

**MINUTES OF THE
SENATE SELECT COMMITTEE ON ECONOMIC GROWTH AND EMPLOYMENT**

**Seventy-sixth Session
March 16, 2011**

The Senate Select Committee on Economic Growth and Employment was called to order by Chair Ruben J. Kihuen at 1:13 p.m. on Wednesday, March 16, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Ruben J. Kihuen, Chair
Senator John J. Lee, Vice Chair
Senator Valerie Wiener
Senator Mark A. Manendo
Senator Don Gustavson
Senator Ben Kieckhefer
Senator Greg Brower

GUEST LEGISLATORS PRESENT:

Senator James A. Settelmeyer, Capital Senatorial District

STAFF MEMBERS PRESENT:

Kelly Gregory, Policy Analyst
Bryan Fernley-Gonzalez, Counsel
Debra Carmichael, Committee Secretary

OTHERS PRESENT:

Janet Geary, Publisher, Nevada Magazine
Michael Dayton, Vice President, Government Affairs, McDonald Carano Wilson
LLP; Nevada Hotel and Lodging Association
Larry Friedman, Interim Director, Commission on Tourism

CHAIR KIHUEN:

We will open the meeting with Senate Bill (S.B.) 106.

Senate Select Committee on Economic Growth and Employment
March 16, 2011
Page 2

SENATE BILL 106: Expands the purposes for which *Nevada Magazine* is authorized to trade its advertising services. (BDR 18-375)

SENATOR JAMES A. SETTELMAYER (Capital Senatorial District):
August 2010, I was contacted by Janet Geary to discuss a way to expand the authorization for *Nevada Magazine*, Division of Publications, Commission on Tourism (COT), to trade its advertising services.

JANET GEARY (Publisher, *Nevada Magazine*):
Nevada Magazine is authorized under statute to trade advertising services for travel services. It also allows us to trade advertising for advertising. We want to trade advertising to promote the magazine in a few different ways. One is the ability to trade our advertising for rack distribution. Most businesses charge for premier positioning, for example at the checkout racks.

We conduct awards and sponsorships such as the Great Nevada Picture Hunt and the Writer's Contest. Our awards are usually a camera or something similar. In the past, we have had to purchase the award items. We have been approached by companies that would like to trade advertising for an award item. We would like the statute to be changed to allow us to trade for those types of things.

SENATOR LEE:
Does the Lieutenant Governor oversee the magazine?

MS. GEARY:
Yes, he has oversight of the COT, which is our parent agency.

SENATOR LEE:
Have you discussed this with him?

MS. GEARY:
It was sent to our legal counsel, Sarah Bradley, Deputy Attorney General, Office of the Attorney General. She suggested we bring it before the Legislature. The Lieutenant Governor has not made any comments on this.

Senate Select Committee on Economic Growth and Employment
March 16, 2011
Page 3

SENATOR LEE:

Do you get approval for expenditures or trades?

MS. GEARY:

We appear before the State Board of Examiners. We are looking at changing the process with them to approve the process instead of approving each trade. We have a retail advertising price list that is based on fair market value and is used for trade advertising. For example, Scolari's Food and Drug Company (SFDC) charges \$240 a month to be on their checkout racks. We would trade SFDC \$240 worth of advertising in our magazine for the privilege of being in their checkout rack. We execute a trade agreement stating the fair market value of both sides. It is approved by the COT.

SENATOR KIECKHEFER:

Does the bill still say the State Board of Examiners will approve each trade?

MS. GEARY:

Yes, it does. There is a bill draft request presented by the COT that will address changing the approval of each trade to approval of the process.

CHAIR KIHUEN:

If an airline wanted to advertise in the magazine, would you trade airline tickets for advertising?

MS. GEARY:

We have not been in a position with the airlines to trade advertising for tickets because the airlines have not asked to advertise. We would have that opportunity to do that with this bill.

MICHAEL DAYTON (Government Affairs Group Vice President, McDonald Carano Wilson LLP; Nevada Hotel and Lodging Association):

We stand in support of this bill.

SENATOR KIECKHEFER MOVED TO DO PASS S.B. 106.

SENATOR GUSTAVSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

LARRY FRIEDMAN (Interim Director, Commission on Tourism):

The economic recovery in Nevada will be led by the leisure and hospitality sector ([Exhibit C](#)). Tourism is the number one industry in the State, and, of the 50 states, Nevada is the most dependent on tourism for its economy. It is the COT's responsibility to generate revenue for the State by increasing domestic and international visitation. We are the only entity in the State responsible for promoting all of Nevada.

We are funded 100 percent by room-tax revenue. We receive 3/8 of 1 percent of the room tax and receive no General Fund dollars. During fiscal year (FY) 2010, we had a record-breaking return on investment from our advertising. For every dollar spent on advertising, we generated \$31 in State and local tax revenue. We spent \$3.6 million on advertising, which returned \$110 million in tax revenue for the State. Eighty-seven million dollars of the \$110 million went into the General Fund.

Our media relations efforts generated \$52 million in free media coverage in newspapers, magazines, broadcast and the Internet throughout the world.

Rural Nevada communities leveraged \$1,025,000 in grants and nearly 11,000 volunteer hours to generate a reported \$171.3 million impact on the rural economies in FY 2010.

"We have the following departments: Marketing, Media Relations, Sales and Rural Programs." The reason we are successful in marketing is that we advertise where people consume the most media. The graph, page 13, [Exhibit C](#), shows media consumption versus media spending. According to Google, over a 33-day period, approximately 727,000 people were exposed to COT online advertisement and later visited an online-travel agency.

Media Relations use different mechanisms to achieve free press coverage. One is familiarization tours. For example, we sent two writers from Germany to American Airlines and asked for complimentary airfare for them. They were hosted by the tourism industry in Wendover, Wells and Elko. The writers went back to Germany and produced \$69,958 worth of free press. One of the articles included a photo of "Wendover Will" greeting everyone at the Utah/Nevada state line. Our "Media Relations Department" also pitches stories, provides photos, gives interviews and issues press releases. They use social media via blogs, Websites and attend trade shows.

During FY 2010, our sales and industry partners made over 20,000 professional contracts. Between February 2009 and June 2010, we sent out a survey to those contacts. Of those who responded, 81.1 percent said their contact with COT had resulted in business for the State. We produce familiarization tours. An example of one is a group of professionals from Mexico we brought to the Reno-Tahoe area on a ski-familiarization tour. The hotels in Reno-Tahoe hosted all the lodging and meals. The ski resorts hosted the ski equipment, and United Airlines gave us a break on the airfare. One of the professionals was from American Express, and one of the successes of the trip is that American Express is selling the Reno-Tahoe area in Mexico City for the very first time. We enter into cooperative marketing agreements in our key international markets. We find partners willing to develop itineraries throughout the State.

We have international offices in Germany, United Kingdom, Mexico, Canada and China. They work with our office here producing quarterly reports and are engaged in sales, marketing and public relations activities.

We have six territory-tourism organizations throughout Nevada. These are volunteer marketing arms of the COT. One of our territories, Indian Territory, is culturally based. The other five are geographic, including the Las Vegas territory and the Reno-Tahoe territory. The purpose behind our Rural Roundup Conference is for our partners to receive continuing education to maximize their

marketing dollars. We are always looking for partners so we can maximize our dollars.

MS. GEARY:

We are the publishing arm of the COT and produce *Nevada Magazine*. We also produce *Events and Shows*, a free publication distributed at the McCarran International Airport in Las Vegas, the Reno-Tahoe International Airport and AAA offices and welcome centers across the State. We print 107,000 copies of our free distribution publication and have the Website, <<http://nevadamagazine.com>>. We also have a Facebook page <<http://www.facebook.com/NevadaMagazine>>. Our photos are on Flickr <[http://www.flickr.com/photos/Nevada Magazine](http://www.flickr.com/photos/Nevada%20Magazine)> and we have a Twitter account <http://twitter.com/Nevada_Magazine>. My editor places an article on Facebook every day, and we have many contributors who post fabulous photos of Nevada. We are starting a program to place the magazine in the waiting rooms of 2,000 doctors' offices, dentists' offices and automobile shops. We have partnered with a company from Las Vegas called Las Vegas Event and Show.com. They have an iPhone application on their site which displays our events and shows information to people at about 700,000 e-mail addresses. We are changing our *Events and Shows* to be stylized more to reflect Las Vegas and will include coupons and offers directed to the Las Vegas market.

SENATOR GUSTAVSON:

How many paid subscriptions do you have?

MS. GEARY:

Our paid subscriptions are about 11,500 and we do 107,000 free distributions. We also sell about 8,500 magazines on the newsstands throughout Nevada, northern California and Utah.

SENATOR LEE:

I read an article several days ago about geocaching. It explained how popular it has become and the number of people from all over the United States who plan trips around geocaching. There were geocaching points along U.S. Highway 50. The Nevada Department of Transportation (NDOT) pulled out the geocaching points and is discouraging geocaching. Are you familiar with the article?

Senate Select Committee on Economic Growth and Employment
March 16, 2011
Page 7

MR. FRIEDMAN:

I am not familiar with the article. There are many sites in the rural and urban areas of Nevada for geocaching. We need to contact the public relations person for NDOT and work out something. I can understand if it is a safety issue.

SENATOR LEE:

I think contacting them and working out something is the way to go. It might even be an interesting article.

CHAIR KIHUEN:

Do you have the problem of people taking large quantities of the magazine to recycle them?

MS. GEARY:

Nevada Magazine is not a free publication, but the *Events and Shows* is free. The only problem we have is people selling them on eBay. Most of our locations are secure.

CHAIR KIHUEN:

We will open the work session with a brief overview.

KELLY GREGORY (Policy Analyst):

Our first measure, Assembly Concurrent Resolution (A.C.R.) 4 ([Exhibit D](#)), was presented by Assemblyman Atkinson on March 9, 2011.

ASSEMBLY CONCURRENT RESOLUTION 4: Expresses support for economic development in Nevada in the sectors of logistics, supply chain management and renewable energy technology. (BDR R-174)

SENATOR WIENER MOVED TO ADOPT A.C.R. 4.

SENATOR MANENDO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

MISS GREGORY:

Senate Bill (S.B.) 219 ([Exhibit E](#)) was heard on March 4, 2011. The fiscal notes are not available for this bill.

SENATE BILL 219: Requires certain assessments of unemployed and employed workers to determine the available workforce in Nevada and makes appropriations for performing skills assessments for unemployed persons. (BDR 18-936)

SENATOR LEE MOVED TO DO PASS S.B. 219.

SENATOR WIENER SECONDED THE MOTION.

SENATOR BROWER:

Why does this bill have a fiscal note but money comes out of the current biennium appropriations?

MISS GREGORY:

I am not familiar with the process. I will find out and get back to you. This will go to the Senate Committee on Finance to make that determination.

SENATOR MANENDO:

I recall during testimony that Senator Horsford mentioned there was money in the current budget for this. It will not be in this Governor's budget, but I think they need to review it to move the money. I do not think it will affect the next biennium.

SENATOR BROWER:

Despite the fact it does not affect the next budget, does it require legislation?

SENATOR KIECKHEFER:

Because it would be an appropriation, it has to be a legislative act. So it will be referred to the Senate Committee on Finance and then go to the Floor for a vote from the Senate.

Senate Select Committee on Economic Growth and Employment
March 16, 2011
Page 9

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR KIHUEN:
The meeting is adjourned at 1:50 p.m.

RESPECTFULLY SUBMITTED:

Debra Carmichael,
Committee Secretary

APPROVED BY:

Senator Ruben J. Kihuen, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Larry Friedman	Nevada Commission on Tourism
A.C.R. 4	D	Kelly Gregory	Work Session Document
S.B. 219	E	Kelly Gregory	Work Session Document