

**MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEE ON REVENUE
AND THE
ASSEMBLY COMMITTEE ON TAXATION**

**Seventy-sixth Session
June 2, 2011**

The joint meeting of the Senate Committee on Revenue and the Assembly Committee on Taxation was called to order by Chair Sheila Leslie at 1:52 p.m. on Thursday, June 2, 2011, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, 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.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Sheila Leslie, Chair
Senator Steven A. Horsford, Vice Chair
Senator Michael A. Schneider
Senator Moises (Mo) Denis
Senator Mike McGinness
Senator Joseph (Joe) P. Hardy
Senator Elizabeth Halseth

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn K. Kirkpatrick, Chair
Assemblyman Harvey J. Munford, Vice Chair
Assemblyman Elliot T. Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblyman John Ellison
Assemblywoman Lucy Flores
Assemblyman Ed A. Goedhart
Assemblyman Pete Livermore
Assemblywoman Dina Neal
Assemblywoman Peggy Pierce
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

Senate Committee on Revenue
Assembly Committee on Taxation
June 2, 2011
Page 2

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Brenda Erdoes, Legislative Counsel
Gayle Rankin, Committee Secretary

OTHERS PRESENT:

Neal J. Smatresk, Ph.D., President, University of Nevada, Las Vegas
James Dean Leavitt, Chair, Board of Regents, Nevada System of Higher Education
Craig Cavileer, President, Silverton Casino, LLC; Majestic Realty Co.
Mark H. Fiorentino, Majestic Realty Co.
Edward P. Roski, Jr., Majestic Realty Co.
Jim Livengood, Director of Athletics, University of Nevada, Las Vegas
Dave Rice, Head Basketball Coach, University of Nevada, Las Vegas
Bobby Hauck, Head Football Coach, University of Nevada, Las Vegas
John O'Reilly, Chair, University of Nevada, Las Vegas Foundation
Terry Care, Ex-Senator; International Development Management
Christopher Milam, President, International Development Management, Las Vegas National Sports Center
Branch B. Rickey, President, Pacific Coast League
Mark Abbott, President, Major League Soccer
David Goldwater, City of Las Vegas; The Cordish Company
Ricki Barlow, City Council, City of Las Vegas
Port Telles, Development Director, The Cordish Company
Scott Adams, Chief Urban Redevelopment Officer, City of Las Vegas Redevelopment Agency

CHAIR LESLIE:

We are here on Senate Bill (S.B.) 501. We will have Brenda Erdoes, Legislative Counsel go over the bill section by section. We will start with Senator Horsford.

SENATE BILL 501: Authorizes the creation of an event facility district in certain counties. (BDR 22-1301)

Senate Committee on Revenue
Assembly Committee on Taxation
June 2, 2011
Page 3

SENATOR STEVEN A. HORSFORD (Clark County Senatorial District No. 4):

I will provide some remarks to set the context for S.B. 501. I want to thank Chair Leslie and Chair Kirkpatrick for agreeing to hear this bill jointly so we can all receive the information from the proponents of the projects. Senate Bill 501 is an exciting opportunity we have as a Legislature this Session to do a number of things. This will give Clark County the opportunity to create jobs in the short term and the long term that will help put our people back to work to increase our economic vitality as the resort destination of the world. It is important we continue to add assets to our communities that will allow us to do that.

The arena project is described in my handout, "arena Las Vegas" ([Exhibit C](#), original is on file in the Research Library). The project will increase revenue at the local and State levels so we can fund education and vital social services we have been working so hard this Session to accomplish. It will encourage development in areas currently not developed or underdeveloped in a way that will bring strong economic vitality and increased tourism and maintain our competitive advantage as a tourist destination.

The funding options included in S.B. 501 allow Clark and Washoe Counties the opportunity for one of three options to be approved: the creation of an event facility district within the boundaries of a redevelopment area, an opportunity to create an event facility district not inside a redevelopment area and creation of an event facility district upon the request of the Board of Regents, Nevada System of Higher Education (NSHE). These are the proposals before us today. This is a unique opportunity for us. As individuals presented their projects, I struggled deciding if this is something to be handled at the State or local government level. This legislation seeks to establish a balance between State policy and the right way to implement this type of project while still maintaining accountability and responsibility at the local level for specifics on how these projects would be implemented.

I do not want to pick winners or losers. We have a lot of interest and excitement among multiple projects. Our job is not to pick one winner at the expense of others. We need to create a fair, clear process with standards that can be met and understood by all parties to allow them to bring their projects forward to the local level. The local leaders would ultimately decide how the district would be created and what ordinances would be required. I would like to

hear from the proponents so we can get an idea of the opportunities. Following those presentations, I have asked our legal counsel to go through the provisions of the bill. I have a technical amendment based on discussions with Assembly Chair Kirkpatrick. I want to continue to bring forward ideas or suggestions that can make the policy better.

CHAIR LESLIE:

We will begin by having three groups make their presentations. After the presentations, we will allow questions. Legal counsel will go through the bill after the presentations and Senator Horsford will go over the amendment he has been working on with Chair Kirkpatrick.

NEAL J. SMATRESK, Ph.D. (President, University of Nevada, Las Vegas):

This bill could be of historic significance to the University of Nevada, Las Vegas (UNLV). I have with me Ed Roski, Majestic Realty; Craig Cavileer, President, Silverton Casino, LLC; James Dean Leavitt, Chair, Board of Regents; and Mark Fiorentino, Majestic Realty.

Over the past few years, budget cuts have challenged us to do more with less, and we need innovative and entrepreneurial ways to improve and support our campus for the academic success of our students. We have taken that task seriously. We raised private funds to support student scholarships and found ways to improve student success while cutting our budgets. Today, I am asking for your approval of this bill so we can pursue a public-private partnership that will benefit our campus.

This bill will help us to retain revenue flows, build our campus reputation, build our athletic programs and improve the UNLV experience. Despite the hard times we face, this could be one of the most significant transformations in UNLV history. University of Nevada, Las Vegas, is known as a commuter school with few students living on campus. Our campus stakeholders have long focused on our strategic plan of building a more complete campus community. As Milton Glick, the late President, University of Nevada, Reno, was fond of saying, "We are trying to create a sticky campus, where students live, study and recreate because we know that it improves their success and their chances of graduation." University of Nevada, Las Vegas, has a small residential student population and we would like to see it grow. We want to create an atmosphere that builds our community and creates a unique Rebel experience.

To do this, we propose to bring football home to our campus and provide our students with the amenities they associate with a major state university. There has been a great deal of discussion about the potential for Las Vegas to lose some events, including the National Finals Rodeo (NFR) and Professional Bull Riding (PBR) World Finals. These events generate huge revenue flows for the City of Las Vegas and for UNLV. If we lose our major events, it would mean millions in lost revenue to UNLV, and that loss would threaten our ability to sustain Division 1 sports. The Thomas and Mack Center in Las Vegas is the top grossing college arena in the Country. Clearly, the cost for UNLV to build a new events facility to host football or replace the Thomas and Mack Center would be prohibitive.

With this background in mind, we were approached in November by Majestic Realty to discuss a public-private partnership to achieve our vision. Majestic Realty Co., headed by Ed Roski and Craig Cavileer, may be best known for its work on the Staples Center and the L.A. Live Project in Los Angeles, California. Both of these individuals have served on university boards and are well versed in collegiate athletics. Our partners have a proven track record. The team felt we could do this public-private partnership and fund a new events center that would host football and other sports. This center would help us retain our portfolio of special events and give us an opportunity to develop a mix of retail, restaurants and housing. This would create a university village atmosphere to recruit students from around the world and enhance the residential nature of our campus to compliment our mid-town redevelopment vision.

If successful, this project would provide a gateway for Las Vegas next to McCarran International Airport. It is critical to note the developer is not asking for funds or fees from UNLV. Our contribution to any project approved would be land, brand, sports and tax status. We developed a responsible partnership agreement that we are bringing to our June Board of Regents meeting for approval. This partnership will catapult UNLV into national prominence while protecting and expanding the revenues we need to pursue our mission. Many of you have heard me describe intercollegiate athletics as the front porch for UNLV because these sports afford the public a chance to come into our campus and get involved. This project will draw in our community more successfully than anything we have conceived of to date. I ask your approval of this bill.

Senate Committee on Revenue
Assembly Committee on Taxation
June 2, 2011
Page 6

JAMES DEAN LEAVITT (Chair, Board of Regents, Nevada System of Higher Education):

I urge successful passage of S.B. 501, which is discussed in the handout, UNLV NOW ([Exhibit D](#)). It is monumental, it is majestic, it is transformative, and the Board of Regents gives its full support. We are proud of the relationship we have developed with Majestic Realty. The Board of Regents views this as an opportunity to enhance academics at the highest level. Thank you for your consideration.

CRAIG CAVILEER (President, Silverton Casino, LLC; Majestic Realty Co.):

We are here today to share a vision we are passionate about and one that will serve as a catalyst for our community and the State. It is a vision we believe will transform UNLV, its campus and culture. We see this vision as the reimaging of the UNLV experience, its brand, what it stands for, a vision which complements its mission of education and enrichment of the students. The UNLV NOW vision is a partnership between UNLV and Majestic Realty. The collaboration between Majestic and UNLV began last year and was memorialized in February 2011 when the Board of Regents authorized us to pursue this project and on its behalf. As a point of reference, Majestic Realty, whose Chairman is Ed Roski, is one of the largest and oldest privately owned real estate companies in the United States. The organization has developed over 72 million square feet of commercial real estate in the United States and over 6 million square feet in Las Vegas, together with our ownership and operation of Silverton Casino.

We are experienced with large, master-planned developments including industrial offices, retail, hospitality, sports and entertainment. Ed Roski is well known as the principal developer of Staples Center in Los Angeles and is co-owner of the Los Angeles Lakers and the Los Angeles Kings. I have been part of the Majestic family for 18 years, including as a member of Ed Roski's arena development team from 1996 to 1997. In 1998, I moved to Las Vegas to direct our gaming resort developments, including Silverton Casino.

Majestic was selected as a partner most capable of executing this plan with UNLV not only because of our extensive experience and record of performance, but also due to Ed Roski's determination in giving back to his communities by his unwavering commitment to education. In addition to serving on many nonprofit boards, Mr. Roski also serves on the Board of Regents at

Loyola High School and as Chair of the Board of Trustees at the University of Southern California. These positions provide a unique perspective and give Mr. Roski an inside view of the challenges and opportunities faced by higher education in these difficult times.

The UNLV NOW project in this proposed legislation, in part, addresses some of the challenges faced by this University today. It provides for a vehicle to build an events center which will house all of UNLV's sports; it also provides for the transformation of the 330-acre campus from a commuter-based university into a contemporary campus with a variety of on-campus housing, shopping, dining, entertainment, sports, pre- and post-game outdoor tailgating areas, public event areas, new educational facilities, and an on-campus Greek housing system. All of this serves to enhance the attractiveness of UNLV to incoming students, graduate students and faculty. It also creates something special for the over 100,000 alumni of this great University.

With this project, I can assure you that game day will never be the same again. Our project will become the heart and soul of our City, State and community and the product of the dreams and aspirations of college-bound students throughout this State and this Country who want to be part of something special. This is a tipping point moment. This legislation is critical in allowing us to move forward with this project.

I am going to do a quick presentation that gives you an overview of the project we are contemplating, [Exhibit D](#). The UNLV campus is bound by Flamingo Road, Tropicana Avenue, Maryland Parkway, Swenson Street and Paradise Road, northeast, south and west. It is a 330-acre campus. The property we are describing for this large scale plan is approximately 150 acres of underutilized, underdeveloped and mostly vacant land. There are some support buildings which we intend to incorporate, but most of this will become part of a larger scale master plan. The Thomas and Mack Center is one of the top ten performing arenas in the United States. It is approximately 23 years old and is in need of upgrading.

If a project is built similar to the Thomas and Mack Center off campus, it is likely the current revenue streams enjoyed by UNLV to fund all of the sports programs would be at risk. Many of the events we currently house at Thomas and Mack would move to a newer and more contemporary facility, leaving our

building to house the Rebels and some of the less profitable events. Thomas and Mack and UNLV are at risk if we are unable to execute our vision for this new development. We presented our plan to UNLV last October. Our vision included a stadium arena. Our main mission is the transformation of a university with a reimagining and branding concept that includes developing a village of campus housing, campus retail, bringing all sports on campus and integrating the 330 acres into one large master plan.

As a member of the UNLV Foundation, I have witnessed years and years of discussion about new development, including the mid-town project which has been on the drawing boards for many years. The current layout and infrastructure we have does not provide that. There is no “there” when you get there other than great education. It is not a place you can live, because there is no place to live. You would not want to build one complex and say this is it. You need a project of this scale that we are presenting.

In the ongoing discussion, this sports stadium conversation became topical last summer. Everyone at UNLV wanted to figure out how to integrate all sports on campus, so we looked at this as an opportunity to do a lot of things, including bringing sports back to campus. We also recognize there may be a demand for professional sports in Las Vegas, and we would like to address that demand with this project. The highlight feature here is a 40,000-seat enclosed special events center designed to house all of UNLV sports, including football and Runnin’ Rebel basketball, and National Collegiate Athletic Association (NCAA) Final Four. It will be designed to retain NFR and PBR in Las Vegas and other major events the City cannot currently accommodate because we do not have a facility larger than Thomas and Mack Center.

This facility would also be designed to accommodate the National Hockey League (NHL), National Basketball Association (NBA) and potentially Major League Soccer. It is an events center, an entertainment center and a multipurpose platform for this City to grow and expand upon the 150 events we do at Thomas and Mack. We would be able to do that and more at this events center, and coprogramming with a renovated Thomas and Mack would allow us to have 60,000 seats of entertainment for this City.

In addition to that, we need support retail. We have approximately 600,000 square feet of retail on this plan, [Exhibit D](#). For perspective, that is about the size of Town Square Las Vegas. We have integrated a lot of parking.

These facilities take a lot of parking on game day, particularly if you have events in both facilities. You will also have the regular traffic because it is a great entertainment project. We have over 15,000 car spaces of structured parking integrated throughout the facility. These parking garages are wrapped with student housing. There are only 2,000 student housing units on campus today. We have 30,000 students going to UNLV and 1,000 live there. There is demand for over 11,000 additional beds on this campus, and that would align with a study that is under way to analyze the type of product to be built on campus and off campus in a master plan. In [Exhibit D](#), in blue, page 5, you will see different spots throughout the campus that is housing integrated throughout the project. Nearly 5,000 units could be built within this project.

This plan does not show the north end of the campus housing up to the Stan Fulton Building or to Flamingo Road where we have other master plans that could add additional facilities, including a new facility for Minor or Major League Baseball for UNLV. This 150 acres can become the heart and soul of all sports within the State and for UNLV and the home to 30,000 students. It is a game changer for this University on a long-term basis. Another amendment to our plan was to conduct a master plan exercise for the entire campus to make sure this successfully integrates with the vision for those who came before us.

I will go through the remaining slides, [Exhibit D](#), page 6. Every one of our projects brings the public realm to bear. We need large public gathering spaces throughout this project. We want this to be the heart and soul of the community not only on game day, but also on a nongame day. We plan on operating this 300 days a year for sports and entertainment. With this critical mass of retail and 3,000 to 6,000 students living on campus, this is a City within the UNLV project. There is a lot of attention to detail. There are many models we can look at that integrate sports, entertainment and universities. These are happening throughout the Country. There are many case studies done on the success of these projects. We need to bring this together and have students living on campus who have a commitment to their university and the programs offered as it increases their grade point average because they spend more time on campus

and engage and have a greater opportunity of success and graduating. We need alumni and donor support from these students. These students tend to stay more invested for a longer period of time when they come from a campus they lived on and engaged in for three to six years, depending on what program they were in.

I do not have time to go through every slide. This would be an award-winning project that we would all be proud of in ten years to say we transformed the State and the community and this University. This would be a model around the Country. Nothing of this size and scale has been done. There are many models close to it. Mr. Roski is working on one at the University of Southern California (USC), and many universities are looking at this because they work well. This University needs this to be great and successful for long term.

The Saitama Super Arena in Japan, [Exhibit D](#), page 8, is a 12-year-old facility. Our lead architect on Staples Center designed this project. He will also be working on the UNLV project. It is a multipurpose, multiuse facility that transforms from 8,000 seats to 40,000 seats. We can build it bigger if we can figure out the right structure, but we are committed to 40,000 seats. That is appropriate for UNLV and appropriate for the facility. We can only afford to build one events center, and if we build one and we build it to be flexible, we are going to be able to meet the needs of this University and this City on a long-term basis. Anything you want to do, this building is capable of doing.

In summary, we have a project we believe makes a difference. We have an opportunity through this legislation to allow this University to be competitive in sports and also a magnet university in the United States. This legislation is sufficient to give us the opportunity to make it happen. We are experienced in making things like this happen, but it has to be carefully crafted and fully supported by our community. We are asking for your support on this project.

MARK H. FIORENTINO (Majestic Realty Co.):

We are going to ask Edward P. Roski, Jr., to say a few words about why he chose this project of all the ones he could get involved in. We have some people in Las Vegas in support of the project, and we have a brief presentation from the Athletics Department at UNLV.

EDWARD P. ROSKI, JR. (Majestic Realty Co.):

This project is exciting and gets a lot of publicity because of the sports aspect. It is about UNLV. If I was interested in coming here to do an arena, I would put it on my own property. The Thomases and I own a lot of property in Las Vegas, and we could do a project like this. My interest is in the opportunity to transform UNLV. I have experience doing this kind of retail and residential project from start to finish. I understand the challenges at a university and how we need to transform UNLV into a world-class research university. We need to put the amenities on campus to make it that. We were able to transform USC from a commuter college to a residential college, and it has become one of the top universities in the United States. This project offers the opportunity to do it at UNLV, and that is my interest. This will be a successful project for the City, county and the State but primarily for UNLV.

CHAIR LESLIE:

Thank you for your comments. We appreciate what a project like this would mean to the community and the University.

MR. FIORENTINO:

I want to make sure the record shows we included a letter in support of the bill from K. Don Cornwell, Managing Director, Investment Banking Division, Morgan Stanley ([Exhibit E](#)).

JIM LIVENGOD (Director of Athletics, University of Nevada, Las Vegas):

You have heard a number of terms. We thought it would be good for the Committee to hear from UNLV's head football coach, Bobby Hauck, and the head basketball coach, Dave Rice.

DAVE RICE (Head Basketball Coach, University of Nevada, Las Vegas):

I had a wonderful experience as a student athlete at UNLV, not because we went to two Final Fours and won a national championship, but because of my time there as a student. Now I am back as the head coach for men's basketball at UNLV. We have great confidence in the potential of our program, and a project like this puts us over the top and is transformational. As a former student athlete and now the head coach, this is a project that is game-changing.

BOBBY HAUCK (Head Football Coach, University of Nevada, Las Vegas):

This is a great opportunity for the UNLV football program. This gives us a chance to upgrade UNLV to be competitive on a national level. It has a chance to upgrade the student experience. At any campus around the Country, six or seven of the best days on campus in a year are those college football Saturdays. The opportunity to bring college football to our campus along with other sports is great. This is the unique and rare opportunity we need to transform UNLV. I encourage all of you to support this bill.

JOHN O'REILLY (Chair, University of Nevada, Las Vegas Foundation):

I am an alumnus of UNLV. I graduated almost 40 years ago with an MBA. I am here to speak on behalf of the University of Nevada, Las Vegas Foundation, the supporters who donated hundreds of thousands of dollars and the thousands of individuals who have been affiliated with UNLV. I am joined by several supporters: Rick Smith, Jesse Pryor, Laura Hurlovich, Aimee Stevens, Krista Gilbertson, Dominic Salomone, James Ratigan, D.J. Allen, Bill Boldt and John Hunt, who represent thousands of graduates and billions of dollars of support.

Today, we have a presentation of a world class opportunity for UNLV and for the community of Las Vegas. We believe Las Vegas is important to the State. The significance of taking advantage of this opportunity and the potential it offers the campus is monumental as indicated by the many speakers before me. This will create a new campus, student housing, parking, retail and numerous additional educational opportunities. This will provide an opportunity to entertain the community and the world on our campus and to avoid the loss of revenue and events that are significant and critical to our community, campus and State. We are here to support UNLV. We are hopeful you will support this legislation.

CHAIR KIRKPATRICK:

The Assembly Committee on Taxation has scheduled a hearing tomorrow morning at 8:30 a.m. to go through the policy. The presentations are great but without policy it means nothing. I would like to have these people come back and tell us what it is going to take for them to get their project on board. That is part of the policy—we have to determine what is best for the State. Plan on being at the meeting tomorrow morning and be prepared to answer questions from the Assembly Committee on Taxation.

Senate Committee on Revenue
Assembly Committee on Taxation
June 2, 2011
Page 13

MR. FIORENTINO:

Our group is going to stay. We also have a group of technical experts who can answer questions about the portion of the bill that deals with our project. We are prepared to do that when you are.

CHAIR LESLIE:

We will hold questions until after we have all three presentations. If everyone will remain in the room after the meeting, individual Legislators can ask questions then.

TERRY CARE (Ex-Senator; International Development Management):

I am representing International Development Management. I will be talking about the Las Vegas National Sports Center ([Exhibit F](#), original is on file in the Research Library) for which Senate Bill 501 is enabling legislation. We are asking the Legislature to give the Clark County Board of Commissioners and the Washoe County Board of Commissioners authority to enact an ordinance that would create an events facility district. There has been a lot of discussion in the press over the past year about an arena stadium. Sam Boyd Stadium in Las Vegas is 40 years old. Cashman Field in Las Vegas opened its doors in 1983. Thomas and Mack Center began operations in 1984. The discussion is we need to do something in southern Nevada to retain the events we have and to attract new events such as professional and major league sports. This has nothing to do with the Harrah's Initiative. That is not this.

Senate Bill 501 is 33 pages. Think of it as having three parts. You have heard about one of the parts, the final part beginning in section 17 that pertains to UNLV. Beginning in section 9, you are going to hear about the City of Las Vegas. We are in the middle. The mechanics in all three of these thirds are very different. In our case, there is going to be companion piece, which is S.B. 502 that was introduced today and contains reference to a user fee, part of what we need for our dream to come true. The user fee is not any kind of a tax. Think of this bill as a work in progress. I know there will be additional hearings on the bills. We will have to review the amendments ourselves.

SENATE BILL 502: Revises provisions governing local improvements
(BDR 21-1308)

What are the characteristics of the Las Vegas National Sports Center? Our slide presentation, [Exhibit F](#), is contained in the 334-page binder you received. There is a wealth of information dealing with demographics, economic benefits and fiscal benefits. Keep in mind we are talking about the creation of three sites: an arena, a ballpark and a stadium. That is what sets us apart. We are talking about private funding, not public funding, for the construction of the Las Vegas National Sports Center. There are no new taxes, no increases in existing taxes, and the financing is already in place. If all goes well and this bill is passed, the Governor signs it and Clark County follows through with the ordinance, we can break ground by the end of the year. That means thousands of jobs immediately.

I have Branch Rickey at the table with me. It was his grandfather who helped break the color barrier in Major League Baseball for the Brooklyn Dodgers. Branch Rickey is now the president of the Pacific Coast League, which includes among its members the Las Vegas 51s, a Minor League team, and he will testify to the support the Pacific Coast League has for the Las Vegas National Sports Center. Mark Abbott, President of Major League Soccer (MLS), is prepared to testify about interest and support for the Las Vegas National Sports Center. Ryan Gedney is available if you have any questions for the architect.

This may have to wait for another day, but we also have John Restrepo. You may remember him from the Economic Forum. He has been an economist for 34 years. He can testify about the economic benefits and the demographics. That is always the question: if you build it, will they come? He will testify that, yes, they certainly will. Thom Sheets, formerly Chair of the Nevada Ethics Commission, is prepared to talk about the fiscal aspects of the project. This is a well-conceived, well-thought-out, monumental project. You are going to have questions, and we encourage you to ask those questions.

One of the things we want to do is give you a comfort level and some reassurance so you know when you pass S.B. 501 in whatever form, and S.B. 502, you are doing the right thing.

CHRISTOPHER MILAM (President, International Development Management;
Las Vegas National Sports Center):

I am here in support of S.B. 501. I would like to thank the Legislature for recognizing what we are trying to accomplish and the amount of effort that has

gone into this project. Our intent is to create a mechanism to finance and develop these world-class venues. I have been a developer for 25 years and have developed many large scale projects in the United States and Europe. This project represents the culmination of three years' worth of work where we started with an arena on a side of the North Strip which evolved to include a ballpark for the Las Vegas 51s and a stadium for Major League Soccer.

As Senator Care indicated, these venues are intended to replace outdated existing facilities. These are necessary as the outdated facilities are no longer adequate. We are not attracting new events to Las Vegas and are at risk of losing existing events. The venues will be a catalyst for significant job creation and economic growth. This may be the only catalyst for growth in the next three to five years in southern Nevada.

Our project consists of three state-of-the-art venues which are uniquely designed for Las Vegas. They are iconic and affordable and practical. The first one is a stadium with an initial capacity of 36,000 seats for Major League Soccer. It has been designed to be expandable on a temporary basis to 50,000 seats to accommodate NCAA bowl events and to be permanently expanded to 72,000 seats for the National Football League. The second venue is a ballpark with an initial capacity of 9,000 seats for Triple-A baseball that will be the new home of the Las Vegas 51s and able to expand to 36,000 seats for Major League Baseball. The baseball park is being designed initially at 36,000 seats for Major League Baseball. We will be building the first part, which is the first 9,000 seats, for Triple-A.

Both the stadium and the ballpark in its expanded form will be able to be enclosed. We want to be able to play football, soccer and baseball outside, because that is how the games were designed to be played, but when it is too hot or too cold, we will be able to close the roof and air-condition the inside of the building. The third building is an arena. It will have a capacity of 17,500 seats and has been designed specifically for NBA and NHL. The requirements for NBA and the NHL are significant and strict, and the building meets those requirements.

I would like to review the core economic benefits. Mr. Restrepo and Mr. Sheets will be able to give you the details. I will give the headlines. The project requires no new taxes. We have not proposed and would not propose to raise taxes on

anyone. The project requires no redirection of existing taxes. It will be a generator of new tax receipts and is fiscally positive at all levels of government. It will create 7,000 direct construction jobs starting in December 2011 and nearly 4,000 permanent jobs systemwide. The increase in economic activity in southern Nevada during the two-year construction period will be \$1.4 billion. The increase in economic activity in southern Nevada every year thereafter will be more than \$500 million. This will generate in excess of \$15 million of net new taxes during construction and more than \$5 million each year thereafter for the 40-year projected life of the buildings.

The total cost of the project is \$1.9 billion. We have engaged a strong team of people from throughout the United States to analyze market demand, feasibility and financial means. The team includes Morgan Stanley in New York, which is our advisor for the franchises; our equity side investment banker, Goldman Sachs, specializing in tax-exempt bond underwriting and construction loan syndication; RCG, economics and demographic demand locally; 360 Architecture, the predominant sports architect in the United States today; and Turner Construction. Turner is one of the largest contractors in the United States and has built more arenas, stadiums and ballparks than all other contractors combined.

Since we are at the end of a long and detailed process, the project is both viable and financeable. Pursuant to the passage of this legislation and subject to the creation of the district through the adoption of an ordinance by Clark County, we will move forward with baseball and the Las Vegas 51s. We will move forward with the expansion franchise, and we will be in a good position to conclude discussions with both the NBA and the NHL on relocations to Las Vegas.

With respect to collegiate sports, the buildings have been designed to provide support for both NCAA collegiate sports on a seasonal basis and for the ballgames. In this regard, we have extended UNLV the opportunity to schedule football, soccer, basketball and baseball games in our venues at no cost. We have also offered UNLV to be able to keep the ticket revenue and merchandise revenue, generating substantial proceeds for the athletic programs without any up-front capital costs associated with constructing the venues or ongoing operating costs. We understand and are very supportive of the desire of UNLV to have an on-campus football stadium. What university does not want that?

The offer to use our venues will remain open until such time as UNLV can afford to do so. Any previous project like this would be publicly financed. Those days are long gone. This project is privately financed, and all it requires is the creation of a special increment-district which will recycle the increment generated on the site.

I will be specific here regarding the policy issues. The district is small in size. It is shrink-wrapped around the three venues. As we propose it, it captures only a portion of the incremental property tax, a portion of the incremental sales and use tax, the incremental Modified Business Tax, the incremental Live Entertainment Tax and the building user fee which is a fee we are imposing on ourselves. What flows through the district are the following: the Local School Support Tax, the county mass transportation road tax, air quality option tax, the county flood control tax, the county sales and use tax of 2005, the county infrastructure option tax, the Las Vegas Metropolitan Police Department Manpower Supplement Property Tax, the Clark County School Operation and Maintenance Tax, and the Clark County School Debt Property Tax.

To be clear, no property or sales tax, either existing or created by us, which is bound for the schools system, will be captured within this district. It all flows through. We do not increase taxes on anyone, and we do not request to redirect anyone else's taxes to us.

In closing, I would like to make one important point with respect to the local industries. We are complementary to the existing industrial base in Clark County. We are not adding any new hotel rooms or gaming floors to populate, and we have limited food and beverage and merchandise programs. We look to retain existing events, we look to bring in new events, and we will bring professional sports and major league sports to Nevada. This should put Las Vegas in a position to compete with Los Angeles and the renovated Staples Center, Orlando and the new Amway Center, Dallas and the new Texas Stadium, and New York with the new Barclays Arena under construction. These are the four big cities pulling tax dollars from Las Vegas. If we are successful with this, Las Vegas will be able to retain its title of entertainment capital of the world.

BRANCH B. RICKEY (President, Pacific Coast League):

I am in favor of S.B. 501. I am pleased and honored to be here today. I was here eight years ago with Don Logan of the Las Vegas Ball Club. We were seeking funding for a new ballpark in Reno. Some of the members here today supported that along with predecessors of others of you more recently elected. This body endorsed that cause. I am proud of the Reno Aces Baseball Club that now occupies that ballpark and the success the club enjoys. I am proud of what that has brought to Reno, and the rivalry it enhances with the Las Vegas 51s. I am pleased with the affordable, classy recreation for northern Nevada. I am reminded of the trust you showed in all the work that went into asking for your support to fund a new facility.

Today, I feel comfortable in speaking to you as I would good friends because over the years I have been fortunate to develop remarkable relationships in Reno and Las Vegas. My life is greatly enhanced by those relationships in the same way the Pacific Coast League is enhanced by having a modern, successful franchise in Reno. The same is not true for the Pacific Coast League in Las Vegas. We face a considerable and worsening problem there. The loyal fans of yesteryear who were blindly willing to support a sports team in any kind of a facility is a thing of the past. They are replaced by families and by newer fans who are looking for the modern amenities. These fans are unlikely to know the major league affiliation of the visiting team, which players may be prospects and not, or who played here last season. Instead, they come to our games because of the fun at the ballpark.

The evening is affordable, the park is clean, the restrooms are sanitary, the concessions are splendid in variety and taste, the music is clever, lighting is bright, and the park is safe inside and outside. They may also see a future star. That is the new reality in professional sports overall. Situations like that do not occur by accident. They are expensive to achieve. That is an overwhelming obstacle without remarkable entrepreneurship by some dedicated people. That has to be joined by some remarkable courage of leadership by state and municipal officials.

The Pacific Coast League has spent years identifying that combination for Las Vegas. We are convinced we have found a credible solution through Chris Milam. If this opportunity is wasted, I do not envision another venture like

this to surface for many years. Why should anyone else dare to believe? Who next can amass these resources? His commitment and vision are inspiring.

MARK ABBOTT (President, Major League Soccer):

I am here today to speak in support of S.B. 501 and the Las Vegas National Sports Center. I will provide you with some of the background about the league and some of our thoughts about the Las Vegas market and the project we are discussing today. Our League was founded in 1996. We have 18 teams that play across the United States and Canada.

In 1999, we recognized we needed our own facilities for our teams to be successful. That is true for all professional sports teams. We constructed our first soccer-specific stadium in Columbus, Ohio. We call them soccer-specific stadiums because they were designed to host professional soccer teams, but they are community assets that can host a wide variety of activities, such as other professional sports and activities to benefit all segments of a community. Since then we have built 11 more stadiums in communities across the Country and have two more opening next year.

In our League, we have a mix of international stars like David Beckham and a great American player, Landon Donovan. Each of our teams has development academies to provide the best and the brightest young American soccer players an opportunity to learn under professional coaches and train at top level facilities so they can contribute to our national team and play in our teams that play in the Soccer World Cup every four years. In addition to operating the League through our affiliate company, Soccer United Marketing, we are the largest promoter of international soccer games in the United States and Canada. This summer we will be promoting the World Football Challenge. It will have some of the top teams in the world. They will be playing against themselves and against a number of our clubs. It is that type of activity that builds the League and appeals to soccer fans across this Country. As I travel around the Country and talk to communities about Major League Soccer, I find there are a number of things those communities look at and why they have an interest in having a Major League Soccer team.

First: They have an opportunity to provide a major league professional sports experience to the community to a broad segment of the population. We have a diverse fan base, and that is attractive to many communities.

Second: It is affordable. Our average ticket price is \$25 and is priced for families to experience these games.

Third: It is international; in addition to broad television coverage throughout the United States and Canada, we are available in over 200 countries throughout the world. The international profile to a community is significant.

Fourth: We provide a destination to young soccer players in these communities. Young players can be part of our development academy and go on to realize their dreams to play on a Division 1 professional soccer team. That is something happening with great frequency in our markets throughout the Country.

Fifth: There are economic development aspects for the community. These facilities are community assets, hosting not just professional sports but amateur sports of all varieties.

When we think about the Las Vegas market, we are attracted for two or three key reasons. It is a tremendously diverse market and becoming more so. The United States is the first country in the history of the world to be made up of all the other countries of the world. That is very true in Las Vegas. It is an amazingly dynamic community and its business community has the capacity to support major league professional sports. It is an international City. What better city for soccer than a city like Las Vegas with its great number of visitors that come from around the world?

Without a soccer-specific stadium, a team cannot be successful. That is true for all professional sports. This is an innovative facility plan in place. This is a comprehensive, well-thought-out business plan. There were a number of professionals involved in formulating this plan with a strong management team behind it. For all these reasons, we are in support of the project and excited about the opportunity in Las Vegas, and we look forward to the continuing process.

SENATOR CARE:

We will save these speakers for the subsequent hearing. We are out of time. We have Mr. Sheets to testify about the fiscal benefits and Mr. Restrepo about the economic benefits and the demographic questions. Much of the data is in the binder, [Exhibit F](#).

I want to emphasize how many jobs will be created with this project. I have heard members of this body testify repeatedly that jobs are a nonpartisan issue. That is true. The priority is job creation. If the Legislature wants to do something about an immediate effort for a comeback for Nevada, S.B. 501 is the vehicle.

CHAIR LESLIE:

The binder is well tabbed and organized. The members will be able to review this material, and there will be subsequent hearings. The third presentation is the City of Las Vegas.

DAVID GOLDWATER (City of Las Vegas; The Cordish Company):

I was born and raised in Las Vegas. This project is exciting. I am a big fan of UNLV. I have with me here today Ricki Barlow with the Las Vegas City Council, Scott Adams, Director of the Redevelopment Agency, and Port Telles with The Cordish Company.

RICKI BARLOW (City Council, City of Las Vegas):

I am a native of Las Vegas and graduated from UNLV. I believe this is a great opportunity and an exciting time for us. We have developers here looking to bring in an exciting venue that will benefit our community. I am pleased and honored to have a place for one of the proposed venues in our downtown Las Vegas community. From a historical standpoint, the downtown area was a vibrant community years ago. There was gaming, entertainment, movies and bowling, and my family and I had a great time celebrating our childhood in the downtown community. Over time, the community expanded and the population increased and the downtown area fell into urban decay. The downtown area deteriorated, businesses moved out, and revenues and values decreased.

After that we had the opportunity to bring about the Las Vegas Downtown Redevelopment Agency which provided us the tools necessary in order to develop and revitalize our downtown community. The Mayor calls it the diamond in the desert. We have had the opportunity to bring developments to our downtown community, such as the Las Vegas Premium Outlet Mall, a premier retail center in Nevada. There is also the World Market Center and the Lou Ruvo Brain Institute with the collaboration and partnership of the Cleveland Clinic. The Smith Performing Arts Center is a world-class performing arts center in the heart of downtown.

There are residential developments that have taken place in the downtown community. Many more great developments will continue. By bringing on a major development such as an arena in the downtown area, the energy would continue. Our residents and tourists will celebrate the many opportunities in our downtown community and be entertained. The tax increment financing we have relied on over the last 12 years has assisted in restoring the tax values in downtown and bringing in a development that will enhance the City of Las Vegas and the State of Nevada.

MR. GOLDWATER:

We have heard a lot about transformation. The unique thing about the downtown site is this is the site that is going to be in the community where people live. The UNLV has its special characteristics, and the South Strip has some unique characteristics. The opportunity to put this downtown in a redevelopment area where people live and work is a great opportunity. We know what an arena can do in a blighted area from Mr. Roski's work at the Staples Center in Los Angeles. We know what can happen in Baltimore with Camden Yards, the MCI Center in Washington, D.C., and the AT&T Park in San Francisco. These are the type of projects when located in urban areas can transform a community.

There are three unique financing opportunities, and we will get to the policy more specifically later or tomorrow. Each one is a little different but provides a unique ability to make this transformation. As Councilman Barlow said, take what has been used as increment financing, property and sales tax and start to build something that will take development and redevelopment to the next level. The entire community deserves an equal opportunity to site an arena. That is the goal of S.B. 501. We should have equal opportunity through a process and through money and financing.

The City of Las Vegas has a unique public-private relationship with The Cordish Company. The Cordish Company is 100 years old. It is privately held. The company has done an \$850 million private development in Kansas City and a \$500 million development in Houston. Those two projects were done off its own balance sheet with the equity contributed privately. The Cordish Company is successful and has a track record for success. That is why the City chose this company.

The site of this potential arena is in a blighted area. That has a specific definition. This is something that is going to change and transform that area. Another unique aspect is that it will be built in the City, and the City recently passed an ordinance on a local hiring preference. That is important. We are going to be putting our citizens back to work and your constituents and Councilman Barlow's constituents back to work on a project they can see and use that will transform the surrounding community. All the local businesses will do better and the property values will go up. It is centrally located in the middle of town.

PORT TELLES (The Cordish Company):

Our company is based in Baltimore, Maryland. We are active in developing projects through public-private partnerships and have done several across the Country. Through these public-private partnerships, we have been fortunate to win seven Urban Land Institute (ULI) Awards for Excellence. If you are familiar with ULI, it is like winning an Academy Award if you are a developer.

The location of our project is in Symphony Park ([Exhibit G](#)). Symphony Park is a 62-acre master-planned community owned by the City of Las Vegas. The City of Las Vegas has already made some great progress in Symphony Park. The Lou Ruvo Brain Institute is a Frank Gehry building. The Smith Center for Performing Arts is a joint partnership between the City and Clark County. One of the important aspects to this plan is its connectivity to downtown.

We see this project in a global sense as opposed to being an arena by itself. Las Vegas is a unique market. When we looked at the architecture, we thought it would be great to have something that is modern and highlights the community. It is going to be an arena that is constantly on television

A live block is a naturally occurring amphitheatre. Within the live block is a public space that is used by the community. If we build this project, it will have 180 free events, like the events we have in the other live blocks across the Country. You can go to these events free of charge. The other important aspect is the live block becomes a part of the community. That is where the pep rallies, farmers markets or the 5-kilometer races start and end. It is open to the public.

One of the unique opportunities we have as a community in Las Vegas is to revitalize the downtown. You can look at case studies across the Country of what it means to have a revitalized downtown. If you look at lower Denver, Baltimore's Inner Harbor, San Diego, Los Angeles or Washington, D.C., these are all markets where downtown has had an impact on the area in which they are redeveloped. There are billions of dollars in spin-off benefit from private development that occurs.

Baltimore is a great example. A Four Seasons Hotel is being built in Baltimore. If you had said that 20 years ago, everyone would have thought you were crazy. The clientele and people interested in being downtown are in the age group between 25 and 40. They gravitate to downtown. People are getting married at an older age. Individuals and couples have disposable income, and they want to have more cultural amenities. They want to live near each other. They opt not to have the suburban lifestyle. The empty nesters want to have more cultural interactions with each other. That is an important aspect as to what a downtown does in a community.

One of the key factors in many of these areas is an arena or a ballpark. In Baltimore, it started with the National Aquarium and then Camden Yards. On page 11, [Exhibit G](#), is a picture of Baltimore's Inner Harbor today. Thirty years ago, the Inner Harbor was a dying steel town. Now there are billions of dollars of private investment of spin-off benefits that came or were derived from the public-private partnership relationships. On page 13 of [Exhibit G](#) is a picture of Oriole Park at Camden Yards. If you have been to Baltimore in the last 15 years, you understand the transformation this ballpark has had on the surrounding area. It has attracted residential, hotel and office developments that want to be part of the downtown.

We are involved in a partnership with the San Francisco Giants. It is 16 acres adjacent to AT&T Park. This is another classic story of a city and a region that decided to locate their professional sports team in a downtown area. The AT&T Park San Francisco was formerly located in Candlestick Park by itself. There were very little spin-off effects from that. The city leaders chose to locate it within the downtown area; since then, there has been miraculous growth in Mission Bay. Within the last three months, a company called [< www.SalesForce.com >](http://www.SalesForce.com) bought 2 million square feet of office space there. The University of San Francisco Medical Center relocated to Mission Bay. There

are numerous residential opportunities, restaurants and other cultural amenities now in Mission Bay that would not have otherwise occurred without the ballpark paving the way.

Sacramento located its arena 15 miles outside of town and has decided to move it to the downtown area. The downtown has the infrastructure and buildings that can make things happen. In downtown Las Vegas, there are 12,000 parking spaces that are underutilized. It would cost a fortune to build 12,000 parking spaces. When you consider this legislation, we ask you support our language. Our deal is a partnership with the City of Las Vegas. It is a public-private partnership. The arena is going to be publicly owned and a community asset. We have an open door to UNLV. If the University wants to be a part of this project as a joint venture partner or play games there free of charge, we are open to discussing it.

SCOTT ADAMS (Chief Urban Redevelopment Officer, City of Las Vegas Redevelopment Agency):

I am the primary person in the City working with the redevelopment of downtown Las Vegas. I have an overview of each of the sections of the bill in terms of the revenues that would be authorized under this legislation ([Exhibit H](#)).

Each of these sections has features that are similar regarding new revenues that could help finance each project. Each of these sections has unique and different revenue reflecting the unique location represented by each project. There are three great projects with three great partnerships needing some boost to get their projects done. These facilities will create an economic impact, and this bill authorizes revenues that capture that economic impact and converts it to revenue to allow you to help finance it. I will explain how this works.

Our arena, as we have envisioned it, will cost approximately \$400 million. The arena itself will generate considerable revenue from all the events and concessions in the facility. We think that will cover about 50 percent of the cost of the facility, which means out of the \$400 million, there is a gap of \$200 million. These are rough numbers. That gap would be financed through the revenues and bonds issued by the revenues authorized under this bill. It would be done under each of those three sections in a uniquely different way reflecting each of the location differences.

I give you an example of how that works. We mentioned the Smith Center for the Performing Arts. This is a project under construction that will be complete in March 2012. The project has layered financing that started with the authorization of a rental car tax, the use of redevelopment agency bonds and private revenues. All of those forms of funding and financing came together in a financing package that made the Smith Center for the Performing Arts possible. When that project is fully realized, it will have invested almost the same scale of financing we are talking about here. There will be invested, between public and private sources, half a billion dollars to create a facility that is centrally located in downtown and a benefit to all the citizens of Clark County.

The Smith Center for the Performing Arts, like our arena, is owned by the City. We have a management contract with the Smith Center to operate it. We are not in the performing arts business, so we brought the group that knows how to do that to the table. We will do the same thing on the arena. We spend a lot of time in our redevelopment program vetting the backgrounds of all the companies we do business with. We have a stellar team putting the Smith Center together; we have the Lou Ruvo Brain Institute with Cleveland Clinic as a partner; we have Forest City Enterprises, one of the largest urban redevelopment companies in America, building our city hall; we have Newlin Communities, one of the largest master-planned developers in America, as our advisor on Symphony Park; and we have The Cordish Company, which is the preeminent developer of combined sports and entertainment projects, as our private partner on this project. There has been a lot of talk about Cordish Company projects in Kansas City, the Hard Rock Hotels in Florida, and an events center in Fort Lauderdale. The Cordish Company built an events center with Verizon in Houston and is working on an events center in downtown Louisville.

MR. GOLDWATER:

There are a couple of issues we would like to have addressed in the bill. It is limited to a revenue bond. This is something that is taken away. For example, the Smith Center can do a general obligation revenue bond. The City can offer its guarantee to the extent that it has the ability to do so. This is an important financing mechanism for anybody who is going to develop anything. Having this ability makes financing cheaper and coverage ratios cheaper. I would like to have you address that and put that back in where it is today. The next

recommendation is changing the definition of the governing body. In the bill, it is the board of county commissioners. We would like to have you consider a regional planning coalition.

I included in my recommendation, page 16, [Exhibit G](#), the statute that refers to the regional planning coalition. Its mission is to be the forum for regional problem solving and consensus. The coalition would be made up of elected county officials, elected City officials and elected school officials. If there is a decision-making governing body laid out in S.B. 501, it would be the Southern Nevada Regional Planning Commission. These are tools to give local officials the ability to make something special in southern Nevada, give everyone equal opportunity to process and show the community the benefits of a project like this.

CHAIR LESLIE:

I am going to have Chair Kirkpatrick outline the questions she would like to have answered tomorrow at her hearing.

CHAIR KIRKPATRICK:

The Assembly Committee on Taxation will meet at 8:30 in the morning. I have invited all the Legislators in the building. It is important to talk about the policy. We have to make sure the policy is right and have a policy discussion with this Committee concerning S.B. 501. I have a smart Committee who will ask a lot of questions. I want to see, specific to your project, what things are in this bill that make your project viable. It is across the board. I do not want you comparing your project to someone else's. It is our decision to decide how we do it the fairest way. You all have different scenarios. We need to know the acreage needed and a time frame. If we are being asked to consider this, our constituents are going to want to know where are the jobs, when are they coming and when you are going to be breaking ground.

We are going through the bill line by line over the next three days. I do not understand the financing mechanism of the 40 years that you all have within this bill. The life of the project is 40 years; it is not typical that you get the same amount for the life of the project. Those are the key things I want you to start with in the morning. The Legislators will have an opportunity to ask the questions after each person is done. Any other Legislators who want to participate are welcome to sit in with us.

SENATOR HORSFORD:

I would like to go through an overview of the bill. I agree with Chair Kirkpatrick. We have to get the policy right. There are places all over the Country that do this. Any time there is a public-private partnership in the way these projects are asking, there are ordinances and laws that need to be enacted. We need to make sure the public interest is protected and there is accountability for the process. I trust Chair Kirkpatrick's experience in this area because of her work on other tax-increment and incentive-based legislation we have had in previous sessions. Sometimes things get rushed through at the last minute, consequences get determined later and people want to fix it. I agree we need to be deliberative about this process.

I am excited because all the projects we have heard from show there is still a lot of opportunity to come in our community. Our state is vibrant, and despite the challenges we have been experiencing in the last few years, our best days are still in front of us. These are exciting projects that can help propel us to the next level. On a personal level, as Councilman Barlow said, growing up in the City, there are a lot of things we are proud of and a lot of things that are assets, but as a father and someone who tries to find things to do with his kids, I do not think we provide every opportunity now. The opportunity to have the type of sports and activities offered at UNLV and the opportunity to bring national sports is very exciting. The two opportunities I had with my kids that have been the most fun were when we had a chance to go see a championship game for the NBA and another time we were able to go to the Washington National Stadium for a baseball game. That was an all-American experience. Despite these opportunities coming to our community and what they mean from a tourist standpoint, I also see the value of these projects as a resident.

The approach we tried to take with S.B. 501 was to collect the information where each project proponent was asked to come up with a standardized process so each could compete on an equal playing field. Most people tend to ask for things that give them an advantage or are unique to their projects. That is when it comes back to policy and what we need to do as Legislators within the law. I have an amendment for discussion in the Assembly and Senate showing some of the changes I would like to see now that the proponents have offered their presentations and can be considered in full. I am going to go through this overview document, and we will have additional explanation

provided by Brenda Erdoes, Legislative Counsel. I will then go through the amendment and touch on some elements.

I covered the benefits of the stadium construction page 1, [Exhibit H](#). You have seen the three options available. It is not these three developers; these are the options. There are other projects that could qualify under these options.

Option 1, page 2, [Exhibit H](#), is the redevelopment area option. I have a significant amendment I am going to propose in that area. I have talked to the City Manager and the office is aware of my concerns about this section. I will leave that for the amendment discussion.

Option 2, page 3, [Exhibit H](#), is the outside redevelopment area option. It is not affiliated with the University. The proponents of that project laid out clearly what they are asking for under that option.

Options 1 and 2, page 4, [Exhibit H](#), outline that Clark County is required to enter into an agreement for the distribution of pledged tax revenue to the County by the entities collecting those taxes. The County is authorized to finance the event facility by using the pledged tax revenue to issue bonds and enter into reimbursement agreements. The County is required under this legislation to reduce the amount of pledged tax revenue after 25 years to the extent that pledged tax revenue exceeds that amount needed for financing. I will explain why the County option, from a governmental standpoint, is the better one, with all due respect to the City of Las Vegas.

This is a project that impacts the entire County, not just one jurisdiction. Our City cannot support more than one of these major facilities with the required number of seats at the events center. There needs to be one place where those decisions get made and the accountability for who is selected and the ordinance process is managed. I have listened to City officials, and I tried to brainstorm with them before the bill was introduced about the ideas of the other entities. The County option is the best option, but the Committee can review that for themselves.

For options 1 and 2, certain construction contracts financed with the pledged revenue must include the prevailing wage provisions as applicable to public works. There must be an employment plan for each event facility project

financed with pledged revenue. There are requirements in the redevelopment area that get enhanced with legislation in Senate Bill 360. This legislation requires an employment plan for projects outside the redevelopment area. Chair Kirkpatrick would like to ensure we are guaranteeing preferences to Nevada-based businesses and residents to participate in those employment projects.

SENATE BILL 360 (1st Reprint): Revises provisions governing redevelopment agencies. (BDR 22-937)

Option 3, on pages 5 and 6, Exhibit H, is the Board of Regents option. The proponents outlined this option well.

On page 6, Exhibit H, is the time line. Each county must have a formal acceptance process for any developer who wants to submit a project on or before October 1. The commencement of the actual construction of a project must occur within 18 months after the creation of the district and the ordinances adopted by that governing body. This ensures a clear time line for all proponents to submit their bids and for the county to make a determination within 90 days whether to select one of the developers and begin the ordinance process. Following the adoption of the ordinance and the selection of the developer, the developer would have 18 months to commence the project. This ensures the developer can secure the financing, the land is secure, the planning and design necessary is complete, and the developer begins to turn dirt.

BRENDA ERDOES (Legislative Counsel):

I will start with covering the organization of S.B. 501 by referencing the mock-up, Proposed Amendment 7365 (Exhibit I). Sections 1 through 8 are the general provisions that apply to all of the options. Section 9 is the option for the establishment of a district within a redevelopment area. Sections 10 and 11 are the options for the district outside the redevelopment area. Sections 12 through 16 apply to the first two options that apply to sections 9, 10 and 11. Sections 17 through 42 are the options where the district would be created upon request of the Board of Regents. Section 43 to the end apply to all the bill. The basic organization of this bill is such that Washoe and Clark Counties can create one district per county. That is stated in section 9, subsection 4, and it says there can be only one option under that district and then one under the whole bill. Section 10, subsection 4 and

section 33, subsections 1 and 2 all operate together to provide that only one district per county can be created pursuant to this bill.

If you look at the beginning of the bill on page 1 of the mock-up, Proposed Amendment 7365, [Exhibit I](#), those are the definitions that apply throughout. Section 4 says this is available in the larger counties in this State that have a population of 100,000 or more, which is currently Clark County and Washoe County. Section 6 defines "event facility." There is an event facility and an event facility district. Event facility is a stadium, ballpark, arena or other sports facility. The first change, [Exhibit I](#), page 2, shows the seating capacity has been increased. It is proposed to be increased to at least 35,000 fixed seats

SENATOR HORSFORD:

I can explain the rationale on the seating. Sam Boyd Stadium has just over 36,000 seats and the ability to add more if necessary. If we are going to build something new, it should be at least the same size if not larger than what is in the Sam Boyd Stadium.

MS. ERDOES:

Section 7 on page 2, [Exhibit I](#), is the definition of an "event facility project" and that includes the event facility which was defined above. It includes the structures, buildings and other improvements and equipment, including parking and appurtenances that would go with whatever event facility is proposed.

The next sections are specific to the options. Section 9 is the option for the district that would be wholly within the boundaries of a redevelopment area. This section would allow the county to pledge revenue from any combination of the following. Pledged revenue refers to being able to bond for the money as well as receive it. In a district that is put together pursuant to section 9, it would be wholly within a redevelopment area. Up to 75 percent of the revenue of the sales and use taxes imposed in the event facility district, other than the Local School Support Tax, could be pledged, as well as the Basic City-County Relief Tax, sales tax, Modified Business Tax imposed on business in the event facility district, Live Entertainment Tax and a special assessment of not more than \$1,000 for each private parking space within 3,000 feet of the project.

SENATOR HORSFORD:

Initially, the City had included the entire redevelopment area, which meant that any revenues within that area over the current established amount could go toward this entertainment district. After review, that was too expansive. In order for that to be consistent with the other two options, we made it the district itself. That will have to be a defined district area that would consist of the stadium, ballpark or arena. That is another significant change from the bill as originally proposed.

MS. ERDOES:

The first set of changes are under section 9 on page 2. On page 3, [Exhibit I](#), the Proposed Amendment allows the pledge of the Modified Business Tax, which was not in initially, but it is for all three of the districts. This makes it parallel. Subsection 2 requires the property within the boundaries of the district to be contiguous and that makes this consistent. The changes on page 4, [Exhibit I](#), provide that there will be no gaming in these districts and that makes it parallel. The last change to section 9 is adding a requirement that an event facility must be constructed before or concurrently with the rest of the projects or appurtenances in the facility district. You will see that is added to all three of the projects.

Section 10 is the district that is comprised of an area completely outside of a redevelopment area. This district can have the Modified Business Tax imposed on the business in the event facility, the Live Entertainment Tax on entertainment in the facility and the sales and use tax and the Basic City-County Relief Tax. No other taxes are part of this package. The contiguous changes are added to this in subsection 2. This makes it clear there is no gaming in the district. Subsection 3 is also requiring the event facility itself must be constructed before or concurrently with the rest of the appurtenances or other things included within the event facility district.

Section 11 provides the increments in the base for a section 10 district.

Section 12 is the provision that requires the county to enter into an agreement for the distribution of the pledged revenue from the county by the entities collecting those taxes. The changes on page 7 relate to adding the Modified Business Tax for those sections.

Section 13 authorizes the county to finance the event facility by using pledged tax revenues to issue bonds and enter into reimbursement agreements, which is the standard for Tourism Improvement Districts.

Section 14 requires the county to reduce the amount of pledged tax revenue after 25 years to the extent that the pledged tax revenue exceeds the amount needed for financing. That is a break in the 40-year period the district can be kept alive.

Section 15 exempts certain construction contracts financed with the pledged revenue from the law requiring competitive bidding. These are the ones between the master developer and the project owner. In the University proposal, it would be the Board of Regents and master developer. For the other two it would be the County or the City between them and the master developer. That is the only item exempted from competitive bidding.

Section 16 specifies a procedure for the selection of subcontractors on certain contracts for original construction and contracts for benefitted construction within a district.

The next portion, sections 17 to 42 of the mock-up, authorizes the county to create an event facility district upon the request of the Board of Regents; this is the third option and starts on page 13. The other two options under sections 9, 10 and 11 would rely upon the local government securities bonding law. This one is different. There are more provisions in here regarding pledge revenues and how the bonding will work; this goes through the university and county bonding laws. Under this option, section 31 authorizes the Board of Regents to adopt a resolution requesting the creation of the district, which has to designate the proposed area. The boundaries have to be within the area of the campus or the property that is owned, leased or used by the university system. This applies in Clark County and Washoe County.

Section 35 sets out a procedure for the Board of Regents to request the county to revise the area of the district and the authorized undertakings and taxes that can be pledged.

Section 38 allocates to the Board of Regents only future increases in the revenue from pledged taxes that are imposed on the district. Section 27 lists the

following as the taxes which the county may authorize the Board to pledge. Those are property taxes, Modified Business Tax, Live Entertainment Tax and the 2 cents sales and use tax, the State and the Basic City-County Relief Tax. The education taxes and the Local School Support Taxes are not part of the pledge.

Section 25 allows the Board of Regents to pledge any fees it imposes in lieu of pledged tax to make up for any loss of revenue from a pledged tax that results from a tax exemption. Section 40 authorizes the Board of Regents to pledge revenues from the authorized sources for the purpose of entering into contracts and issuing revenue securities to carry out the authorized undertakings.

The other changes this mock-up makes to the other proposed amendments are that the area of each optional district has to be contiguous and that is parallel throughout, except for streets and certain rights-of-way. There could not be large streets going through the districts, such as Maryland Parkway going by the UNLV campus. The mock-up makes it consistent that none of the optional districts may include any gaming operations and an ordinance creating a district must require construction of the event facility before or concurrently with other facilities.

Options, under sections 9 and 10, no longer prohibit the general obligation bonding for the different facilities.

For each of these options, there is a requirement for an employment plan to be completed and carried out by the developer. There are separate new provisions for the options under sections 10 and 11 and under the University provisions in sections 17 to 42. The employment plan for the section 9 option, which is in a redevelopment area, must comply with the one for the redevelopment area.

Senate Committee on Revenue
Assembly Committee on Taxation
June 2, 2011
Page 35

CHAIR LESLIE:

We will open this up for public comment and the Assembly Committee on Taxation will take it tomorrow morning. Seeing no public comment, this meeting is adjourned at 4:01 p.m.

RESPECTFULLY SUBMITTED:

Gayle Rankin,
Committee Secretary

APPROVED BY:

Senator Sheila Leslie, Chair

DATE: _____

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 501	C	Senator Steven A. Horsford	"arena Las Vegas"
S.B. 501	D	James Dean Leavitt	UNLV NOW
S.B. 501	E	Mark H. Fiorentino	Letter from K. Don Cornwell, Morgan Stanley
S.B. 501	F	Terry Care	The Las Vegas National Sports Center
S.B. 501	G	Port Telles	Presentation
S.B. 501	H	Scott Adams	Presentation
S.B. 501	I	Brenda Erdoes	Proposed Amendment 7365