrying out its duties pursuant to this Act, or at the request of the Legislature, the Governor or county fair and recreation board.

8. The oversight panel shall comply with NRS Chapter 239 and will dissolve upon the earlier of ten (10) years after the date of passage of the Act or the completion of the expansion and renovation projects as set forth in Section 2, as certified by an independent public accountant.

SECTION 6. NRS 244A.XXX Oversight panel for convention facilities: Duty of county fair and recreation board to provide support and information. The county fair and recreation board in a county whose population is 700,000 or more shall:

1. Provide administrative support to the oversight panel for convention facilities to ensure its ability to fulfill the duties and responsibilities pursuant to this Act;

2. Comply with all requests by the oversight panel for information;

3. Prepare a 3-year plan for the renovation and expansion of convention facilities and a 5-year plan for the construction of convention facilities funded by this Act for submission to the oversight panel for its review and recommendations on or before June 30 of each even-numbered fiscal year;

4. Provide an annual progress update of all projects undertaken pursuant to Sections 2 and 9 of this Act.

(a) The annual progress update shall have been accepted by the fair and recreation board before being submitted to the oversight panel for convention facilities.

5. Consider each recommendation, approval or disapproval of the oversight panel for convention facilities.

(a) The fair and recreation board may reject the recommendation, approval or disapproval of the oversight panel for convention facilities. If the recommendation, approval or disapproval of the oversight panel for convention facilities is rejected by less than 67 percent of the voting members of the fair and recreation board, the fair and recreation board shall revise and resubmit the recommendation, approval or disapproval to the oversight panel for convention facilities before taking any further action on that recommendation.

6. On or before August 31 of each fiscal year, submit to the oversight panel for convention facilities for review an annual third-party audit of all construction or renovation payments made with the proceeds of the license taxes in Section 1 and 8 of this Act and the revenues retained pursuant to Section 4 of this Act for the immediately preceding fiscal year; and

7. On or before August 31 of each fiscal year, submit to the oversight panel for convention facilities for review an annual third-party audit of all bond activity and uses related to the proceeds of the license taxes in Section 1 and 8 of this Act and the revenues retained pursuant to Section 4 of this Act for the preceding fiscal year.

SECTION 7. NRS 244A.XXX Duty to review and submit recommendations for convention facility expansion and renovation plans; oversight panel required to approve or deny request for issuance of certain bonds.

1. The oversight panel for convention facilities shall review and, within 30 days approve or disapprove plans for expansions to or renovation of any convention facilities undertaken pursuant to this Act.

2. In a county whose population is 700,000 or more, the oversight panel for convention facilities shall review and, within 30 days, approve or disapprove a request of the county fair and recreation board for the issuance of bonds or any other form of indebtedness pursuant to this Act.

3. The oversight panel's approval of any issuance of bonds or any other form of indebtedness as set forth in subsection 2 shall be made after the approval, if any, required by any debt management commission and prior to adoption of a resolution of intent pursuant to subsection 3 of NRS 350.020.

SECTION 8. NRS 268.09X Additional mandatory tax on revenues from rental of transient lodging: Imposition and collection; schedule for payment; penalty and interest for late payment.

1. The city council or other governing body of each incorporated city:

(a) In a county whose population is 700,000 or more, shall impose a tax, in addition to any other tax imposed on transient lodging, of one-half of one percent (0.5%) of the gross receipts from the rental of transient lodging in that city upon all persons in the business of providing lodging. This tax must be imposed by the city council or other governing body of each incorporated city, regardless of the existence or nonexistence of any other license fee or tax imposed on the revenues from the rental of transient lodging. The ordinance imposing the tax must include a schedule for the payment of the tax and the provisions of subsection 4.

2. The tax imposed pursuant to subsection 1 must be collected and administered pursuant to NRS 268.095.

3. The tax imposed pursuant to subsection 1 may be collected from the paying guests and may be shown as an addition to the charge for the rental of transient lodging. The person providing the transient lodging is liable to the county for the tax whether or not it is actually collected from the paying guest.

4. If the tax imposed pursuant to subsection 1 is not paid within the time set forth in the schedule for payment, the county shall charge and collect in addition to the tax:

(a) A penalty of not more than 10 percent of the amount due, exclusive of interest, or an administrative fee established by the board of county commissioners, whichever is greater; and

(b) Interest on the amount due at the rate of not more than 1.5 percent per month or fraction thereof from the date on which the tax became due until the date of payment.

5. As used in this section, "gross receipts from the rental of transient lodging" does not include the tax imposed and collected from paying guests pursuant to this section.

SECTION 9. NRS 268.09X Additional mandatory tax on revenues from rental of transient lodging: Distribution of proceeds; Use of funds.

1. The proceeds of the tax imposed by Section 8 shall be paid to the county fair and recreation board established by NRS 244A.597 thru NRS 244A.645 for that County and the proceeds of the tax received by the county fair and recreation board under Section 8 shall not be subject to the collection fee set forth in NRS 244A.645 and must be

accounted for separately and used only:

(a) To expand an existing convention center owned and operated by the fair and recreation board with the addition of no less than 600,000 square feet of leasable exhibition space plus associated support space, and to further expand, construct, improve, maintain and renovate existing convention center facilities of the county fair and recreation board of the county fair and recreation board; and

(b) To pay the principal and interest on notes, bonds or other securities issued to fund the cost of projects described in subsection 1.

2. Such proceeds shall be treated as pledged revenues of the project for the purposes of subsection 3 of NRS 350.020.

SECTION 10. NRS268.09X Additional mandatory tax on revenues from rental of transient lodging: Prohibited uses of proceeds. The proceeds of the tax imposed pursuant to Section 8 may not be used:

1. As additional security for the payment of, or to redeem, any general obligation bonds issued prior to the passage of this Act;

2. To defray the costs of collecting or administering the tax incurred by the county fair and recreation board;

3. To fund operating activities;

4. To fund any or general repair and maintenance on recreational facilities that would otherwise be funded from the general fund of the fair and recreation board;

5. To improve and expand recreational facilities other than those authorized in Section 9;

6. To construct, purchase or acquire recreational facilities other than those authorized in Section 9; or

7. For any other purpose inconsistent with Section 9.

SECTION 11. Exemption from Business Impact Statement requirements. Any ordinance or other action of the board of county commissioners or city councils taken pursuant this Act is exempt from the requirements of NRS 237.030 thru 237.150.

SECTION 12. NRS 244.3359 Taxes on rental of transient lodging: Limitations on imposition of new tax and on increase in rate of existing tax; legislative declaration; exceptions.

1. A county whose population is 700,000 or more shall not impose a new tax on the rental of transient lodging or increase the rate of an existing tax on the rental of transient lodging after March 25, 1991, except pursuant to NRS 244.3351, 244.3352, ~~and~~ 244.33561 *and Section 1 of this Act.*

2. A county whose population is 100,000 or more but less than 700,000 shall not impose a new tax on the rental of transient lodging or increase the rate of an existing tax on the rental of transient lodging after March 25, 1991, except pursuant to NRS 244.33561.

3. Except as otherwise provided in subsection 2 and NRS 387.191, the Legislature hereby declares that the limitation imposed by subsection 2 will not be repealed or amended except to allow the imposition of an increase in such a tax for the promotion of tourism or for the construction or operation of tourism facilities by a convention and visitors authority.

SECTION 13. NRS 268.0968 Tax on revenues from rental of transient lodging: Limitations on imposition of new tax and on increase in rate of existing tax; legislative declaration.

1. Except as otherwise provided in NRS 268.096, ~~and~~ 268.801 to 268.808 *and Section 8 of this Act*, inclusive, a city located in a county whose population is 700,000 or more shall not impose a new tax on the rental of transient lodging or increase the rate of an existing tax on the rental of transient lodging after March 25, 1991.

2. Except as otherwise provided in NRS 268.7845, a city located in a county whose population is 100,000 or more but less than 700,000 shall not impose a new tax on the rental of transient lodging or increase the rate of an existing tax on the rental of transient lodging after March 25, 1991.

3. The Legislature hereby declares that the limitation imposed by subsection 2 will not be repealed or amended except to allow the imposition of an increase in such a tax for:

(a) The promotion of tourism;

(b) The construction or operation of tourism facilities by a convention and visitors authority; or

(c) The acquisition, establishment, construction or expansion of one or more railroad grade separation projects.

This is a preliminary draft document.

It is intended for discussion purposes only.

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SECTION 14. 1. *This Act shall become effective upon passage and approval except that Sections 1 and 8 shall be imposed ninety (90) days after passage and approval.*

2. *Transient lodging taxes created in Sections 1 and 8 of this Act shall sunset:*

(a) When the notes, bonds or other securities issued pursuant to Section 2(b) and Section 9(b) of this Act have been fully paid; or

(b) Thirty-three (33) years from the effective date of this Act, whichever occurs first.

3. *On a date not less than three years prior to the sunset of the transient lodging tax as set forth in subsection 2, the Nevada State Legislature shall consider in a public hearing whether it is in the best interest of the state's tourism industry to extend the imposition of the transient lodging taxes set forth in Sections 1 and 8 for a longer period of time.*