SOUTHERN NEVADA TOURISM INNOVATION ACT

APPLIED ANALYSIS

1 Project Overview

2 Funding Structure

3 Governance and Oversight

4 Other Project Elements

5 Stadium Events

6 Stadium Impacts

EXEMPT

S.B. 509

SENATE BILL NO. 509–COMMITTEE ON FINANCE

(ON BEHALF OF THE OFFICE OF THE GOVERNOR)

MAY 26, 2023

Referred to Committee on Finance

SUMMARY—Revises provisions governing stadium infrastructure projects. (BDR S-1221)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Contains Appropriation not included in Executive Budget.

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Proposed A's Stadium



9 ACRES

LOCATED ON SITE OF TROPICANA CASINO RESORT



30,000

CAPACITY, STADIUM WITH PARTIALLY RETRACTABLE ROOF

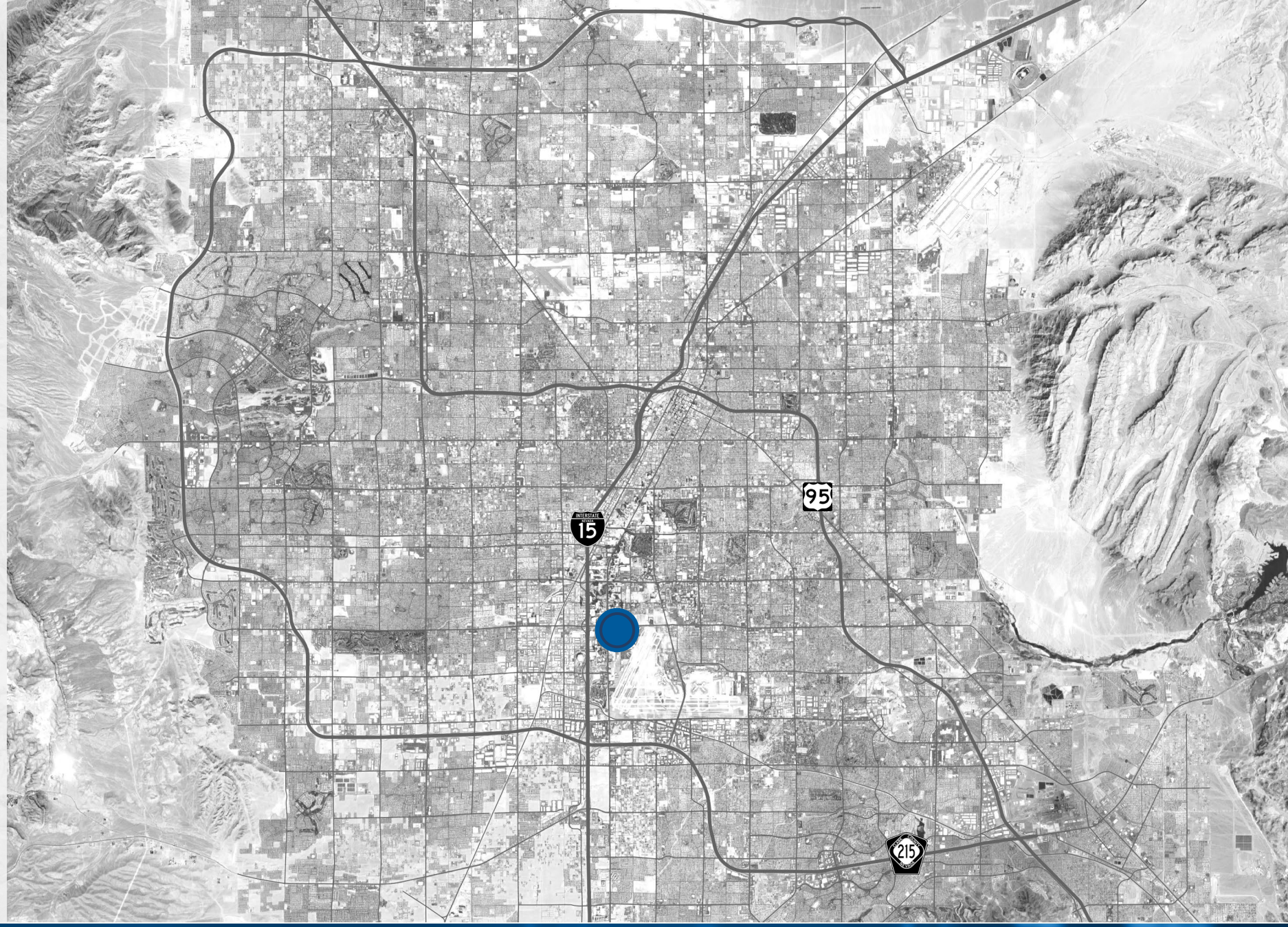


$1.5B

(NOT LESS THAN $1.1B FROM THE A'S)

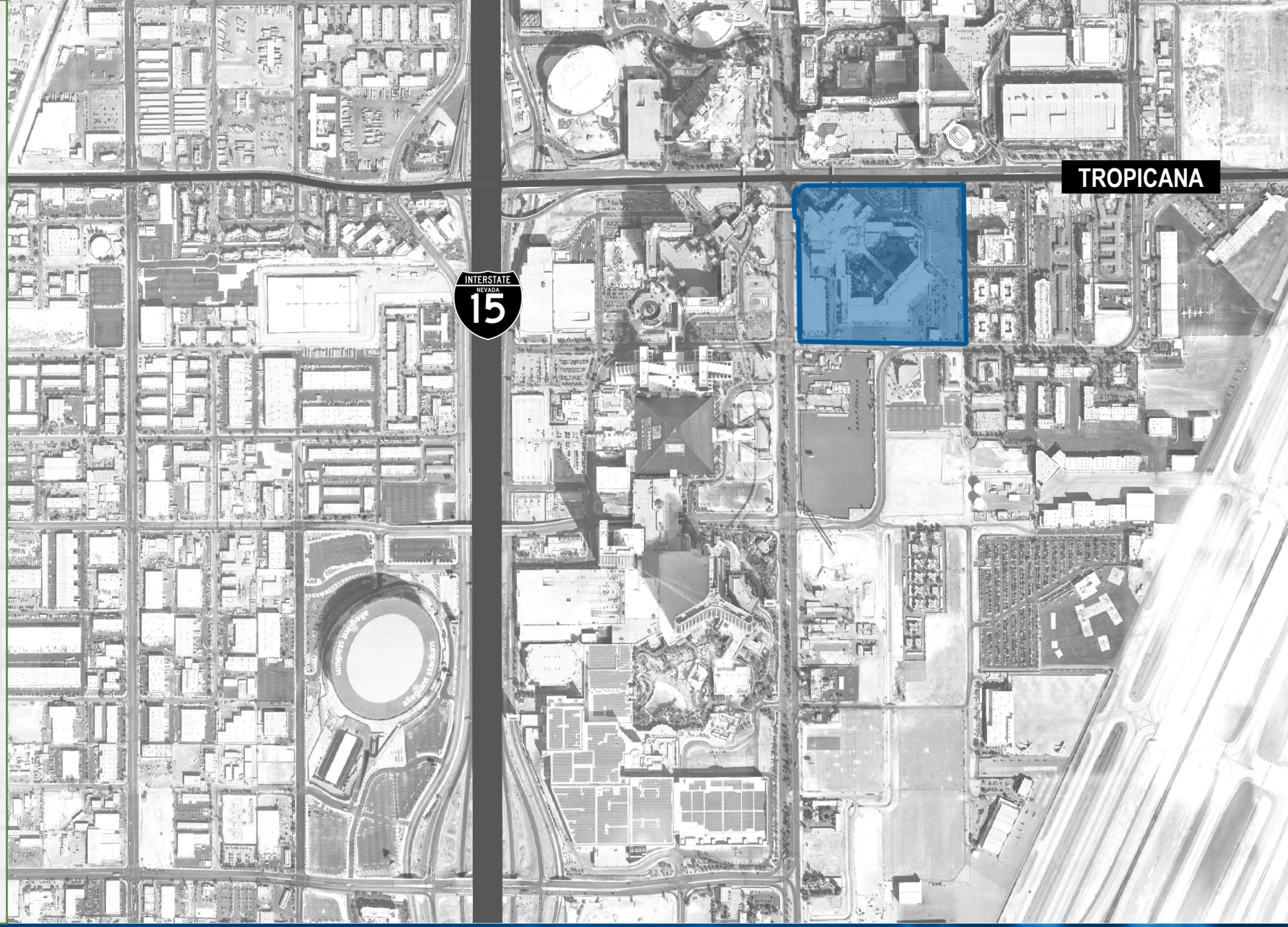
REGIONAL MAP

Project Site: Southeast Corner of Tropicana Ave. and Las Vegas Blvd. (Tropicana Hotel)



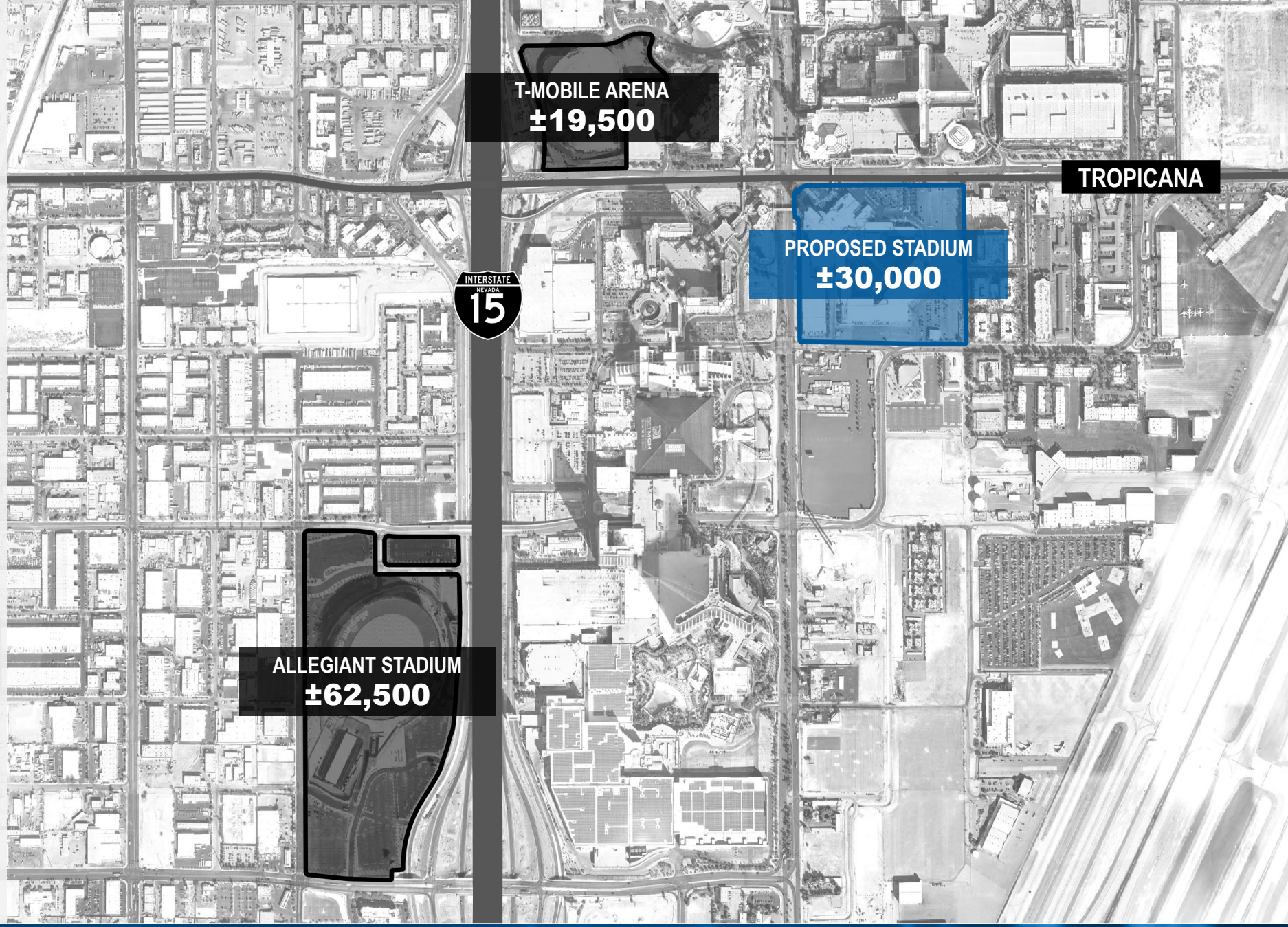
AREA MAP

Project Site: Southeast Corner of Tropicana Ave. and Las Vegas Blvd. (Tropicana Hotel)



AREA MAP

Project Site: Southeast Corner of Tropicana Ave. and Las Vegas Blvd. (Tropicana Hotel)




MGM
GRAND
MGM
GRAND
MGM
MANDALAY BAY
MANDALAY BAY
EXCALIBUR

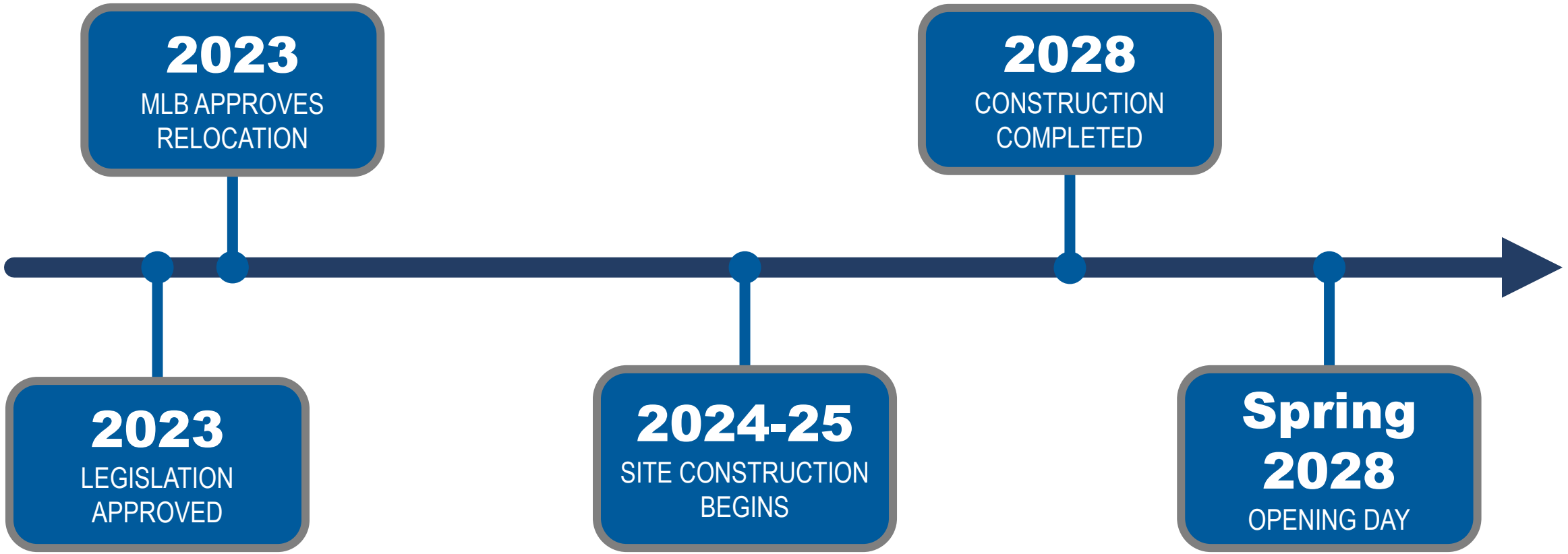
8


MGM
SPORTS WAGERING NOW AVAILABLE THROUGH YOUR MOBILE DEVICE
MGM
GRAND
LIVE THE IMPOSSIBLE
DAVID COPPERFIELD
EPICALLY EXTRAORDINARY
CIRQUE DU SOLEIL
Hakkasan
MGM GRAND
Athletics

9

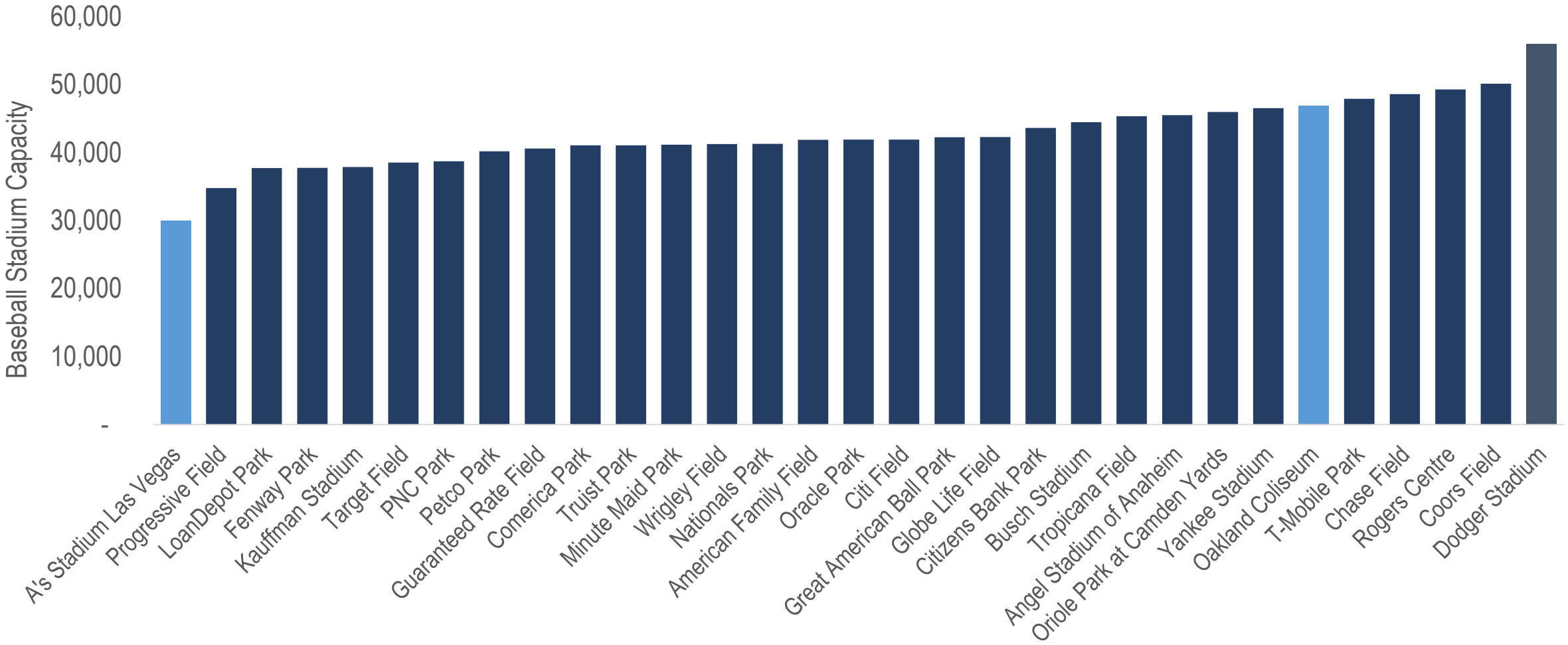

MGM
MGM GRAND
Las Vegas
Las Vegas
Las Vegas
Athletics
Athletics
A's
A's
A's

Project Timeline



Capacity of MLB Ballparks

The proposed stadium would take the A's from playing in one of Major League Baseball's largest venue to its smallest. With a projected average attendance, the A's would rank 15th among Major League Baseball teams.



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Project Funding Structure

Athletics

Not Less Than

$1.1 Billion

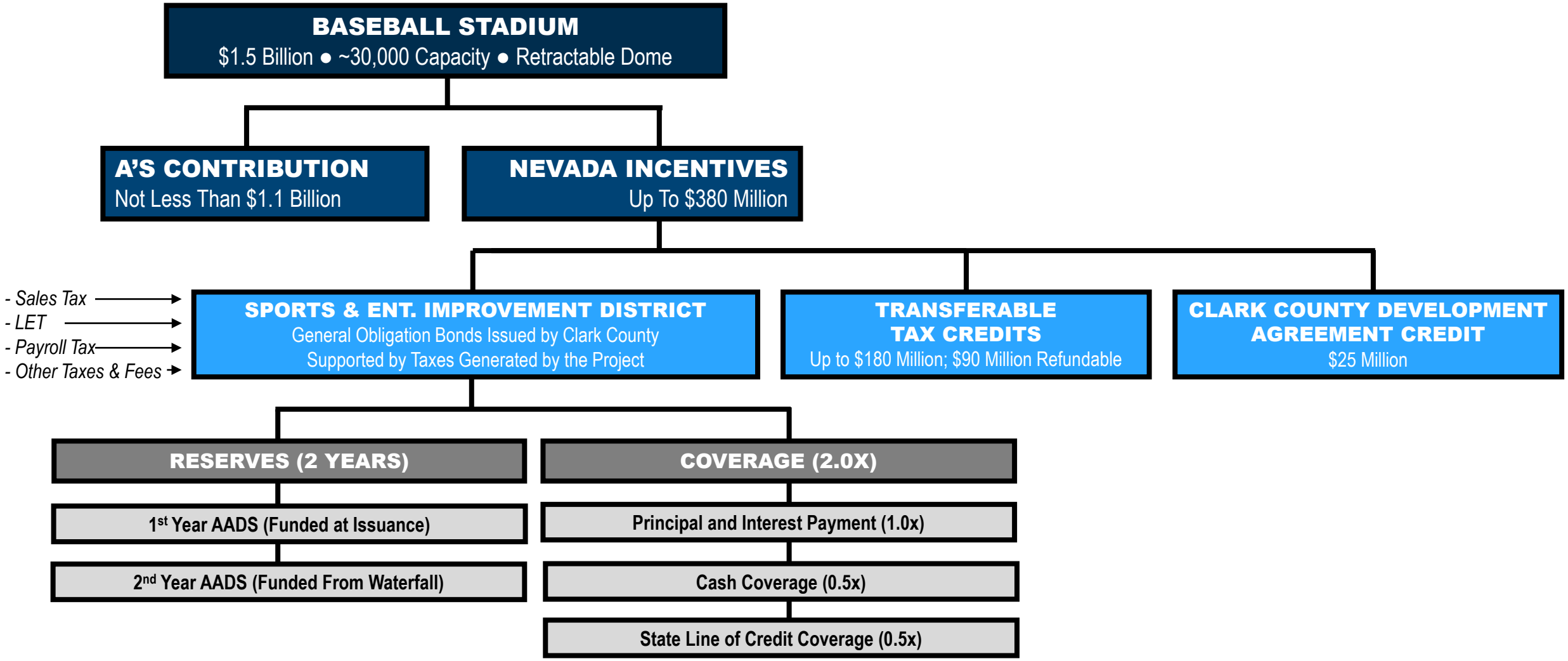


Nevada

Not More Than

$380 Million

Project Funding Structure



Project Funding Structure

BASEBALL STADIUM
$1.5 Billion ● ~30,000 Capacity ● Retractable Dome

A'S CONTRIBUTION
Not Less Than $1.1 Billion

NEVADA INCENTIVES
Up To $380 Million

- *Sales Tax*
- *LET*
- *Payroll Tax*
- *Other Taxes & Fees*

SPORTS & ENT. IMPROVEMENT DISTRICT
General Obligation Bonds Issued by Clark County
Supported by Taxes Generated by the Project

TRANSFERABLE TAX CREDITS
Up to $180 Million; $90 Million Refundable

RESERVES (2 YEARS)

- 1st Year AADS (Funded at Issuance)
- 2nd Year AADS (Funded From Waterfall)

COVERAGE (2.0X)

- Principal and Interest Payment (1.0x)
- Cash Coverage (0.5x)
- State Line of Credit Coverage (0.5x)

REVENUES COME IN AT OR OVER EXPECTATIONS

1. Principal and Interest on Bonds
2. Operations of Stadium Authority
3. Supplemental Cost of Maintenance and Operations if Failure to Perform
4. Allocation to Year 2 Reserve
5. Repayment of Any Draws From the State Line of Credit
6. Repayment of Any Draws from Bond Reserve Funds
7. $5 Million to Capital Reserve
8. Repayment of Transferrable Tax Credits in Excess of $90 Million
9. $5 Million to Homelessness Prevention and Assistance Fund
10. Additional Investment or Repayment of Bonds

Project Funding Structure

BASEBALL STADIUM
$1.5 Billion ● ~30,000 Capacity ● Retractable Dome

A'S CONTRIBUTION
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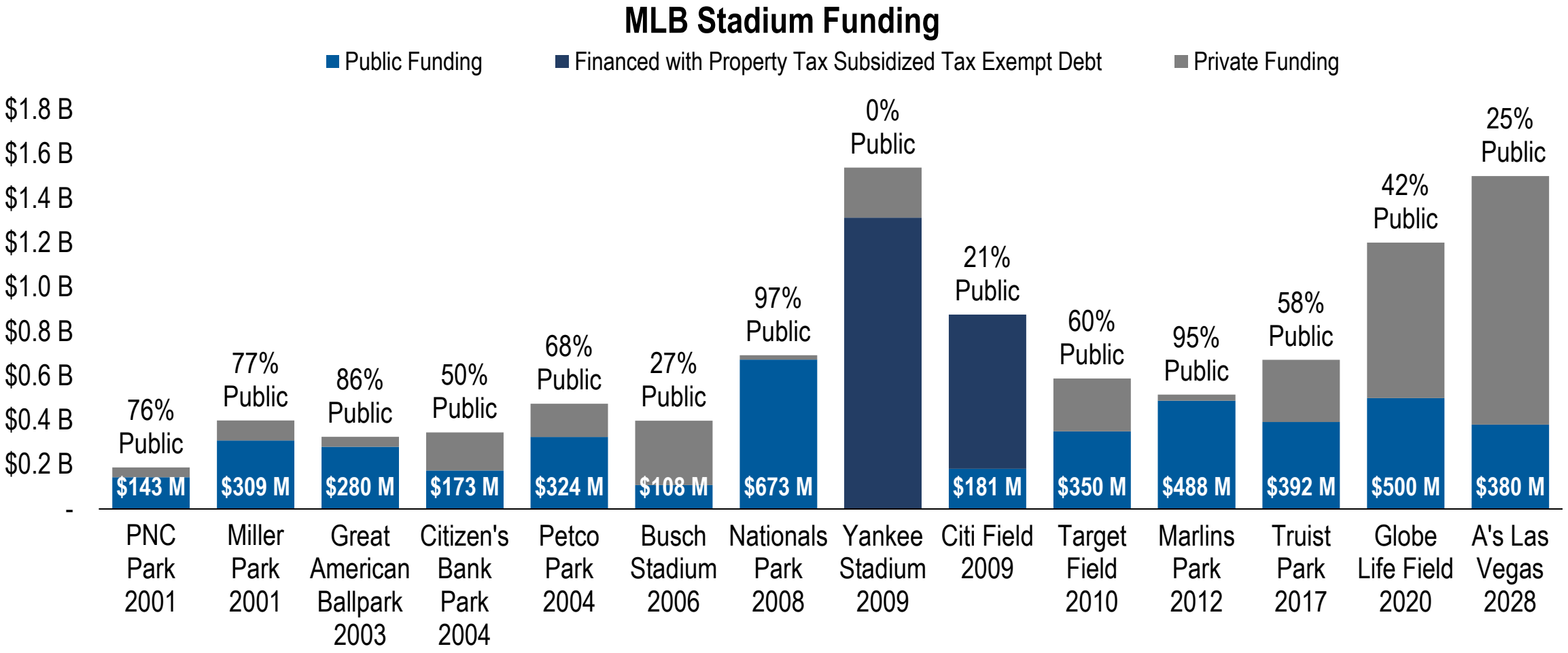
REVENUES COME IN UNDER EXPECTATIONS

1. Cash Coverage is Used
2. State Line of Credit is Drawn
3. Year 1 Reserve is Drawn
4. Year 2 Reserve is Drawn
5. County General Fund

CLARK COUNTY DEVELOPMENT AGREEMENT CREDIT
$25 Million

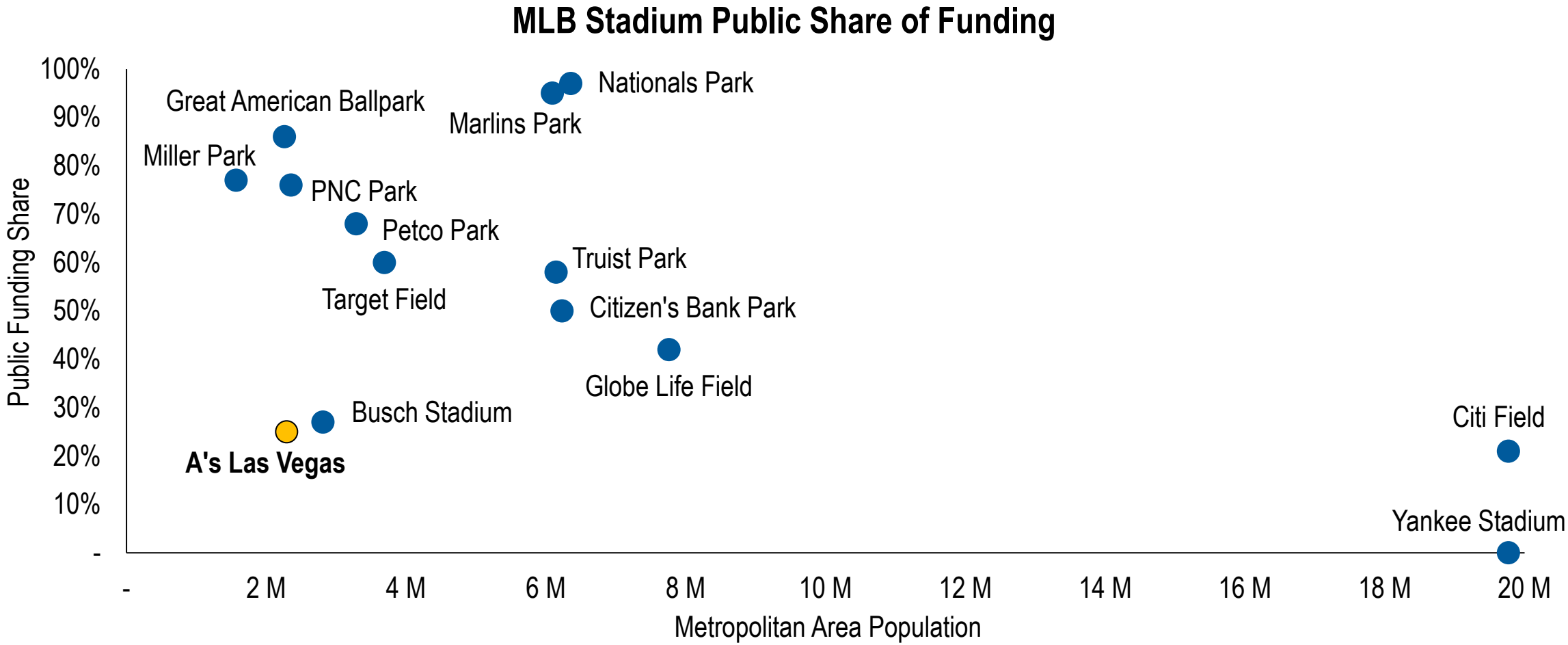
MLB Stadium Funding Comparison

The proposed project has a higher level of private funding than any other MLB stadium in history, and the public funding share is well below that provided for other recently constructed MLB ballparks.



MLB Stadium Public Funding Shares

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Sports & Entertainment Improvement District

- A sports and entertainment improvement district would be created to finance public bonds
- The district would encompass the stadium site
- Public revenues generated at the site, such as sales taxes, modified business taxes and live entertainment taxes, would be pledged for debt service obligations and debt reserves



Public Considerations

- **A's Provide First Money In; Public Provides the Last Money In.** The public will own the MLB stadium. The A's will transfer ownership of the land underlying the stadium to the Las Vegas Stadium Authority and contribute the first $100 million in development costs before any public money is invested in the project. Additionally, the public holds the last $50 million in project cost until all final work items have been completed.
- **Non-Relocation Agreement.** The A's will enter into a non-relocation agreement with the Las Vegas Stadium Authority. The term of that agreement will not be less than 30 years, and it will require that if the A's choose to leave for any reason (other than the destruction of the stadium), they will be required to pay off the remaining balance of any outstanding public debt and any then outstanding refundable, transferrable tax credits. Should that occur, the public would own the stadium, free and clear.
- **Conservative Bonding Requirements.** Projected revenue streams generated by the stadium project have been reviewed for reasonableness (and adjusted where appropriate to do so) by Applied Analysis; Goldman Sachs; Hobbs, Ong and Associates; CSL; and PFM (on behalf of Clark County). The sports and entertainment improvement district will require a combined coverage ratio of not less than 2.0x. This includes a state line of credit that, if utilized in any year, must be repaid from tax revenues generated by the project (i.e., the waterfall). Stadium bonds will require a full year's worth of reserves be deposited into a bank account the day bonds are initially issued and the accelerated allocation of waterfall funds to create a second year's reserve fund. As structured, the project will essentially have a four-year reserve in place, meaning that the project would need to generate zero tax dollars for four years before Clark County's general obligation (i.e., county general fund dollars) would be required to cover any shortfall.

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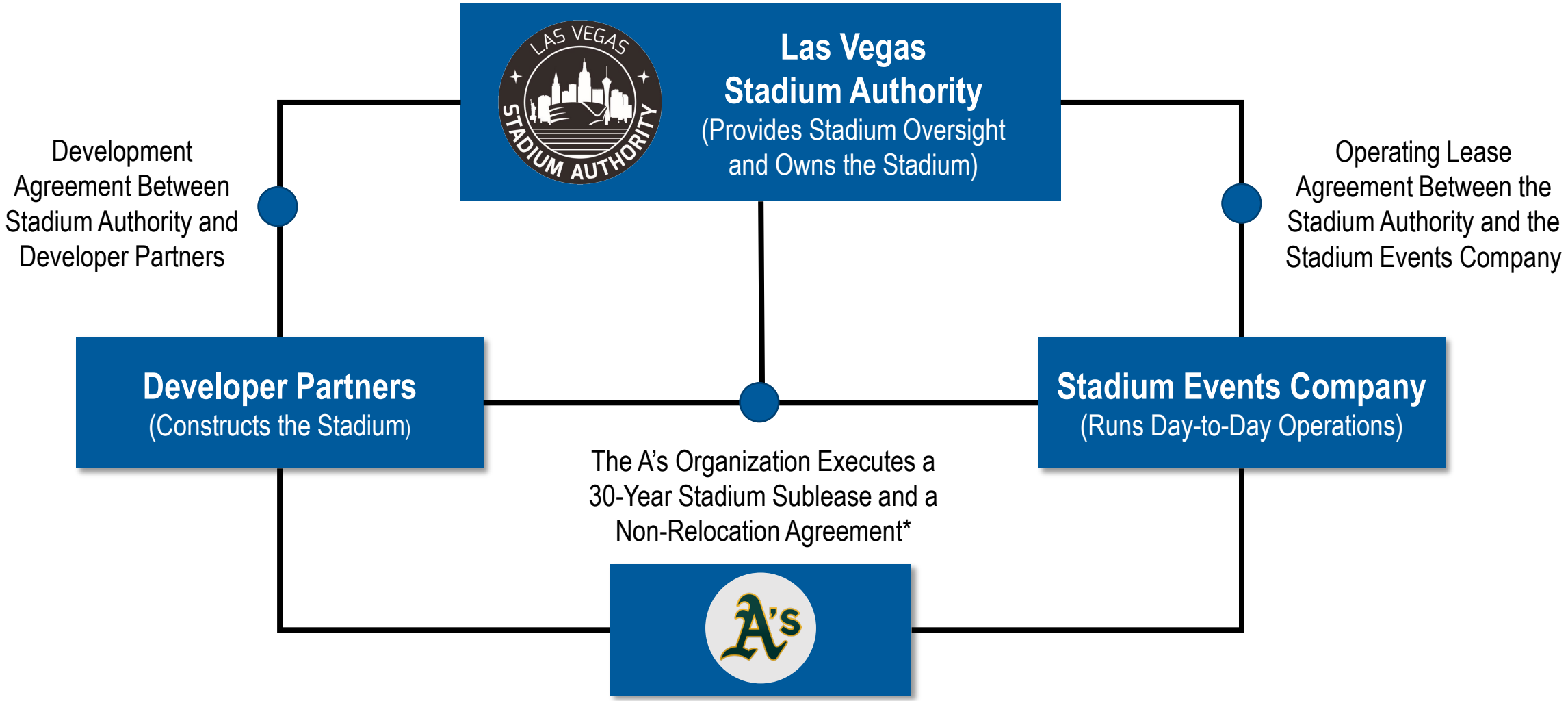
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General Stadium Oversight



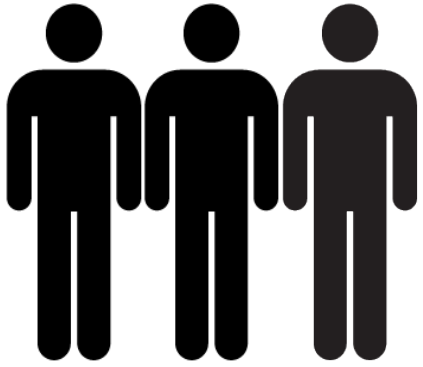
*Note: A non-relocation agreement will also be required by Major League Baseball.

Las Vegas Stadium Authority Board

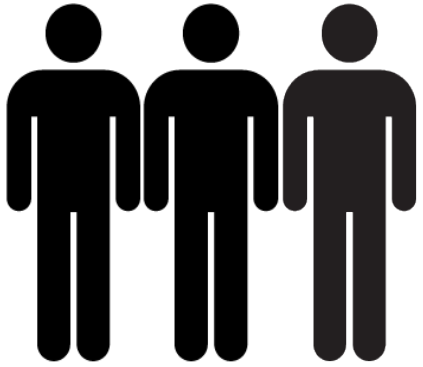
Created by Senate Bill 1 of the 2016 Special Session of the Nevada State Legislature, the Las Vegas Stadium Authority Board has overseen the development and operations of Allegiant Stadium.

Nine Board Members Appointed By

Nevada Governor



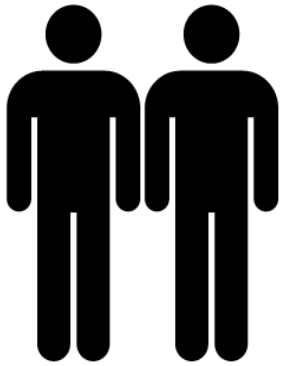
Clark County Commission



University of Nevada, Las Vegas



Las Vegas Stadium Authority



Appointments made by the Stadium Authority Board shall consider recommendations made by the NFL and MLB teams.

Board Includes Clark County Treasurer as Nonvoting, Ex Officio Member
SB 509 | Adds the State Treasurer as a Nonvoting, Ex Officio Member

Las Vegas Stadium Authority Board

Roles and Responsibilities

- Public Body Subject to State Open Meeting Law and All Other Applicable Laws Governing Public Agencies
- General Administrative Responsibilities (Reporting, Budgeting, Public Meetings)
- Owns and Oversees Stadium and Land
- Approval and Oversight of Stadium Development Agreement
- Approval and Oversight of Stadium Lease Agreement
- Approval of Non-Relocation Agreement
- Approval of Community Benefits Plan/Agreement
- Review and/or Approval of Other Project Documents
- Manages Coverage Waterfall Revenue Distribution
- Manages Stadium Capital Improvement Fund and Related Expenditures
- Oversees Scheduling Issues Between UNLV and Raiders

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Las Vegas Aviators

- The relocation of the A's to Las Vegas will not require the relocation of the Las Vegas Aviators
- The A's believe there is an important synergy between the minor league team and the major league baseball team that will add value to both clubs, the community and baseball fans
- Southern Nevada has a successful model in place with the Golden Knights and Silver Knights coexisting and thriving

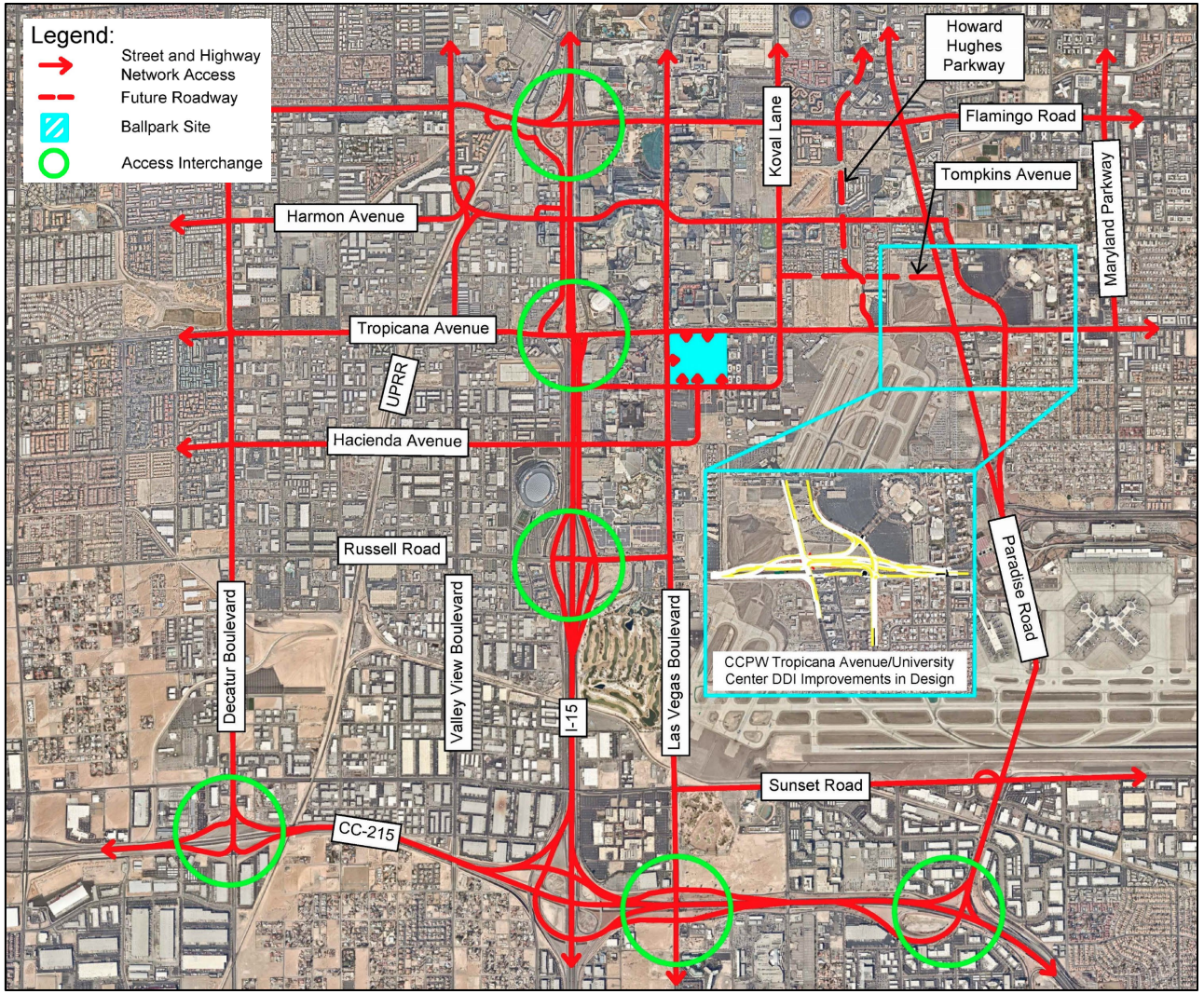


Community Benefits & Engagement

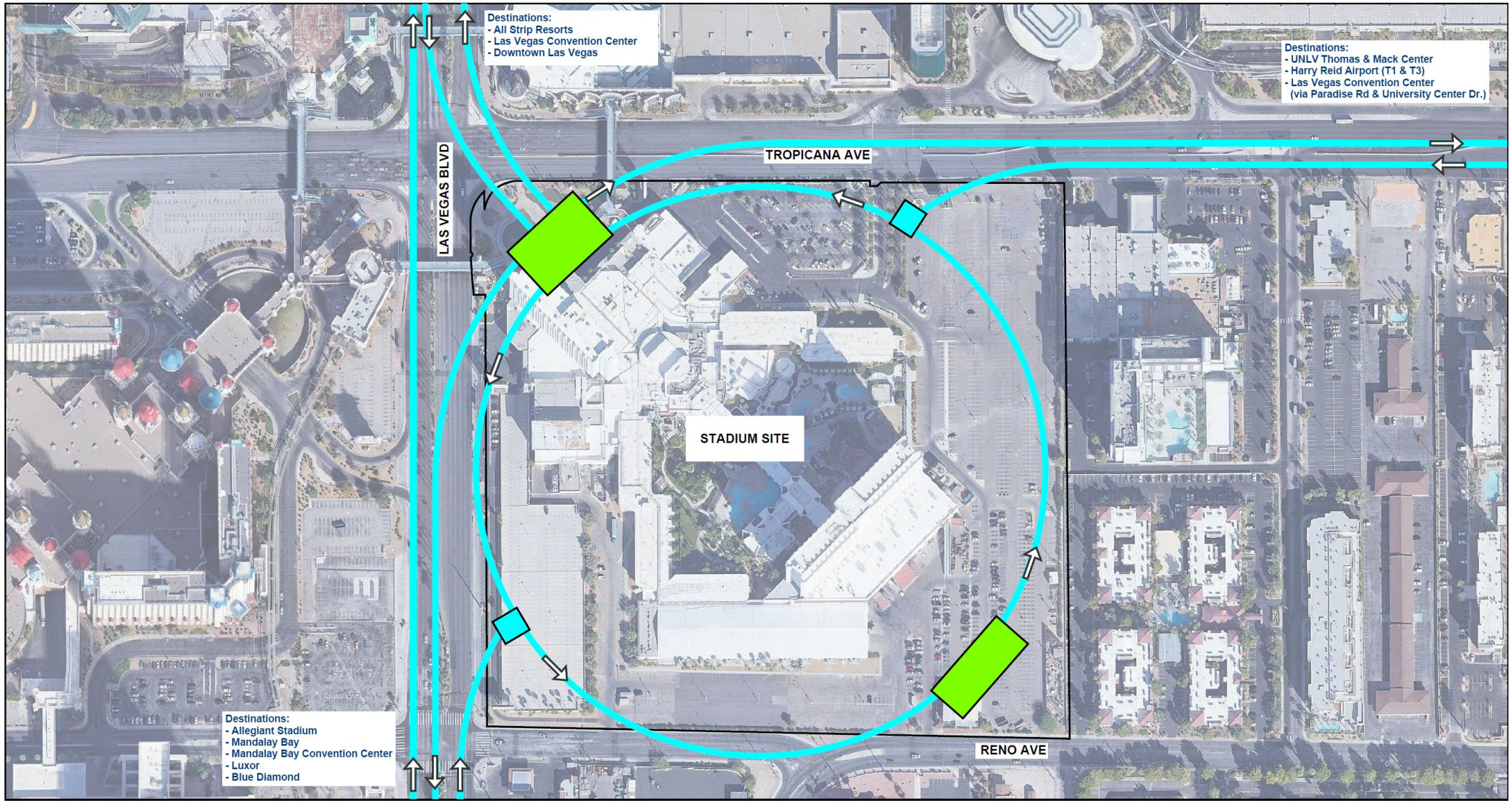
- Community Benefits Agreement
  - Covers development, construction and operations
  - 15 percent small local business participation in construction and operations subcontracting
  - Includes workforce diversity standards, job training programs and community engagement activities
  - Reviewed and updated every five years
  - Subject to Open Meeting Law
  - Cash and in-kind support of the community benefits agreement not less than 1 percent of ticket sales
  - Community suite
  - Infrastructure investments
  - Internship and scholarship programs
  - Enhanced, reporting, oversight, enforcement and accountability requirements

Transportation Considerations

- Transportation and accessibility are important to the success of the project.
- Legislation requires the creation of a development agreement between the stadium developer and the host jurisdiction as well as coordination with NDOT on any infrastructure requirements.
- Multitude of parking and transportation options; all within walking distance of the proposed stadium.
- Tropicana interchange project as well as other upcoming roadway projects will collectively improve the capacity to the ballpark site.
- Walking trips will be a major mode of access from the surrounding resort hotels and parking facilities.



Integration with the Las Vegas Loop Project



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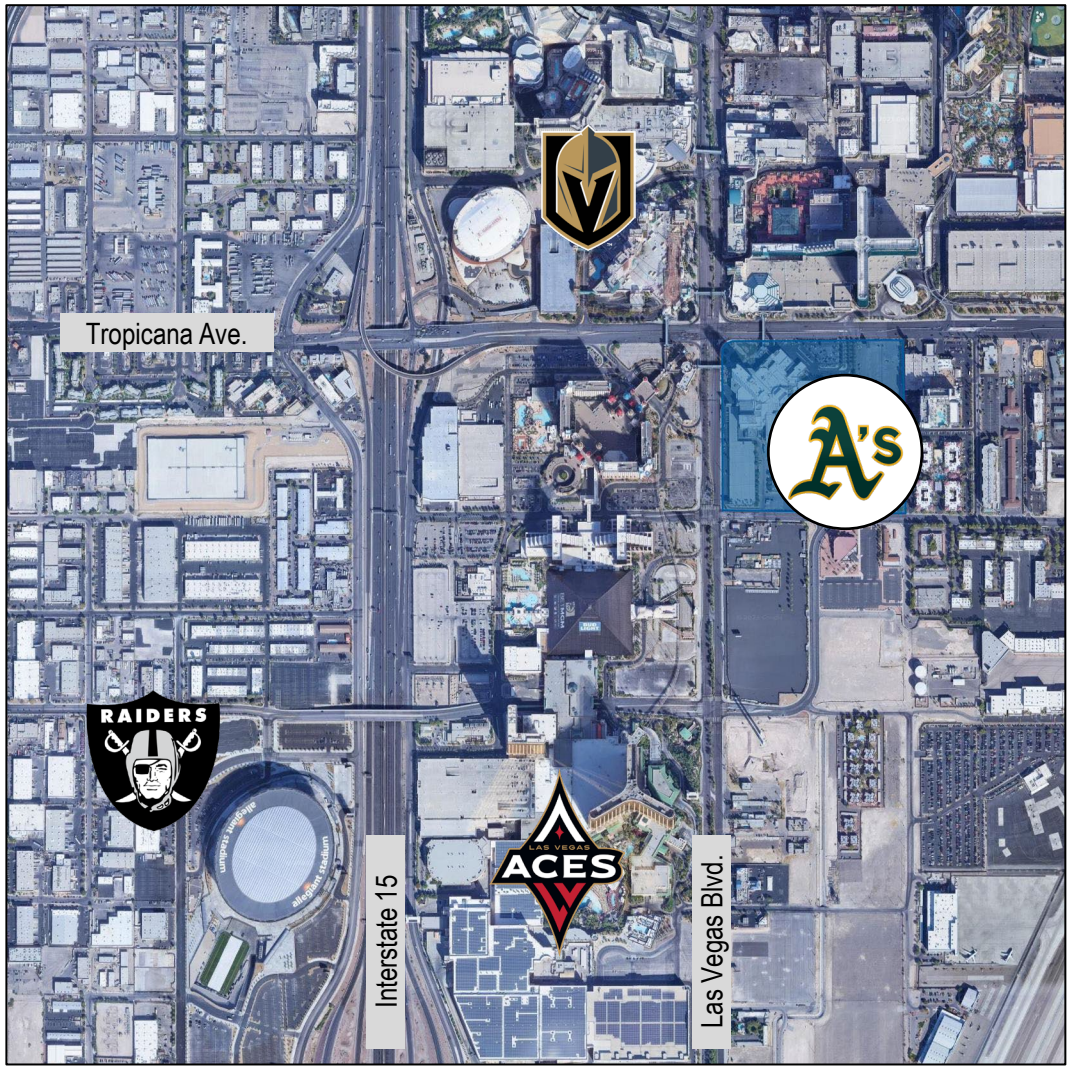
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Pro Sports Venue Inventory

- The project would provide a venue size and structure that does not currently exist in the market with a seating capacity between Allegiant Stadium and T-Mobile Arena
- The project would provide opportunity for new events that would otherwise be impossible for Southern Nevada to host (e.g., the World Baseball Classic, the MLB All-Star Game, ballpark concert tours, motorsports lost with the closure of Sam Boyd Stadium)

Venue	Capacity	Primary Tenant
Allegiant Stadium	62,500	Las Vegas Raiders (NFL)
A's Stadium	±30,000	Las Vegas A's (MLB)
T-Mobile Arena	19,500	Vegas Golden Knights (NHL)
Michelob Ultra Arena	12,000	Las Vegas Aces (WNBA)




95
TICKETED EVENTS PER YEAR

Potential Events Profile

ANNUAL STADIUM EVENTS	
A'S GAMES	82
CONCERTS	5
OTHER SPORTING EVENTS	3
COMMUNITY EVENTS	5
OTHER EVENTS	TBD

WORLD BASEBALL CLASSIC 2023

MLB All-Star Game

USA SEVENS RUGBY

MONSTER JAM WORLD FINALS

WWE ROYAL RUMBLE

DAVIS CUP

MONSTER ENERGY AMA SUPERCROSS

MLS

XFL

CRICKET ALL-STARS

NCAA

WWE SUMMER SLAM

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Incremental Stadium Visitors

Incremental visitors are those travelers who would not have come to Las Vegas if not for a special event. The estimated 53 percent of incremental stadium attendees is based on assumptions about the share of out-of-state travelers attending stadium events, such as sporting events and concerts, which aligns with recent data sourced to existing stadiums.

Stadium Attendance	Out-of-Town Visitors	Incremental Visitors
2.6M	762,000	405,000
AVERAGE ANNUAL USING PER EVENT ESTIMATES	30% OF ATTENDANCE USING PER EVENT ESTIMATES	53% OF VISITORS IN ATTENDANCE

Stadium Economic Impact

ONE-TIME CONSTRUCTION[1]

14,639
EMPLOYMENT

$898.0M
WAGES & SALARIES

$2.1B
ECONOMIC OUTPUT

ANNUAL OPERATIONS[2]

8,010
EMPLOYMENT

$437.0M
WAGES & SALARIES

$1.3B
ECONOMIC OUTPUT

INCREMENTAL VISITATION[3]

9,035
EMPLOYMENT

$326.0M
WAGES & SALARIES

$900.0M
ECONOMIC OUTPUT

Notes: [1]Stated in person-years (i.e. one person employed for one year); Adjustments have been made to reflect mean wages in the construction and extraction sector as reported by the Nevada Department of Employment, Training and Rehabilitation and wages and salaries as a percentage of output as reported by the United States Bureau of Economic Analysis; [2] Average annual estimates for the first 30 years of stadium operations. Employment count estimates include both full-time and part-time employees. Annual average of years 1-31; [3]Incremental visitation estimates based on survey data information provided for comparable Major League Baseball teams and information reported for local major events centers. Spending estimates based on special event visitor spending provided based on survey data reported by the Las Vegas Convention and Visitors Authority and other major event surveys conducted by Applied Analysis

Stadium Fiscal Impact

ONE-TIME CONSTRUCTION[1]

$38.8M
TOTAL TAX REVENUE

$30.9M	$7.9M
SALES AND USE TAX	MODIFIED BUSINESS TAX

ANNUAL OPERATIONS[1,2]

$17.0M
TOTAL TAX REVENUE

$10.9M	$2.8M	$3.3M
SALES AND USE TAX	MODIFIED BUSINESS TAX	OTHER TAXES

INCREMENTAL VISITATION[1,3]

$36.5M
TOTAL TAX REVENUE

$14.1M	$8.7M	$9.1M
SALES AND USE TAX	ROOM TAX	GAMING TAX

Notes: [1]Estimates based on construction and operating pro forma. Major tax revenues have been modeled. Other tax revenues and fees which are not modeled (e.g., property taxes generated during construction, franchise fee, commerce taxes and business license fees) are assumed to be material and will be modeled as additional information becomes available; [2]Note that tax calculations reflect standard exemptions, deductions and offsets; Reflects annual average of years 1-31; Other tax revenue includes modified business tax, live entertainment tax and commerce tax; [3]Incremental visitation estimates based on survey data information provided for comparable Major League Baseball teams and information reported for local major events centers. Spending estimates based on special event visitor spending provided based on survey data reported by the Las Vegas Convention and Visitors Authority and other major event surveys conducted by Applied Analysis; Other tax revenues, including live entertainment tax and transportation tax, total $4.6 million; Reflects annual average of years 1-31; Tax calculations reflect the assumptions relative to the taxability of visitor expenditures.

Tax Revenue Sources

In addition to the major taxes modeled herein (sales and use tax, modified business tax, live entertainment tax and commerce tax), other taxes and fees would be included in the creation of the Sports and Entertainment Improvement District.

Tax Revenues Included in Sports and Entertainment Improvement District

- **Sales and Use Tax**
- **Modified Business Tax**
- **Insurance Premium Tax**
- **Commerce Tax**
- **Exhibition Licensing Fees**
- **Live Entertainment Tax**
- **Liquor Tax**
- **Transportation Connection Tax**
- **Franchise Fees**
- **Business License Fees**
- **Personal Property Tax**

SOUTHERN NEVADA TOURISM INNOVATION ACT

APPLIED ANALYSIS