

Amendment No. 434

Senate Amendment to Senate Bill No. 94 (BDR 32-58)

Proposed by: Senate Committee on Revenue and Economic Development

Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: No

ASSEMBLY ACTION		Initial and Date		SENATE ACTION		Initial and Date			
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

JWP/MSN



Date: 4/13/2015

S.B. No. 94—Makes various changes relating to transferable tax credits for film and other productions. (BDR 32-58)



SENATE BILL NO. 94—SENATOR FORD

PREFILED JANUARY 30, 2015

Referred to Committee on Revenue and
Economic Development

SUMMARY—Makes various changes relating to transferable tax credits for film and other productions. (BDR 32-58)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; revising the provisions governing transferable tax credits for film and other productions; narrowing the class of persons who may apply for such tax credits; revising the process for making and acting upon such an application; revising the provisions governing the calculation of the tax credits; revising the limitation on the total amount of tax credits that may be issued; repealing the prospective expiration of the provisions governing the tax credits; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes a program for the issuance of transferable tax credits by the Office of Economic Development to the producer of a motion picture or other qualified production, based upon production-related expenditures made for the purchase of personal property or services from a Nevada business. (NRS 360.758-360.7598)

This bill makes various changes to the program. Under existing law, transferable tax credits are available to a “producer,” defined as a “natural person or business that finances, arranges to finance or supervises the production of a qualified production.” **Section 8** of this bill revises this definition to substitute “production company” for “producer” and eliminate the reference to a natural person, with the result that only a business meeting the requirements of the definition may apply for and receive the tax credits.

Existing law requires an applicant for the tax credits to show that at least 60 percent of the expenditures for the production, including expenditures for preproduction and postproduction, will be incurred in Nevada. (NRS 360.759) **Section 10** of this bill removes expenditures for postproduction from this calculation unless such expenditures will be incurred in Nevada, and **sections 10 and 15** of this bill otherwise revise the process for applying for the tax credits. **Section 10** also extends the time allowed, after the receipt of a postproduction audit, for the Office to make a final determination concerning the issuance and amount of the tax credits.

Existing law specifies the expenditures that may serve as the basis for the issuance of the tax credits. (NRS 360.7591) **Section 11** of this bill: (1) clarifies that expenditures may be made for the rental or lease of personal property in addition to purchases; (2) excludes payments made to a joint venturer or an affiliate of a production company, except payments representing the fair market value of a purchase, rental or lease; and (3) limits the inclusion of expenditures made for property acquired by a Nevada business from a vendor outside Nevada for immediate resale, rental or lease to a qualified production.

Existing law governs the calculation of the “base amount” of tax credits and certain additional amounts for the employment of Nevada residents and the performance of production work in certain counties in this State. (NRS 360.7592, 360.7593) **Section 12** of this bill increases the additional amounts and revises provisions relating to the employment of Nevada residents by, among other things, excluding work performed by extras. **Section 13** of this bill revises the formula for the inclusion of wages and salaries paid to certain persons who are not Nevada residents.

Under existing law, the total amount of tax credits that may be approved over the life of the program is \$10,000,000. The Office is prohibited from approving any application for tax credits received on or after January 1, 2018, and the program is scheduled to expire by limitation on June 30, 2023. (NRS 360.7594, Chapter 491, Statutes of Nevada 2013, p. 3097) **Section 14** of this bill removes the \$10,000,000 limitation on the total amount of tax credits that may be approved and the deadline for the submission of applications. Instead, **section 14** limits the amount of tax credits that may be approved for any fiscal year to the amount appropriated or authorized for expenditure for that purpose for that fiscal year. **Section 19** of this bill eliminates the prospective expiration of the program.

Existing law authorizes the governing body of a city or county, on or before December 31, 2017, to abate some or all of any fee for a permit or license that would otherwise be charged in connection with a qualified production for which tax credits have been approved. (NRS 360.7596) **Section 16** of this bill eliminates the prospective expiration of the period within which such an abatement may be granted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 360 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *“Qualified direct production expenditures” means expenditures for a qualified production that are identified in NRS 360.7591 and may serve as a basis for transferable tax credits issued pursuant to NRS 360.759.*

Sec. 3. *To determine whether an employee of an enterprise is a full-time equivalent employee for the purposes of NRS 360.7583, the hours worked by all the part-time and seasonal employees of the enterprise in this State must be converted into full-time equivalent hours by dividing by 2,080 the total number of hours worked for the enterprise by those part-time and seasonal employees.*

Sec. 4. NRS 360.758 is hereby amended to read as follows:
360.758 As used in NRS 360.758 to 360.7598, inclusive, *and sections 2 and 3 of this act*, unless the context otherwise requires, the words and terms defined in NRS 360.7581 to 360.7586, inclusive, *and section 2 of this act* have the meanings ascribed to them in those sections.

Sec. 5. NRS 360.7581 is hereby amended to read as follows:
360.7581 **1.** “Above-the-line personnel” means ~~+~~ *an executive producer, co-executive producer, producer, director, writer, principal actor, ~~tother than an extra, or other similar personnel whose compensation is negotiated before the start of the~~ any other person having creative or financial control over a* qualified production ~~+~~ *or any other person associated with such a person.* The term does not include below-the-line personnel.

2. *As used in this section, “principal actor” means a member of the main cast of a qualified production.*

Sec. 6. NRS 360.7582 is hereby amended to read as follows:
360.7582 “Below-the-line personnel” means a person employed to work on a qualified production after production begins and before production is completed,

1 including, without limitation, ~~†~~ *an extra*, best boy, boom operator, camera loader,
 2 camera operator, assistant camera operator, composer, dialogue editor, film editor,
 3 assistant film editor, focus puller, Foley operator, Foley editor, gaffer, grip, key
 4 grip, lighting crew, lighting board operator, lighting technician, music editor, sound
 5 editor, sound effects editor, sound mixer, steadicam operator, first assistant camera
 6 operator, second assistant camera operator, digital imaging technician, camera
 7 operator working with a director of photography, electric best boy, grip best boy,
 8 dolly grip, rigging grip, assistant key for makeup, assistant key for hair, assistant
 9 script supervisor, set construction foreperson, lead set dresser, assistant key for
 10 wardrobe, scenic foreperson, assistant propmaster, assistant audio mixer, assistant
 11 boom person, assistant key for special effects and other similar personnel. The term
 12 does not include above-the-line personnel.

13 **Sec. 7.** NRS 360.7583 is hereby amended to read as follows:

14 360.7583 “Nevada business” means a proprietorship, corporation,
 15 partnership, company, association, trust, unincorporated organization or other
 16 enterprise that:

17 1. Has a physical location and at least one full-time equivalent employee in
 18 this State ~~†~~, *as determined in accordance with section 3 of this act;* and

19 2. Is licensed to transact business in this State.

20 **Sec. 8.** NRS 360.7585 is hereby amended to read as follows:

21 360.7585 ~~†“Producer”~~ *“Production company”* means a ~~†natural person or~~
 22 business that finances, arranges to finance or supervises the production of a
 23 qualified production.

24 **Sec. 9.** NRS 360.7586 is hereby amended to read as follows:

25 360.7586 1. “Qualified production” includes preproduction, production and
 26 postproduction and means:

27 (a) A theatrical, direct-to-video or other media motion picture.

28 (b) A made-for-television motion picture.

29 (c) Visual effects or digital animation sequences.

30 (d) A television pilot program.

31 (e) Interstitial television programming.

32 (f) A television, Internet or other media series, including, without limitation, a
 33 comedy, drama, miniseries, soap opera, talk show, *game show* or telenovela.

34 (g) A *reality show, if not less than six episodes are produced concurrently in*
 35 *this State and the total of the qualified direct production expenditures for those*
 36 *episodes is \$500,000 or more.*

37 (h) A national or regional commercial or series of commercials.

38 ~~††~~ (i) An infomercial.

39 ~~††~~ (j) An interstitial advertisement.

40 ~~††~~ (k) A music video.

41 ~~††~~ (l) A documentary film or series.

42 ~~††~~ (m) Other visual media productions, including, without limitation, video
 43 games and mobile applications.

44 2. The term does not include:

45 (a) A news, weather or current events program.

46 (b) A production that is primarily produced for industrial, corporate or
 47 institutional use.

48 (c) A telethon or any production that solicits money, other than a production
 49 which is produced for national distribution.

50 (d) A political advertisement.

51 (e) A sporting event.

52 (f) A gala or awards show.

(g) Any other type of production that is excluded by regulations adopted by the Office of Economic Development pursuant to NRS 360.759.

Sec. 10. NRS 360.759 is hereby amended to read as follows:

360.759 1. A ~~producer of a qualified production that is produced~~ **production company that produces a qualified production** in this State in whole or in part may ~~, on or before December 31, 2017,~~ apply to the Office of Economic Development for a certificate of eligibility for transferable tax credits for any qualified **direct production** expenditures ~~, and production costs identified in NRS 360.7591.~~ The transferable tax credits may be applied to:

- (a) Any tax imposed by chapters 363A and 363B of NRS;
- (b) The gaming license fees imposed by the provisions of NRS 463.370;
- (c) Any tax imposed pursuant to chapter 680B of NRS; or
- (d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).

2. The Office shall approve an application for a certificate of eligibility for transferable tax credits if the Office finds that the ~~producer of~~ **production company producing** the qualified production qualifies for the transferable tax credits pursuant to subsection 3 and shall calculate the estimated amount of the transferable tax credits pursuant to NRS 360.7592, 360.7593 and 360.7594.

3. To be eligible for transferable tax credits pursuant to this section, a ~~producer~~ **production company** must:

- (a) Submit an application that meets the requirements of subsection 4;
- (b) Provide proof satisfactory to the Office that the qualified production is in the economic interest of the State;
- (c) Provide proof satisfactory to the Office that ~~50~~ **70** percent or more of the funding for the qualified production has been ~~placed in an escrow account or trust account for the benefit of the qualified production;~~ **obtained;**
- (d) Provide proof satisfactory to the Office that at least 60 percent of the ~~total qualified~~ **direct production** expenditures ~~and production costs~~ for :

(1) **Preproduction;**

(2) **Production; and**

(3) **If any direct production expenditures for postproduction will be incurred in this State, postproduction,**
~~of the qualified production including preproduction and postproduction,~~ will be incurred in this State ~~;~~ **as qualified direct production expenditures;**

(e) ~~At the completion of the qualified production,~~ **Not later than 90 days after the completion of principal photography of the qualified production or, if any direct production expenditures for postproduction will be incurred in this State, not later than 90 days after the completion of postproduction,** provide the Office with an audit of the qualified production that includes an itemized report of qualified **direct production** expenditures ~~and production costs~~ which:

(1) Shows that the qualified production incurred qualified **direct production** expenditures ~~and production costs in this State~~ of \$500,000 or more; and

(2) Is certified by an independent certified public accountant in this State who is approved by the Office;

(f) Pay the cost of the audit required by paragraph (e); and

(g) Meet any other requirements prescribed by regulation pursuant to this section.

4. An application submitted pursuant to subsection 3 must contain:

- (a) A script, storyboard or synopsis of the qualified production;
- (b) The names of the **production company**, producer, director and proposed cast;

1 (c) An estimated timeline to complete the qualified production;
2 (d) A ~~{detailed budget}~~ *summary of the budgeted expenditures* for the entire
3 production, including projected ~~{expenses}~~ *expenditures to be* incurred outside of
4 Nevada;

5 (e) Details regarding the financing of the project, including, without limitation,
6 any information relating to a binding financing commitment, loan application,
7 commitment letter or investment letter;

8 (f) An insurance certificate, binder or quote for general liability insurance of
9 \$1,000,000 or more;

10 (g) The business address of the ~~{producer}~~ *production company*, which must
11 be an address in this State;

12 (h) Proof that the qualified production meets any applicable requirements
13 relating to workers' compensation insurance;

14 (i) Proof that the ~~{producer}~~ *production company* has secured all licenses
15 required to do business in each location in this State at which the qualified
16 production will be produced; and

17 (j) Any other information required by regulations adopted by the Office
18 pursuant to subsection 8.

19 5. If the Office approves an application for a certificate of eligibility for
20 transferable tax credits pursuant to this section, the Office shall immediately
21 forward a copy of the certificate of eligibility which identifies the estimated amount
22 of the tax credits available pursuant to NRS 360.7592 to:

23 (a) The applicant;

24 (b) The Department; and

25 (c) The State Gaming Control Board.

26 6. Within ~~{4}~~ *60* business days after receipt of an audit provided by ~~{the~~
27 ~~producer}~~ *a production company* pursuant to paragraph (e) of subsection 3 and any
28 other accountings or other information required by the Office, the Office shall
29 determine whether to certify the audit and make a final determination of whether a
30 certificate of transferable tax credits will be issued. If the Office certifies the audit
31 and determines that all other requirements for the transferable tax credits have been
32 met, the Office shall notify the ~~{producer}~~ *production company* that the transferable
33 tax credits will be issued. Within 30 days after the receipt of the notice, the
34 ~~{producer}~~ *production company* shall make an irrevocable declaration of the
35 amount of transferable tax credits that will be applied to each fee or tax set forth in
36 subsection 1, thereby accounting for all of the credits which will be issued. Upon
37 receipt of the declaration, the Office shall issue to the ~~{eligible producer}~~
38 *production company* a certificate of transferable tax credits in the amount approved
39 by the Office for the fees or taxes included in the declaration of the ~~{producer}~~
40 *production company*. The ~~{producer}~~ *production company* shall notify the Office
41 upon transferring any of the transferable tax credits. The Office shall notify the
42 Department and the State Gaming Control Board of all transferable tax credits
43 issued, segregated by each fee or tax set forth in subsection 1, and the amount of
44 any transferable tax credits transferred.

45 7. An applicant for transferable tax credits pursuant to this section shall, upon
46 the request of the Executive Director of the Office, furnish the Executive Director
47 with copies of all records necessary to verify that the applicant meets the
48 requirements of subsection 3.

49 8. The Office:

50 (a) Shall adopt regulations prescribing:

51 (1) Any additional requirements to receive transferable tax credits;

52 (2) Any additional qualified expenditures or production costs that may
53 serve as the basis for transferable tax credits pursuant to NRS 360.7591;

1 (3) Any additional information that must be included with an application
2 pursuant to subsection 4;

3 (4) The application review process;

4 (5) Any type of qualified production which, due to obscene or sexually
5 explicit material, is not eligible for transferable tax credits; and

6 (6) The requirements for notice pursuant to NRS 360.7595; and

7 (b) May adopt any other regulations that are necessary to carry out the
8 provisions of NRS 360.758 to 360.7598, inclusive ~~H~~, *and sections 2 and 3 of this*
9 *act.*

10 9. The Nevada Tax Commission and the Nevada Gaming Commission:

11 (a) Shall adopt regulations prescribing the manner in which transferable tax
12 credits will be administered.

13 (b) May adopt any other regulations that are necessary to carry out the
14 provisions of NRS 360.758 to 360.7598, inclusive ~~H~~, *and sections 2 and 3 of this*
15 *act.*

16 **Sec. 11.** NRS 360.7591 is hereby amended to read as follows:

17 360.7591 1. Qualified *direct production* expenditures ~~and production costs~~
18 ~~that may serve as a basis for transferable tax credits issued pursuant to NRS~~
19 ~~360.7591~~ must be *for purchases, rentals or leases* of tangible personal property or
20 services from a Nevada business on or after the date on which an applicant submits
21 an application for the transferable tax credits, must be customary and reasonable
22 and must relate to:

23 (a) Set construction and operation;

24 (b) Wardrobe and makeup;

25 (c) Photography, sound and lighting;

26 (d) Filming, film processing and film editing;

27 (e) The rental or leasing of facilities, equipment and vehicles;

28 (f) Food and lodging;

29 (g) Editing, sound mixing, special effects, visual effects and other
30 postproduction services;

31 (h) The payroll for Nevada residents or other personnel who provided services
32 in this State;

33 (i) Payment for goods or services provided by a Nevada business;

34 (j) The design, construction, improvement or repair of property, infrastructure,
35 equipment or a production or postproduction facility;

36 (k) State and local government taxes to the extent not included as part of
37 another cost reported pursuant to this section;

38 (l) Fees paid to a producer who is a Nevada resident; and

39 (m) Any other transaction, service or activity authorized in regulations adopted
40 by the Office of Economic Development pursuant to NRS 360.759.

41 2. Expenditures and costs:

42 (a) Related to:

43 (1) The acquisition, transfer or use of transferable tax credits;

44 (2) Marketing and distribution;

45 (3) Financing, depreciation and amortization;

46 (4) The payment of any profits as a result of the qualified production;

47 (5) The payment for the cost of the audit required by NRS 360.759; and

48 (6) The payment for any goods or services that are not directly attributable
49 to the qualified production;

50 (b) For which reimbursement is received, or for which reimbursement is
51 reasonably expected to be received;

52 (c) *Which are paid to a joint venturer or a parent, subsidiary or other*
53 *affiliate of the production company, unless the amount paid represents the fair*

1 *market value of the purchase, rental or lease of the property or services for which*
 2 *payment is made;*

3 (d) Which provide a pass-through benefit to a person who is not a Nevada
 4 resident; or

5 ~~[(d)]~~ (e) Which have been previously claimed as a basis for transferable tax
 6 credits,

7 ~~☞~~ are not *qualified direct production expenditures and are not* eligible to serve as
 8 a basis for transferable tax credits issued pursuant to NRS 360.759.

9
 10 3. *If any tangible personal property is acquired by a Nevada business from*
 11 *a vendor outside this State for immediate resale, rental or lease to a production*
 12 *company that produces a qualified production, expenditures incurred by the*
 13 *production company for the purchase, rental or lease of the property are*
 14 *qualified direct production expenditures if:*

15 (a) *The Nevada business regularly deals in property of that kind;*

16 (b) *The expenditures are otherwise qualified direct production expenditures*
 17 *under the provisions of this section; and*

18 (c) *Not more than 50 percent of the property purchased, rented or leased by*
 19 *the production company for the qualified production is acquired and purchased,*
 20 *rented or leased in the manner described in this subsection.*

21 **Sec. 12.** NRS 360.7592 is hereby amended to read as follows:

22 360.7592 1. Except as otherwise provided in subsection ~~[(2)]~~ 4 and NRS
 23 360.7593 and 360.7594, the base amount of transferable tax credits issued to an
 24 eligible ~~[(producer)]~~ *production company* pursuant to NRS 360.759 must equal 15
 25 percent of the ~~[(cumulative)]~~ qualified *direct production* expenditures . ~~[(and~~
 26 ~~production costs.)]~~

27 2. Except as otherwise provided in ~~[(subsection)]~~ *subsections 3 and 4* and NRS
 28 360.7594, in addition to the base amount calculated pursuant to subsection 1,
 29 transferable tax credits issued to an eligible ~~[(producer)]~~ *production company*
 30 pursuant to NRS 360.759 must include credits in an amount equal to:

31 (a) An additional ~~[(2)]~~ 5 percent of the ~~[(cumulative)]~~ qualified *direct production*
 32 expenditures ~~[(and production costs)]~~ if more than 50 percent of the below-the-line
 33 personnel of the qualified production are Nevada residents; and

34 (b) An additional ~~[(2)]~~ 5 percent of the ~~[(cumulative)]~~ qualified *direct production*
 35 expenditures ~~[(and production costs)]~~ if more than 50 percent of the filming days of
 36 the qualified production occurred in a county in this State in which, in each of the 2
 37 years immediately preceding the date of application, qualified productions incurred
 38 less than \$10,000,000 of *qualified direct production* expenditures.

39 3. *For the purposes of paragraph (a) of subsection 2:*

40 (a) *Except as otherwise provided in paragraph (b) of this subsection, the*
 41 *percentage of the below-the-line personnel who are Nevada residents must be*
 42 *determined by dividing the number of workdays worked by Nevada residents by*
 43 *the number of workdays worked by all below-the-line personnel.*

44 (b) *Any work performed by an extra must not be considered in determining*
 45 *the percentage of the below-the-line personnel who are Nevada residents.*

46 4. The Office may:

47 (a) Reduce the cumulative amount of transferable tax credits that are calculated
 48 pursuant to this section by an amount equal to any damages incurred by the State or
 49 any political subdivision of the State as a result of a qualified production that is
 50 produced in this State; or

51 (b) Withhold the transferable tax credits, in whole or in part, until any pending
 52 legal action in this State against a ~~[(producer)]~~ *production company* or involving a
 qualified production is resolved.

1 **Sec. 13.** NRS 360.7593 is hereby amended to read as follows:
 2 360.7593 1. In calculating the base amount of transferable tax credits
 3 pursuant to subsection 1 of NRS 360.7592:

4 (a) Wages and salaries, including fringe benefits, paid to above-the-line
 5 personnel who are not Nevada residents must be included in the calculation at a rate of
 6 12 percent.

7 (b) Wages and salaries, including fringe benefits, paid to below-the-line
 8 personnel who are not Nevada residents:

9 (1) For the period beginning January 1, 2014, and ending December 31,
 10 ~~2015,~~ **2014**, must be included in the calculation at a rate of 12 percent.

11 (2) For the period beginning January 1, ~~2016,~~ **2015**, and ending
 12 December 31, ~~2016,~~ **2015**, must be included in the calculation at a rate of 10
 13 percent.

14 (3) For the period beginning January 1, ~~2017,~~ **2016**, and ending
 15 December 31, ~~2017,~~ **2016**, must be included in the calculation at a rate of 8
 16 percent.

17 ***(4) For the period beginning January 1, 2017, must not be included in
 18 the calculation.***

19 2. As used in this section, “fringe benefits” means employee expenses paid by
 20 an employer for the use of a person’s services, including, without limitation,
 21 payments made to a governmental entity, union dues, health insurance premiums,
 22 payments to a pension plan and payments for workers’ compensation insurance.

23 **Sec. 14.** NRS 360.7594 is hereby amended to read as follows:

24 360.7594 1. Except as otherwise provided in this subsection, the Office of
 25 Economic Development shall not approve any application for transferable tax
 26 credits submitted pursuant to NRS 360.759 ~~+~~

27 ~~—(a) If~~ **if** approval of the application would cause the total amount of
 28 transferable tax credits approved pursuant to NRS 360.759 **for the current fiscal**
 29 **year** to exceed ~~10,000,000.~~

30 ~~—(b) Received on or after January 1, 2018,~~ **the amount appropriated or**
 31 **authorized for expenditure for that purpose for that fiscal year. If the Office does**
 32 **not approve transferable tax credits of the full amount so appropriated or**
 33 **authorized during any fiscal year, the remaining amount of transferable tax**
 34 **credits must be carried forward and made available for approval during the**
 35 **immediately following 2 fiscal years.**

36 2. The transferable tax credits issued to any ~~producer~~ **production company**
 37 for any qualified production pursuant to NRS 360.759:

38 (a) Must not exceed a total amount of \$6,000,000; and

39 (b) Expire 4 years after the date on which the transferable tax credits are issued
 40 to the ~~producer~~ **production company.**

41 3. For the purposes of calculating qualified **direct production** expenditures :
 42 ~~and production costs;~~

43 (a) The compensation payable to all producers who are Nevada residents must
 44 not exceed 10 percent of the portion of the total budget of the qualified production
 45 that was expended in or attributable to any expenses incurred in this State.

46 (b) The compensation payable to all producers who are not Nevada residents
 47 must not exceed 5 percent of the portion of the total budget of the qualified
 48 production that was expended in or attributable to any expenses incurred in this
 49 State.

50 (c) The compensation payable to any employee, independent contractor or any
 51 other person paid a wage or salary as compensation for providing labor services on
 52 the production of the qualified production must not exceed \$750,000.

1 **Sec. 15.** NRS 360.7595 is hereby amended to read as follows:

2 360.7595 1. ~~{An application for a certificate of eligibility for transferable~~
 3 ~~tax credits submitted pursuant to NRS 360.759 must be submitted not earlier than~~
 4 ~~90 days before the date of commencement of principal photography of the qualified~~
 5 ~~production, if any. The Office of Economic Development shall prescribe by~~
 6 ~~regulation the procedure for determining the date of commencement of qualified~~
 7 ~~productions that do not include photography for the purposes of this section.~~

8 ~~—2—~~ If the Office of Economic Development receives an application for
 9 transferable tax credits pursuant to NRS 360.759, the Office shall, not later than
 10 ~~{30} 10~~ days before a hearing on the application, provide notice of the hearing to:

- 11 (a) The applicant;
- 12 (b) The Department; and
- 13 (c) The State Gaming Control Board.

14 ~~{3—}~~ 2. The notice required by this section must set forth the date, time and
 15 location of the hearing on the application. The date of the hearing must be not later
 16 than 60 days after the Office receives the completed application.

17 ~~{4—}~~ 3. The Office shall issue a decision on the application not later than 30
 18 days after the conclusion of the hearing on the application.

19 ~~{5— The producer of}~~

20 4. *Except as otherwise provided in this subsection, if the application is*
 21 *approved, principal photography of the qualified production must begin not more*
 22 *than 90 days after the date on which the decision on the application is issued. The*
 23 *Office of Economic Development:*

24 (a) *Shall prescribe by regulation the procedure for determining the date of*
 25 *commencement of qualified productions that do not include photography for the*
 26 *purposes of this section.*

27 (b) *May extend by not more than 90 days the period otherwise prescribed by*
 28 *this subsection.*

29 5. *A production company that produces* a qualified production shall submit
 30 ~~{all accountings} the audit required by NRS 360.759~~ and *all* other required
 31 information to the Office and the Department ~~{not later than 30 days after~~
 32 ~~completion of the qualified production.}~~ *within the time required by paragraph (e)*
 33 *of subsection 3 of NRS 360.759.* Production of the qualified production must be
 34 completed within ~~{1 year} 18 months~~ after the date of commencement of principal
 35 photography. If the Office or the Department determines that information submitted
 36 pursuant to this subsection is incomplete, the ~~{producer} production company~~ shall,
 37 not later than 30 days after receiving notice that the information is incomplete,
 38 provide to the Office or the Department, as applicable, all additional information
 39 required by the Office or the Department.

40 6. The Office shall give priority to the approval and processing of an
 41 application ~~{submitted by the producer of}~~ *relating to* a qualified production that
 42 promotes tourism in the State of Nevada.

43 **Sec. 16.** NRS 360.7596 is hereby amended to read as follows:

44 360.7596 1. For the purpose of encouraging local economic development,
 45 the governing body of a city or county may ~~{, on or before December 31, 2017,}~~
 46 grant to a ~~{producer of}~~ *production company that produces* a qualified production
 47 for which a certificate of eligibility for transferable tax credits has been approved
 48 pursuant to NRS 360.759 an abatement of all or any percentage of the amount of
 49 any permitting fee or licensing fee which the local government is authorized to
 50 impose or charge pursuant to chapter 244 or 268 of NRS.

51 2. Before granting any abatement pursuant to this section, the governing body
 52 of the city or county must provide by ordinance for a pilot project for granting
 53 abatements to ~~{producers of qualified productions}~~ *production companies* for

1 which a certificate of eligibility for transferable tax credits has been approved
2 pursuant to NRS 360.759.

3 3. A governing body of a city or county that grants an abatement pursuant to
4 this section shall, on or before October 1 of each year in which such an abatement
5 is granted, prepare and submit to the Governor and to the Director of the
6 Legislative Counsel Bureau for transmittal to the Legislature an annual report
7 which includes, for the immediately preceding fiscal year:

8 (a) The number of qualified productions produced within the jurisdiction of the
9 governing body for which a certificate of eligibility for transferable tax credits was
10 approved;

11 (b) The number and dollar value of the abatements granted by the governing
12 body pursuant to this section;

13 (c) The number of persons within the jurisdiction of the governing body that
14 were employed by each qualified production and the amount of wages paid to those
15 persons; and

16 (d) The period during which each qualified production was produced within
17 the jurisdiction of the governing body.

18 **Sec. 17.** NRS 360.7597 is hereby amended to read as follows:

19 360.7597 1. A ~~producer~~ *production company* that is found to have
20 submitted any false statement, representation or certification in any document
21 submitted for the purpose of obtaining transferable tax credits or who otherwise
22 becomes ineligible for transferable tax credits after receiving the transferable tax
23 credits pursuant to NRS 360.759 shall repay to the Department or the State Gaming
24 Control Board, as applicable, any portion of the transferable tax credits to which the
25 ~~producer~~ *production company* is not entitled.

26 2. Transferable tax credits purchased in good faith are not subject to forfeiture
27 *or repayment by the transferee* unless the transferee submitted fraudulent
28 information in connection with the purchase.

29 **Sec. 18.** NRS 360.7598 is hereby amended to read as follows:

30 360.7598 The Office of Economic Development shall, on or before October 1
31 of each year, prepare and submit to the Governor and to the Director of the
32 Legislative Counsel Bureau for transmittal to the Legislature an annual report
33 which includes, for the immediately preceding fiscal year:

34 1. The number of applications submitted for transferable tax credits pursuant
35 to NRS 360.759;

36 2. The number of qualified productions for which transferable tax credits
37 were approved;

38 3. The amount of transferable tax credits approved;

39 4. The amount of transferable tax credits used;

40 5. The amount of transferable tax credits transferred;

41 6. The amount of transferable tax credits taken against each allowable fee or
42 tax, including the actual amount used and outstanding, in total and for each
43 qualified production;

44 7. The total amount of the qualified ~~expenses and production costs~~ *direct*
45 *production expenditures* incurred by each qualified production and the portion of
46 those ~~expenses and costs~~ *expenditures* that were incurred in Nevada;

47 8. The number of persons in Nevada employed by each qualified production
48 and the amount of wages paid to those persons; and

49 9. The period during which each qualified production was in Nevada and
50 employed persons in Nevada.

1 **Sec. 19.** Section 19 of chapter 491, Statutes of Nevada 2013, at page 3097, is
2 hereby amended to read as follows:

3 Sec. 19. ~~++~~ This act becomes effective upon passage and approval
4 for the purposes of adopting regulations and performing any other
5 preparatory administrative tasks that are necessary to carry out the
6 provisions of this act, and on January 1, 2014, for all other purposes.

7 ~~{2. This act expires by limitation on June 30, 2023.}~~

8 **Sec. 20.** The amendatory provisions of sections 12, 13 and 14 of this act
9 apply only to a calculation of transferable tax credits conducted on or after July 1,
10 2015.

11 **Sec. 21.** The provisions of subsection 1 of NRS 218D.380 do not apply to
12 any provision of this act which adds or revises a requirement to submit a report to
13 the Legislature.

14 **Sec. 22.** This act becomes effective on July 1, 2015.