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ECONOMIC IMPACT
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LAS VEGAS
CONVENTION
AND VISITORS
AUTHORITY

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THE FISCAL IMPACT OF SOUTHERN NEVADA TOURISM:
**THE INDUSTRY'S CONTRIBUTION TO
TRANSPORTATION FUNDING**

EXECUTIVE SUMMARY

Applied Analysis was retained by the Las Vegas Convention and Visitors Authority (“LVCVA”) to review and analyze the economic impacts associated with its various operations and the overall tourism industry in southern Nevada. Overall, visitors to the region contribute more than \$2.1 billion in sales tax and industry-specific revenues, but these revenues do not capture a significant portion of ground transportation-specific tax revenues generated by visitors. This brief focuses on the industry’s contribution to gasoline taxes, sales taxes, room taxes and other public revenues that directly support transportation infrastructure projects and programs.

- Visitors to southern Nevada accounted for more than \$183 million in tax revenues dedicated to transportation-related projects and programs in fiscal year 2016. This total equates to annual tax savings of \$136 for every Clark County driver and \$226 for every household.
- Visitor spending activity generated \$43.7 million in sales tax revenues in 2016 through a 0.5 percent sales tax rate dedicated to producing revenue for regional transportation. About a quarter, \$10.9 million, supported the Regional Transportation Commission’s (“RTC”) Regional Transportation Fund, while the remaining \$32.7 million funded regional public transit services.
- Transient lodging taxes, also known as room taxes, generated \$80.0 million in revenue for 2016 toward transportation infrastructure. Most of that total, \$58.8 million, was derived from a 1 percent room tax rate that raises funds for transportation projects throughout Clark County. An additional \$21.2 million in room tax revenue was used by the LVCVA to pay debt service on a series of projects undertaken by the Nevada Department of Transportation (“NDOT”).
- Property taxes are not integral components of regional transportation funding, but hotels and hotel-casinos did provide an estimated \$1.5 million to NDOT via the State Highway Fund in 2016. This funding equates to 60 percent of revenues generated by a countywide property tax levy of 5 cents per \$100 in assessed value.
- Motor vehicle fuel taxes, also known as gasoline taxes, fund a significant portion of regional transportation improvements. In fiscal year 2016, visitor purchases of gasoline produced \$54.8 million in Clark County. About half, \$27.9 million, was directed to NDOT via the State Highway Fund. The remaining \$26.8 million was distributed between Clark County and local jurisdictions.
- Jet fuel taxes generated \$3.2 million in revenue attributed to air visitors flying into southern Nevada. The revenue was directed to the RTC’s Highway Improvement Fund.

TRANSPORTATION-SPECIFIC SALES TAX REVENUE

In 2016, southern Nevada visitors spent an estimated \$35.5 billion on a wide range of categories, including lodging, food and beverage, local transportation and shopping.¹ Of that total, an estimated \$9.2 billion in spending in the food and beverage² and shopping categories³ was assumed to be subject to the sales and use tax. That amount equaled 23.1 percent of the \$39.9 billion in taxable retail sales in Clark County in 2016.

In Clark County, the overall sales tax rate at the end of fiscal year 2016 stood at 8.15 percent, which includes a voter-approved 0.5 percent tax rate to fund public transit, road construction and air quality improvement programs. In fiscal year 2016, that portion of the sales tax generated \$188.9 million in revenue, which was directed to the Regional Transportation Commission of Southern Nevada (“RTC”). The majority of that revenue, \$141.7 million, was dedicated to the RTC’s public transit system, while the remainder of \$47.2 million was assigned to the RTC’s Regional Transportation Fund.⁴

Visitors accounted for an estimated 23.1 percent of all taxable retail sales in 2016. Applying that percentage to the revenue generated by the sales tax for transportation-related programs, visitor spending accounted for \$43.7 million in tax revenues dedicated to improving regional transportation throughout southern Nevada.

Exhibit 1
Clark County Sales and Use Tax – FY 2016⁵

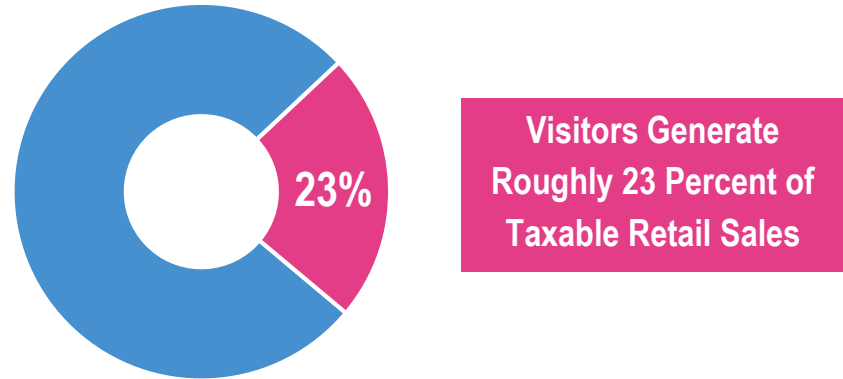


Exhibit 2
Transportation-Specific Sales and Use Tax Revenue – FY 2016⁶

Distribution	Total Tax Revenue	Visitor Share of Tax Revenue
RTC Public Transit	\$141,693,070	\$32,747,196
RTC Regional Transportation Fund	\$47,231,023	\$10,915,732
Total	\$188,924,093	\$43,662,928

¹ Las Vegas Convention and Visitors Authority, Economic Impact Series 2016, “The Economic Impact of Southern Nevada’s Tourism Industry and Convention Sector.”

² Assumes that 90 percent of visitors’ “eating and drinking” expenditures are taxable to account for grocery purchases not subject to sales tax.

³ Assumes that 85 percent of visitors’ “shopping” expenditures are taxable to account for spending on services or goods that are not subject to sales tax.

⁴ Regional Transportation Commission of Southern Nevada FY2016 Component Unit Financial Statements.
⁵ Las Vegas Convention and Visitors Authority, Economic Impact Series 2016, “The Industry’s Contribution to Major Public Revenues.”

⁶ Regional Transportation Commission of Southern Nevada FY2016 Component Unit Financial Statements, Applied Analysis.

TRANSPORTATION-SPECIFIC ROOM TAX REVENUE

The transient lodging tax, more commonly referred to as the room tax, is applied to the daily rates and fees that guests pay at hotels and motels across Nevada. In Clark County, the effective room tax rate in 2016 was about 12 percent, though the specific rate varies by jurisdiction and property type.

The room tax in Clark County includes a number of components that support a variety of governmental functions and agencies, including tourism promotion, education, transportation and other uses. The tax rate includes a countywide 1 percent levy dedicated to transportation project funding. In fiscal year 2016, this component of the room tax generated \$58.8 million throughout Clark County.⁷ That revenue is distributed to the local jurisdictions where the tax originated to fund transportation-specific public works projects.⁸

Transportation-specific funding through the room tax also includes debt service paid by the LVCVA for Nevada Department of Transportation (“NDOT”) projects as required under Assembly Bill 595 of the 2007 Nevada State Legislature. In fiscal year 2016, debt service funded through the LVCVA’s portion of the room tax totaled \$21.2 million.

In total, the room tax in Clark County generated \$80.0 million in transportation-specific funding, which equates to 12.2 percent of overall countywide room tax collections.

Exhibit 3
Clark County Room Tax Distributions – FY 2016⁹

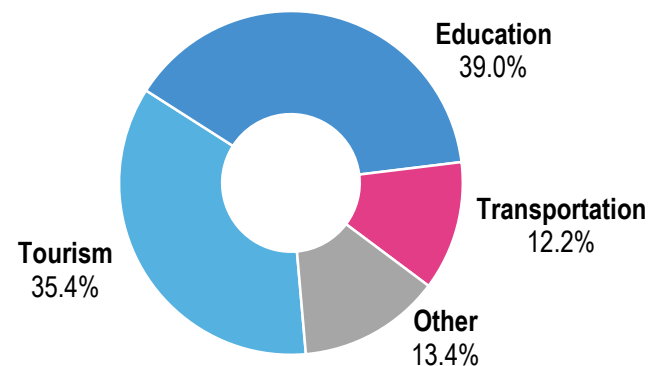


Exhibit 4
Transportation-Specific Room Tax Distributions – FY 2016¹⁰

Distribution	Revenue
Transient Lodging Tax (1% for Transportation)	\$58,845,257
Clark County	\$54,507,400
Las Vegas	\$2,746,625
Henderson	\$1,107,813
North Las Vegas	\$238,506
Mesquite	\$225,771
Boulder City	\$19,142
NDOT Debt Service (LVCVA)	\$21,190,859
Total	\$80,036,116

⁷ Nevada Department of Taxation.

⁸ Clark County Code, 4.08.025.

⁹ LVCVA Finance Department, Nevada Department of Taxation.

¹⁰ Ibid.

PROPERTY TAX ATTRIBUTABLE TO HOTELS AND HOTEL-CASINOS

The hotels and hotel-casinos that welcome visitors to southern Nevada account for 1.5 percent of improved acreage but 12.2 percent of all taxable value (excluding vacant land). The property tax rate throughout Clark County includes a 5 cents per \$100 of assessed value rate to fund capital projects. Assembly Bill 595 of the 2007 Nevada State Legislature requires 60 percent of the revenue generated from this rate to be transferred to the State Highway Fund.

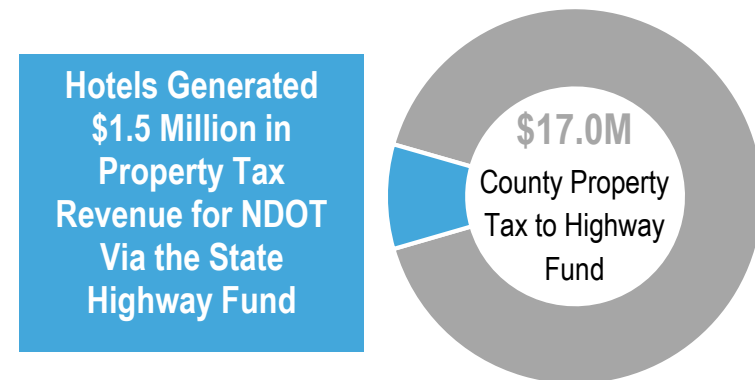
In fiscal year 2016, Clark County transferred \$17.0 million to the State Highway Fund under this provision. As they account for 12.2 percent of taxable value in Clark County, hotels and hotel-casinos contributed an estimated \$2.1 million to the State Highway Fund. Note that this amount is an estimate that is not adjusted for potential tax exemptions or abatements.¹¹ Roughly 73 percent of the State Highway Fund is dedicated to funding NDOT, with the remainder funding other state agencies such as the Department of Motor Vehicles and the Department of Public Safety. Therefore, the amount of NDOT funding generated by hotels and hotel-casinos totaled an estimated \$1.5 million.

Exhibit 5
Taxable Property Value, By Land Use, 2016¹²

Land Use	Taxable Value	Share of Total
Residential	\$135,662,342,477	72.0%
Hotels and Hotel-Casinos	\$22,933,044,480	12.2%
Other Commercial Properties	\$21,914,452,274	11.6%
Industrial	\$6,504,692,406	3.5%
Minor Improvements	\$772,799,054	0.4%
Transportation, Communication, Utilities	\$372,287,929	0.2%
Non-Profit Community Properties	\$286,657,006	0.2%
Ag, Ranching, Wildlife, Natural Resources	\$16,096,440	0.0%
Total*	\$188,462,372,066	100.0%

*Excludes vacant land

Exhibit 6
**Clark County Property Tax Revenue
Transferred to State Highway Fund – FY 2016**



¹¹ See, Nevada State Legislature Assembly Bill 489 (2005).

¹² Source: Applied Analysis based on data provided by the Clark County Assessor's Office and the Nevada Department of Taxation. Note that estimated tax liability and estimated tax liability per acre are intended for illustrative purposes only; these estimates do not take into account exemptions in any land use category, or abatements applied to residential (primary residences) or non-primary residential and commercial properties. Such exemptions and abatements would likely reduce the tax liability estimates shown above in varying degrees among various land uses. Variances in tax rate by parcel would also impact the estimated tax liability shown above, which was calculated utilizing the average countywide tax rate and total property tax revenue dollars projected for Clark County per the FY 2015-2016 Redbook published by the Nevada Department of Taxation.

FUEL TAX REVENUE ATTRIBUTABLE TO VISITORS

Motor vehicle fuel taxes, also known as gasoline taxes, are one of the primary funding sources for state and local transportation projects. The federal gas tax rate is 18.4 cents per gallon, the majority of which is directed to the Federal Highway Trust Fund.¹³ Historically, Nevada has received more federal highway aid than it generated in federal gas tax revenue, so this analysis assumes that all federal gas tax revenue generated by visitors returned to the state.

The state gas tax rate is 18.455 cents per gallon, of which 17.65 cents is dedicated to the State Highway Fund. In fiscal year 2016, the federal and state gas taxes produced a combined \$287.0 million in revenue in Clark County. NDOT received an estimated \$210.2 million. The local gas tax rate is comprised of 6.35 cents that is distributed between Clark County and the incorporated cities, 9.0 cents that is distributed to the Regional Transportation Commission, and a Fuel Revenue Indexing rate, which was 9.7 cents in fiscal year 2016. That year, local gas taxes generated \$201.8 million¹⁴ to fund transportation projects throughout Clark County.

In 2016, 54 percent of Las Vegas visitors arrived via ground transportation. After factoring in party size and transit mode, visitors accounted for an estimated 9.4 million vehicle trips during the year. Assuming average vehicle fuel efficiency of 22 miles per gallon and distance traveled of 250 miles, visitors purchased 107.2 million gallons of gasoline in fiscal year 2016, or 13.3 percent of the countywide total. Thus visitor gasoline purchases produced \$54.8 million in tax revenue.

Air visitors also contributed to roadway funding via a 1 cent tax on jet fuel that is directed to the RTC. In fiscal year 2016, that tax generated \$3.8 million, of which roughly 83 percent, or \$3.2 million, was attributable to visitors traveling through McCarran International Airport.

In total, visitors purchasing gasoline or flying into southern Nevada were responsible for an estimated \$57.9 million in fuel tax revenue.

Exhibit 7
Fuel Tax Revenue in Clark County – FY 2016¹⁵

Source & Distribution	Total Tax Revenue	Visitor Share of Tax Revenue
Federal Gas Tax Revenue	\$108,043,404	\$14,368,766
State Highway Fund (NDOT)	\$108,043,404	\$14,368,766
State Gas Tax Revenue	\$102,121,680	\$13,581,232
State Highway Fund (NDOT)	\$102,121,680	\$13,581,232
Local Gas Tax Revenue	\$201,782,334	\$26,835,170
RTC	\$151,324,216	\$20,124,711
Clark County	\$30,807,036	\$4,097,049
Las Vegas	\$9,806,060	\$1,304,115
Henderson	\$5,413,491	\$719,944
North Las Vegas	\$3,637,219	\$483,716
Boulder City	\$437,485	\$58,181
Mesquite	\$356,827	\$47,455
Jet Fuel Tax Revenue	\$3,779,101	\$3,152,502
Regional Transportation Commission	\$3,779,101	\$3,152,502
Total	\$415,726,219	\$57,937,669

¹³ The federal gas tax rate of 18.4 cents per gallon includes 0.001 cent that is dedicated to the Leaking Underground Storage Tank Trust Fund. That portion was not factored into this analysis.

¹⁴ Total is net of a 2 percent dealer collection fee and 0.5 percent DMV administrative fee.

¹⁵ Applied Analysis, various local jurisdiction budgets and comprehensive annual financial reports.

TRANSPORTATION-SPECIFIC TAX SAVINGS DUE TO VISITORS

Visitors to southern Nevada provide widespread economic and fiscal impacts throughout the region. Those impacts extend to ground transportation-specific tax revenues that are relied upon to fund public transit, build new roadways and maintain existing roadways.

Transportation-related revenues attributable to all visitors, to include sales, room and property taxes, generated an estimated \$125.2 million in fiscal year 2016. Federal, state and local gas taxes attributable to ground visitors totaled \$54.8 million. Revenues attributable to air visitors through jet fuel taxes produced an additional \$3.2 million, bringing total transportation-specific tax revenues attributable to visitors to \$183.2 million. These revenues support a variety of ground transportation-related infrastructure projects and programs across southern Nevada.

Exhibit 8

Tax Revenues Attributable to Visitors – FY 2016

Revenue Source	Visitor Share of Revenue
All Visitors	\$125,219,251
Sales and Use Tax	\$43,662,927
Transient Lodging Tax	\$80,036,116
Property Tax	\$1,520,208
Ground Visitors	\$54,785,168
Federal Motor Vehicle Fuel Tax	\$14,368,766
State Motor Vehicle Fuel Tax	\$13,581,232
Local Motor Vehicle Fuel Tax	\$26,835,170
Air Visitors*	\$3,152,502
Jet Fuel Tax	\$3,152,502
Total	\$183,156,921

Exhibit 9

Ground Transportation-Specific Tax Savings Attributable to Visitors – FY 2016



\$136

Tax Savings Per Year for Every
Licensed Driver in Clark County



\$226

Tax Savings Per Year for Every
Household in Clark County



\$83

Tax Savings Per Year for Every
Resident in Clark County

* This analysis does not include other visitor-related taxes and fees generated at McCarran International Airport, i.e. passenger fees, rental car fees, etc.

METHODOLOGY

General information on taxes, tax rates and historical collection data were obtained from the Nevada Department of Taxation, the Nevada Department of Motor Vehicles, the Nevada Department of Transportation, the LVCVA Finance Department, the Clark County Assessor's Office, and various local government publications.

Data on visitor estimates and spending was obtained from the Las Vegas Convention and Visitors Authority's Visitor Profile Study prepared by GLS Research. Adjusted visitor spending estimates were developed by AA; refer to the March 2017 brief of this Economic Impact Series for further detail.

Note, totals may not sum due to rounding.

ANALYSIS LIMITATIONS

This analysis used the best available data to estimate the share of various transportation-related tax revenues attributable to the tourism industry. It relies heavily on data reported by third-party data providers; and, although we have no reason to doubt the accuracy of these data, they have not been subjected to any auditing or review procedures by AA.

In some cases, data were either incomplete or inconsistent. Efforts were taken to minimize the impacts of these challenges, and we believe the analysis provides a fair and reasonable response to the fundamental question presented. Additionally, other transportation-related revenue sources including, but not limited to, bus fares, passenger transportation taxes for taxis and transportation network companies, and tour bus fuel purchases were considered but not included in this analysis due to data limitations.

Finally, it is important to note that this is a preliminary undertaking that will be supplemented by on-going and future analyses. This report is not intended to be comprehensive and may not be appropriate for all purposes.