



**Rossi Ralenkotter
President/CEO
Las Vegas Convention and Visitors Authority
Las Vegas, Nevada**

**Oral Testimony
May 13, 2009
Senate Committee on Commerce, Science, and Transportation**

Good morning Senators and thank you for the invitation to participate in today's hearing. As you are aware, May 9-17 is National Travel and Tourism Week. Yesterday in Las Vegas, hundreds of individuals rallied at the Las Vegas Convention Center in a show of unity and pride for what travel and tourism provides to Southern Nevada. It is the number one industry for Las Vegas. In fact, the travel and tourism industry is the number one economic stimulus for the entire State of Nevada.

Approximately 250,000 people in Las Vegas are employed because of tourism. Three of every 10 jobs in Las Vegas are directly related to travel and tourism. The industry generates more than \$30 billion for the local economy every year. Over the past 50 years, room tax revenue generated by leisure tourists and conventions and meetings

delegates has contributed approximately \$2 billion to help fund the construction of schools, roads, parks and other local government services.

Over the last two decades, Las Vegas has evolved into more than a gaming destination. We offer world-class entertainment, exquisite dining and fabulous shopping, in addition to the finest resorts anywhere in the world. Las Vegas has over 140,000 hotel rooms, more than any other destination and we are scheduled to add an additional 13,000 rooms to our inventory this year. Hotel occupancy is traditionally 25 percent points higher than the national average.

Las Vegas hosts approximately 38 million visitors annually. Eight-five percent of our visitors are leisure travelers, and 15 percent are business travelers. Las Vegas hosts more than 22,000 meetings, conventions and trade shows every year. Fortune 500 companies routinely meet in Las Vegas and conduct business. For 15 consecutive years, Las Vegas has been the number one trade show destination in North America, according to the *Tradeshow Week 200*, a trade media publication that analyzes data from all destinations. In fact, this week we have RECON – the Global Retail Real Estate Convention – formerly known as the International Council of Shopping Centers Show – in Las Vegas.

As we analyze the current trends and data for Las Vegas, I can absolutely say the current recession has had the most severe impact on the industry than ever before. I refer to it as the “imperfect storm” because there are so many variables that have contributed to the downturn: gas prices, housing foreclosures, the banking system collapse, volatility in the stock market, airline cutbacks, unemployment and challenges for the meetings and conventions market. We began to see a softening of the Las

Vegas market around the middle of last year and all indicators began to drop dramatically when fall arrived. For 2008, visitation was down 4.4 percent, attendance at meetings and conventions decreased 5 percent and the number of airline passengers coming into and leaving McCarran International Airport was down almost 8 percent.

Through the first three months of 2009, visitor volume is down almost 9 percent, passenger traffic and McCarran is off 14 percent, and convention attendance is down 29 percent, a reflection of the economy but also because of the regular industry practice of some shows rotating cities for their event. Unemployment is at its highest rate in more than 25 years and is at 10.4 percent. Approximately 16-thousand people in the travel and tourism industry in the State of Nevada have lost their job within the last year because of the recession.

Las Vegas is a microcosm of the entire tourism industry. And while many of the challenges are because of the recession, there are long-term issues we also must address. Foremost, is the tremendous disadvantage the travel and tourism industry faces when competing with other countries. Travel and tourism is one of America's most successful industries, generating a trade surplus that helps offset the nation's trade deficit. While international travel has boomed over the past several years, with 49 million more overseas trips booked in 2008 than in 2000, America actually lost visitors, welcoming 633,000 fewer overseas travelers last year. If the United States had simply kept pace with the growth in global overseas travel, 58 million more overseas travelers would have visited the United States in that period and 245,000 new jobs would be created in 2008 alone.

Every developed nation – except for the United States – operates a nationally coordinated travel promotion campaign. Other countries outspend the United States by enormous amounts when promoting travel and tourism. According to the World Travel Organization, Greece spends more than \$151 million to promote the travel industry. Spain sends nearly \$120 million, Australia over \$113 million and the United Kingdom more than \$89 million. Canada spends \$58 million and that will probably increase with the 2010 Winter Olympics in Vancouver. The United States spends approximately \$6 million.

The Travel Promotion Act would address this issue and help create new jobs. It would provide a national platform – brand U.S.A. – for the country and states could leverage the brand with their own marketing efforts. It would be similar to what Las Vegas has done. The Las Vegas Convention and Visitors Authority provides the brand marketing platform for the destination, and private industry resorts develop marketing campaigns to attract visitors to their specific properties and attractions. The Travel Promotion Act will help address the tremendous disadvantage the United States has when competing for travelers with other countries. We appreciate the leadership of Senator Byron Dorgan and Nevada’s own Senator John Ensign, Majority Leader Harry Reid and the United States Travel Association on this proposed legislation.

The other long-term issue we need to address is the mindset or perception of some that business travel is not a worthwhile investment. On the contrary, it is a necessary investment. The National Association of Broadcasters holds its annual trade show in Las Vegas and the organization reported that more than \$68 billion of business was secured from the 2008 event because of the face-to-face meetings on the trade

show floor. The industry trade organization Meetings Professional International released a study this spring that showed face-to-face meetings is still the most valuable sales tool for organizations. Even with all the technology today, a face-to-face meeting is still required to lay the foundation or finalize a business agreement.

Recently, the meetings and convention industry has received a lot of attention, especially the incentive-based travel programs. It caused many corporations – both those receiving TARP funds – and those who did not receive TARP funds – to postpone, reschedule or cancel their business travel. In Las Vegas, the impact was 402 cancelled meetings and more than \$166 million in lost business. This directly impacted the 46,000 individuals who work in this particular industry segment in Las Vegas. We certainly understand the need for accountability for those companies receiving TARP funds. However, the concept of federal meetings guidelines for those organizations receiving federal aid may be a solution to address accountability while not harming an industry that contributes nearly \$16 billion in tax revenue to federal, state and local levels. When the meetings and convention industry is harmed, individual jobs, small businesses, corporations and the national economy are impacted.

In these trying economic times, we are all looking for ways to stimulate the economy. The Travel and Tourism Industry is one of the answers. We need to encourage people to travel for leisure and to attend trade shows and meetings – both domestically and internationally. Travel and tourism is the number one, two or three economic stimulus in most states. For Las Vegas, and Nevada, it is the number one industry. Long-term, the future of Las Vegas is bright and our brand is strong.