



May 16, 2023

RE: Testimony in **Opposition to SB496** of the 2023 Nevada Legislature

Members of the Senate Committee on Revenue and Economic Development:

On behalf of Republicans in the great State of Nevada, I would like to communicate our opposition to Senate Bill 496.

It is an oddity that SB496 is being heard in the committee on revenue and economic development, as it is well documented that handouts to the film industry bring neither enough revenue to offset the subsidies given or any long-term economic development. This bill is a truly astonishing proposal to give handouts to the already wealthy and well-connected, while ignoring the small businesses that are the heartbeat of our economy. They suffered from years of business-crushing dictatorial edicts from our former Governor, shut down for no reason in an anti-science crusade to hurt those businesses that were not political donors. Where are their subsidies? Where is their reduction of the modified business tax? Where is the repeal of the Commerce Tax, which crushes small businesses with an unfair tax burden that has been repeatedly rejected by the voters?

In case the authors of this rushed bill, which has only recently seen the light of day, missed it, here is a collection of studies showing that film subsidies are net losers. Even the unofficial newsletter of Hollywood, *Variety*, agrees.

- Film Tax Incentives Are a Giant Waste of Money, New Study Finds, *Variety*
 - <https://variety.com/2016/biz/news/film-tax-incentives-waste-of-money-study-1201840189/#!>
- Lights, Camera, but No Action? Tax and Economic Development Lessons From State Motion Picture Incentive Programs, Professor Michael Thom
 - <https://journals.sagepub.com/doi/abs/10.1177/0275074016651958>
- State Film Subsidies: Not Much Bang For Too Many Bucks, Center on Budget and Policy Priorities
 - <https://www.cbpp.org/research/state-film-subsidies-not-much-bang-for-too-many-bucks>

Nevada already gives big film tax credits...to the tune of \$10 million dollars a year. There appears to be no study to determine whether that massive amount of money has generated a positive net return. SB496 could cost the state up to \$2 billion, with grandiose claims that it will generate \$55 billion.¹ What odds. Next they'll tell you you can never lose at roulette if you just keep doubling your money. Please stop gambling with taxpayer money, and stop trying to reward out-of-state companies at the expense of Nevada's small businesses. Work on tax reduction and

¹Action! Hollywood may come to Las Vegas, 5/11/2023, https://www.reviewjournal.com/news/politics-and-government/nevada/2023-legislature/action-hollywood-may-come-to-las-vegas-2776006/?utm_campaign=widget&utm_medium=section_row&utm_source=homepage&utm_term=Action%21%20Hollywood%20may%20come%20to%20Las%20Vegas



reparations for the businesses decimated by the Sisolak shutdown. Make them whole first before a single dollar is given to a California tin cup rattler.

Finally, we would respectfully request that the members under litigation for a Constitutional violation of the separation of powers clause (Article 3, Section 1, Nevada Constitution) for their concurrent employment with government agencies while being state legislators—recuse themselves until the litigation is settled or they have fully resolved their violation of the Nevada Constitution. As this body is well aware:

The powers of the Government of the State of Nevada shall be divided into three separate departments, the Legislature, the Executive and the Judicial; and no person charged with the exercise of powers properly belonging to one of these departments shall exercise any functions, appertaining to either of the others, except in the cases expressly directed or permitted in this constitution. Nevada Const. Art. 3, §1, ¶1.

For these reasons, the Nevada Republican Party strongly opposes SB496.

Sincerely,

Jim DeGraffenreid

Republican National Committeeman, Nevada