

LCB File No. R159-07

**PROPOSED REGULATION OF THE
COMMISSION ON TOURISM**

Proposed STAR Bond Regulations

Legislative Summary: NRS 271A authorizes the creation of tourism improvement districts (TIDs) for the promotion of economic development and tourism. This law creates a financial tool that allows for the pledge of incremental sales and use tax proceeds for certain art, tourism and entertainment or recreational projects where tangible personal property is sold or consumed at retail.

NRS 271A further requires that for a project to be eligible for STAR bonds, a preponderance of the increase in the proceeds from sales and use taxes from within the TID must be attributable to transactions with new tourists or tourists who would likely extend their stay because of the project and who are not residents of the State of Nevada.

This chapter establishes the information a project must provide and the criteria the Nevada Commission on Tourism (“Commission”) will require when considering whether or not a project meets the preponderance requirement.

CHAPTER 231 - ECONOMIC DEVELOPMENT AND TOURISM

“STAR” BOND PREPONDERANCE EVALUATION CRITERIA

- 231.300*** ***Definitions.***
- 231.305*** ***“Project” defined.***
- 231.310*** ***“District” defined.***
- 231.315*** ***“Municipality” defined.***
- 231.320*** ***Information a municipality must submit to the Commission on Tourism to be used to evaluate a project’s findings of preponderance.***

NAC 231.300 Definitions. As used in NAC 231.300 to 231.3xx, inclusive, unless the context otherwise requires, the words and terms defined in NAC 231.305 through 231.3xx have the meanings ascribed to them in those sections.

NAC 231.305 “Project” defined. “Project” means an art, tourism and entertainment or recreational project as defined in NRS 271A.

NAC 231.310 “District” defined. “District” means a tourism improvement district created pursuant to NRS 271A.070.

NAC 231.315 “Municipality” defined. “Municipality” means a county or city in the State which is intending to create a district and project pursuant to NRS 271A.

NAC 231.320 Criteria used by the Nevada Commission on Tourism to evaluate a project’s findings of preponderance. Municipality must submit to the Commission:

1. Project Overview

(a) Description of the project, including the unique qualities that make it a likely destination attraction.

(b) Pro forma estimates of the project’s revenues and number of visitors (both in-state and out-of-state—new, existing or extended stay as a result of the project).

2. Visitor Projections

(a) Out-of-state visitation should represent over 50% of total annual visitation.

(b) Total annual visitor projections must be comparable to existing similar attractions (within or outside of the State of Nevada).

3. Demand Feasibility Study

(a) A reasonable demonstration that the project will bring new out-of-state visitors, result in a net addition to the economy of the municipality in which the TID is located and that preponderance of revenues generated in the TID will not be a result of displacement from other parts of the municipality.

4. Sales Projections

(a) An annualized schedule showing a breakdown of sales by category or segment must be provided. Revenues from in-state visitors, out-of-state existing visitors and out-of-state new or extended stay visitors as a result of the project must be identified.

(b) Revenue from out-of-state visitors (new or extended stay as a result of the project) should represent over 50% of the total annual revenue of the project. (Any revenues not eligible for Nevada sales and use taxes must be identified and excluded.)

5. Sales and Use Tax Projections

(a) An annualized 3-year schedule demonstrating that over 50% of projected sales and use taxes generated from the project will come from out-of-state visitors (new or extended stay as a result of the project).

6. Independent Project Evaluation

(a) In addition to the written finding that the applicant provides, pursuant to NRS 271A.080, the Commission will utilize third party research consultant(s) to evaluate the applicant’s findings, at the applicant’s expense.

(b) This third party evaluation will consider the applicant’s findings, including visitor projections, estimated revenues, sales tax projections, assumptions, and methodology and make a determination as to the reasonableness of those findings.

(c) Tourism’s third party research consultant’s specific evaluation criteria and methodology will be made available to applicants upon request.

7. Advertising and Marketing Plan

(a) The plan and budget for all marketing efforts outside the state must be provided.

(b) The marketing plan and budget for marketing within Nevada must also be provided.