

**PROPOSED REGULATION OF THE
COMMISSION ON TOURISM**

LCB File No. R159-07

November 27, 2007

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§1-8, NRS 231.200.

A REGULATION relating to tourism; providing for the evaluation of certain information by the Commission on Tourism as a prerequisite to the adoption of a municipal ordinance creating a tourism improvement district; and providing other matters properly relating thereto.

Section 1. Chapter 231 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 8, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Commission” means the Commission on Tourism.*

Sec. 4. *“District” has the meaning ascribed to it in NRS 271A.030.*

Sec. 5. *“Municipality” has the meaning ascribed to it in NRS 271A.040.*

Sec. 6. *“Project” has the meaning ascribed to it in NRS 271A.050.*

Sec. 7. *For the purpose of carrying out the provisions of subsection 7 of NRS 271A.080, the governing body of a municipality that desires to adopt an ordinance pursuant to NRS 271A.070 to create a district and finance a project must submit to the Commission:*

1. An overview of the project, which must include:

(a) A description of the project, including any unique qualities that would make the project a likely attraction for the destination of tourists; and

(b) Pro forma estimates of:

(1) The amount of revenue that would result from the project; and

(2) The number of visitors that would result from the project, including the respective number of visitors who:

(I) Are residents of this State;

(II) Are not residents of this State and who have previously visited this State;

(III) Are not residents of this State and who have not previously visited this State;

and

(IV) Are not residents of this State and who, as a result of the project, will extend their visit to this State.

2. Projections of visitors to the project, which must indicate that more than 50 percent of the projected annual total number of those visitors will be visitors who are not residents of this State. The projected annual total number of visitors to the project must be comparable to the annual total number of visitors to existing similar attractions, whether located within or outside this State.

3. A study of the feasibility of demand for the project, which must provide a reasonable demonstration that:

(a) The project will bring new visitors from outside this State and result in a net addition to the economy of the municipality in which the district is located; and

(b) A preponderance of the revenue projected to be generated in the district will not be a result of the displacement of revenue from other parts of the municipality in which the district is located.

4. Sales projections for the project, which must:

(a) Include an annualized schedule of sales which:

(1) Contains a breakdown of projected sales by category or segment; and

(2) Separately identifies the projected revenue from:

(I) Are residents of this State;

(II) Are not residents of this State and who have previously visited this State;

(III) Are not residents of this State and who have not previously visited this State;

and

(IV) Are not residents of this State and who, as a result of the project, will extend their visit to this State; and

(b) Indicate that more than 50 percent of the projected annual total revenue, after identifying and excluding any revenue that will not be subject to the sales and use taxes imposed in this State, will be from visitors who are not residents of this State and who:

(1) Have not previously visited this State; or

(2) As a result of the project, will extend their visit to this State.

5. Projections of revenue from sales and use taxes, including an annualized 3-year schedule which demonstrates that more than 50 percent of the revenue projected to be generated by the project from sales and use taxes imposed in this State will come from visitors who are not residents of this State and who:

(a) Have not previously visited this State; or

(b) As a result of the project, will extend their visit to this State.

6. The information upon which the governing body relied in making the determination required by paragraph (b) of subsection 6 of NRS 271A.080.

7. The plan for advertising and marketing the project, which must include:

(a) The plan and budget for all marketing efforts outside this State; and

(b) The plan and budget for any marketing efforts within this State.

Sec. 8. 1. *For the purpose of carrying out the provisions of subsection 7 of NRS 271A.080, the Commission may, at the expense of the governing body of a municipality that desires to adopt an ordinance pursuant to NRS 271A.070 to create a district and finance a project, use the services of one or more third-party consultants selected by the Commission to:*

(a) Evaluate the information submitted to the Commission pursuant to subsection 6 of section 7 of this regulation, including the evaluation of any projections of visitors, estimates of revenue, projections of sales and use taxes, assumptions and methodologies included in or used to make the determination required by paragraph (b) of subsection 6 of NRS 271A.080; and

(b) Make an independent determination regarding whether that determination of the governing body is reasonable.

2. If the Commission uses the services of a third-party consultant pursuant to this section, the Commission will, upon request, make available to the governing body the specific criteria for evaluation and methodology used by the third-party consultant.