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# MLT VACATIONS INC.

A NORTHWEST AIRLINES CORPORATION COMPANY

4660 West 77th Street • Edina, MN 55435-4901

March 27, 2003

Assemblyman David Parks  
Chairman, Assembly Taxation Committee  
Nevada Legislature  
Carson City, NV 89710

Dear Assemblyman Parks:

MLT Vacations Inc. is one of the largest tour wholesalers in the United States and the second largest in terms of bringing air visitors to Las Vegas. We have sold over one million annual room nights in the city over the last several years. We are staunch supporters of the city, its resorts and hotels, and other businesses.

It has come to our attention that the State of Nevada is considering an increase in the state hotel occupancy room tax that would apply either an additional flat tax on room nights of up to \$3.00 or a percentage tax of up to 2% of the room rate. We further understand that none of this additional tax revenue would be directed to supporting the marketing of Las Vegas as a tourist destination, but rather to support other state activities and needs.

We are strenuously opposed to increases in the room tax as a measure to address Nevada's state budget problems. We recognize the significance of budget issues facing many states in the current economic climate, but we strongly suggest that the state consider other revenue generating or cost reducing initiatives to address its current shortfalls.

We would like you to consider that any new hotel room taxes will either be passed along to consumers or absorbed by MLT Vacations, resulting in lower margins and profitability on our Las Vegas sales. Either of these scenarios will produce decreases in tourism and travel to Las Vegas for one or both of the following reasons:

- Business and travel demand is always very sensitive to price increases. This is especially true in our current economic climate. We have empirical evidence that travel to Las Vegas is highly elastic and that price changes of just a few dollars dramatically reduce demand. If we pass your proposed room tax on to our customers, you can expect demand for Las Vegas to decline as customers postpone or cancel travel plans to Nevada and replace them with trips to other more price competitive destinations.
- As MLT Vacations' traffic and margins to Las Vegas decline, we will refocus our corporate efforts on other destinations. This includes redirecting our sales and marketing budgets to promote other destinations and potentially re-positioning our aircraft and associated air seats from Las Vegas to other destinations. We are a large partner who actively markets your state and transports visitors to your state. At a minimum this proposed tax increase will force us to become a less committed and effective partner, and at worst, you risk losing us as a partner entirely.

ASSEMBLY COMMITTEE ON TAXATION  
DATE: 3/27/03 ROOM: 3142 EXHIBIT 141-2  
SUBMITTED BY: KENNETH POMERANTZ

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One last consideration is that we firmly believe that travel related taxation is already at ridiculous levels. Taxes and fees on airline tickets alone have risen from 7% of the fare paid in 1972 to 26% of the fare paid last year. As a leading provider of air transportation and seller of hotel rooms to Las Vegas, MLT Vacations strongly believes that the travel industry is already over-taxed and we urge you to pursue a different course.

In summary, we believe that an additional tax will only serve to reduce demand for tourism and travel to Las Vegas and thereby cut into the lifeblood of current state revenues. It will make the destination more expensive compared to others and create significant disincentive for travel providers like MLT Vacations to continue efforts to bring people to the city and its surrounding areas.

If you have any questions, we would be delighted to further elaborate.

Sincerely,



Kenneth Pomerantz  
Vice President, Marketing and Sales  
MLT Vacations Inc.

CC: H. Fletch Brunelle, MGM MIRAGE  
Robert Elliott, MGM MIRAGE

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