

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:**

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

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

13 Existing law requires an applicant for the tax credits to show that at least 60  
14 percent of the expenditures for the production, including expenditures for  
15 preproduction and postproduction, will be incurred in Nevada. (NRS 360.759)  
16 **Section 10** of this bill removes expenditures for postproduction from this  
17 calculation unless such expenditures will be incurred in Nevada, and **sections 10**



18 **and 15** of this bill otherwise revise the process for applying for the tax credits.  
19 **Section 10** also extends the time allowed, after the receipt of a postproduction  
20 audit, for the Office to make a final determination concerning the issuance and  
21 amount of the tax credits.

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

30 Existing law governs the calculation of the “base amount” of tax credits and  
31 certain additional amounts for the employment of Nevada residents and the  
32 performance of production work in certain counties in this State. (NRS 360.7592,  
33 360.7593) **Section 12** of this bill increases the additional amounts and revises  
34 provisions relating to the employment of Nevada residents by, among other things,  
35 excluding work performed by extras. **Section 13** of this bill revises the formula for  
36 the inclusion of wages and salaries paid to certain persons who are not Nevada  
37 residents.

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

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

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

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

3 **Sec. 2.** *“Qualified direct production expenditures” means*  
4 *expenditures for a qualified production that are identified in NRS*  
5 *360.7591 and may serve as a basis for transferable tax credits*  
6 *issued pursuant to NRS 360.759.*

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



1 *worked for the enterprise by those part-time and seasonal*  
2 *employees.*

3 **Sec. 4.** NRS 360.758 is hereby amended to read as follows:

4 360.758 As used in NRS 360.758 to 360.7598, inclusive, *and*  
5 *sections 2 and 3 of this act*, unless the context otherwise requires,  
6 the words and terms defined in NRS 360.7581 to 360.7586,  
7 inclusive, *and section 2 of this act* have the meanings ascribed to  
8 them in those sections.

9 **Sec. 5.** NRS 360.7581 is hereby amended to read as follows:

10 360.7581 1. "Above-the-line personnel" means ~~[a]~~ *an*  
11 *executive producer, co-executive producer*, producer, director,  
12 writer, *principal* actor, ~~[other than an extra, or other similar~~  
13 ~~personnel whose compensation is negotiated before the start of the]~~  
14 *any other person having creative or financial control over a*  
15 *qualified production* ~~[ ]~~ *or any other person associated with such a*  
16 *person.* The term does not include below-the-line personnel.

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

19 **Sec. 6.** NRS 360.7582 is hereby amended to read as follows:

20 360.7582 "Below-the-line personnel" means a person  
21 employed to work on a qualified production after production begins  
22 and before production is completed, including, without limitation,  
23 ~~[a]~~ *an extra*, best boy, boom operator, camera loader, camera  
24 operator, assistant camera operator, compositor, dialogue editor,  
25 film editor, assistant film editor, focus puller, Foley operator, Foley  
26 editor, gaffer, grip, key grip, lighting crew, lighting board operator,  
27 lighting technician, music editor, sound editor, sound effects editor,  
28 sound mixer, steadicam operator, first assistant camera operator,  
29 second assistant camera operator, digital imaging technician, camera  
30 operator working with a director of photography, electric best boy,  
31 grip best boy, dolly grip, rigging grip, assistant key for makeup,  
32 assistant key for hair, assistant script supervisor, set construction  
33 foreperson, lead set dresser, assistant key for wardrobe, scenic  
34 foreperson, assistant propmaster, assistant audio mixer, assistant  
35 boom person, assistant key for special effects and other similar  
36 personnel. The term does not include above-the-line personnel.

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

38 360.7583 "Nevada business" means a proprietorship,  
39 corporation, partnership, company, association, trust,  
40 unincorporated organization or other enterprise that:

41 1. Has a physical location and at least one full-time equivalent  
42 employee in this State ~~[ ]~~ , *as determined in accordance with*  
43 *section 3 of this act*; and

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



1     **Sec. 8.** NRS 360.7585 is hereby amended to read as follows:  
2     360.7585 ~~["Producer"]~~ ***"Production company"*** means a  
3 ~~[natural person or]~~ business that finances, arranges to finance or  
4 supervises the production of a qualified production.

5     **Sec. 9.** NRS 360.7586 is hereby amended to read as follows:  
6     360.7586 1. "Qualified production" includes preproduction,  
7 production and postproduction and means:

- 8     (a) A theatrical, direct-to-video or other media motion picture.  
9     (b) A made-for-television motion picture.  
10    (c) Visual effects or digital animation sequences.  
11    (d) A television pilot program.  
12    (e) Interstitial television programming.  
13    (f) A television, Internet or other media series, including,  
14 without limitation, a comedy, drama, miniseries, soap opera, talk  
15 show, ***game show*** or telenovela.

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

- 19    (h) A national or regional commercial or series of commercials.  
20    ~~[(h)]~~ (i) An infomercial.  
21    ~~[(i)]~~ (j) An interstitial advertisement.  
22    ~~[(j)]~~ (k) A music video.  
23    ~~[(k)]~~ (l) A documentary film or series.  
24    ~~[(l)]~~ (m) Other visual media productions, including, without  
25 limitation, video games and mobile applications.

26    2. The term does not include:

- 27    (a) A news, weather or current events program.  
28    (b) A production that is primarily produced for industrial,  
29 corporate or institutional use.  
30    (c) A telethon or any production that solicits money, other than a  
31 production which is produced for national distribution.  
32    (d) A political advertisement.  
33    (e) A sporting event.  
34    (f) A gala or awards show.  
35    (g) Any other type of production that is excluded by regulations  
36 adopted by the Office of Economic Development pursuant to  
37 NRS 360.759.

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

39     360.759 1. A ~~[producer of a qualified production that is  
40 produced]~~ ***production company that produces a qualified  
41 production*** in this State in whole or in part may ~~[, on or before  
42 December 31, 2017,]~~ apply to the Office of Economic Development  
43 for a certificate of eligibility for transferable tax credits for any  
44 qualified ***direct production*** expenditures . ~~[and production costs~~



1 ~~identified in NRS 360.7591.~~ The transferable tax credits may be  
2 applied to:

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

9 2. The Office shall approve an application for a certificate of  
10 eligibility for transferable tax credits if the Office finds that the  
11 ~~producer of~~ *production company producing* the qualified  
12 production qualifies for the transferable tax credits pursuant to  
13 subsection 3 and shall calculate the estimated amount of the  
14 transferable tax credits pursuant to NRS 360.7592, 360.7593 and  
15 360.7594.

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

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

- 29 (1) *Preproduction;*
- 30 (2) *Production; and*
- 31 (3) *If any direct production expenditures for postproduction*  
32 *will be incurred in this State, postproduction,*

33 *of* the qualified production ~~[, including preproduction and~~  
34 ~~postproduction.]~~ will be incurred in this State ~~[:]~~ *as qualified direct*  
35 *production expenditures;*

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



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

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

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

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

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

11 (a) A script, storyboard or synopsis of the qualified production;

12 (b) The names of the *production company*, producer, director  
13 and proposed cast;

14 (c) An estimated timeline to complete the qualified production;

15 (d) A ~~[detailed budget]~~ *summary of the budgeted expenditures*  
16 for the entire production, including projected ~~[expenses]~~  
17 *expenditures to be* incurred outside of Nevada;

18 (e) Details regarding the financing of the project, including,  
19 without limitation, any information relating to a binding financing  
20 commitment, loan application, commitment letter or investment  
21 letter;

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

24 (g) The business address of the ~~[producer,]~~ *production*  
25 *company*, which must be an address in this State;

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

28 (i) Proof that the ~~[producer]~~ *production company* has secured  
29 all licenses required to do business in each location in this State at  
30 which the qualified production will be produced; and

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

33 5. If the Office approves an application for a certificate of  
34 eligibility for transferable tax credits pursuant to this section, the  
35 Office shall immediately forward a copy of the certificate of  
36 eligibility which identifies the estimated amount of the tax credits  
37 available pursuant to NRS 360.7592 to:

38 (a) The applicant;

39 (b) The Department; and

40 (c) The State Gaming Control Board.

41 6. Within ~~[14]~~ *60* business days after receipt of an audit  
42 provided by ~~[the producer]~~ *a production company* pursuant to  
43 paragraph (e) of subsection 3 and any other accountings or other  
44 information required by the Office, the Office shall determine  
45 whether to certify the audit and make a final determination of



1 whether a certificate of transferable tax credits will be issued. If the  
2 Office certifies the audit and determines that all other requirements  
3 for the transferable tax credits have been met, the Office shall notify  
4 the ~~{producer}~~ *production company* that the transferable tax credits  
5 will be issued. Within 30 days after the receipt of the notice, the  
6 ~~{producer}~~ *production company* shall make an irrevocable  
7 declaration of the amount of transferable tax credits that will be  
8 applied to each fee or tax set forth in subsection 1, thereby  
9 accounting for all of the credits which will be issued. Upon receipt  
10 of the declaration, the Office shall issue to the ~~{eligible producer}~~  
11 *production company* a certificate of transferable tax credits in the  
12 amount approved by the Office for the fees or taxes included in the  
13 declaration of the ~~{producer}~~ *production company*. The ~~{producer}~~  
14 *production company* shall notify the Office upon transferring any of  
15 the transferable tax credits. The Office shall notify the Department  
16 and the State Gaming Control Board of all transferable tax credits  
17 issued, segregated by each fee or tax set forth in subsection 1, and  
18 the amount of any transferable tax credits transferred.

19 7. An applicant for transferable tax credits pursuant to this  
20 section shall, upon the request of the Executive Director of the  
21 Office, furnish the Executive Director with copies of all records  
22 necessary to verify that the applicant meets the requirements of  
23 subsection 3.

24 8. The Office:

25 (a) Shall adopt regulations prescribing:

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

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

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

33 (4) The application review process;

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

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

39 (b) May adopt any other regulations that are necessary to carry  
40 out the provisions of NRS 360.758 to 360.7598, inclusive ~~{ }~~, *and*  
41 *sections 2 and 3 of this act.*

42 9. The Nevada Tax Commission and the Nevada Gaming  
43 Commission:

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



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

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

5 360.7591 1. Qualified *direct production* expenditures ~~[and~~  
6 ~~production costs that may serve as a basis for transferable tax credits~~  
7 ~~issued pursuant to NRS 360.759]~~ must be *for* purchases, *rentals or*  
8 *leases* of tangible personal property or services from a Nevada  
9 business on or after the date on which an applicant submits an  
10 application for the transferable tax credits, must be customary and  
11 reasonable and must relate to:

12 (a) Set construction and operation;

13 (b) Wardrobe and makeup;

14 (c) Photography, sound and lighting;

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

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

17 (f) Food and lodging;

18 (g) Editing, sound mixing, special effects, visual effects and  
19 other postproduction services;

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

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

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

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

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

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

32 2. Expenditures and costs:

33 (a) Related to:

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

35 (2) Marketing and distribution;

36 (3) Financing, depreciation and amortization;

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

39 (5) The payment for the cost of the audit required by NRS  
40 360.759; and

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

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





1 (c) *Which are paid to a joint venturer or a parent, subsidiary*  
2 *or other affiliate of the production company, unless the amount*  
3 *paid represents the fair market value of the purchase, rental or*  
4 *lease of the property or services for which payment is made;*

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

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

9 → are not *qualified direct production expenditures and are not*  
10 *eligible to serve as a basis for transferable tax credits issued*  
11 *pursuant to NRS 360.759.*

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

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

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

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

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

27 360.7592 1. Except as otherwise provided in subsection ~~[3]~~ 4  
28 and NRS 360.7593 and 360.7594, the base amount of transferable  
29 tax credits issued to an eligible ~~[producer]~~ *production company*  
30 pursuant to NRS 360.759 must equal 15 percent of the ~~[cumulative]~~  
31 qualified *direct production* expenditures. ~~[and production costs.]~~

32 2. Except as otherwise provided in ~~[subsection]~~ *subsections* 3  
33 *and 4* and NRS 360.7594, in addition to the base amount calculated  
34 pursuant to subsection 1, transferable tax credits issued to an eligible  
35 ~~[producer]~~ *production company* pursuant to NRS 360.759 must  
36 include credits in an amount equal to:

37 (a) An additional ~~[2]~~ 5 percent of the ~~[cumulative]~~ qualified  
38 *direct production* expenditures ~~[and production costs]~~ if more than  
39 50 percent of the below-the-line personnel of the qualified  
40 production are Nevada residents; and

41 (b) An additional ~~[2]~~ 5 percent of the ~~[cumulative]~~ qualified  
42 *direct production* expenditures ~~[and production costs]~~ if more than  
43 50 percent of the filming days of the qualified production occurred  
44 in a county in this State in which, in each of the 2 years immediately



1 preceding the date of application, qualified productions incurred less  
2 than \$10,000,000 of *qualified* direct *production* expenditures.

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

4 (a) *Except as otherwise provided in paragraph (b) of this*  
5 *subsection, the percentage of the below-the-line personnel who are*  
6 *Nevada residents must be determined by dividing the number of*  
7 *workdays worked by Nevada residents by the number of workdays*  
8 *worked by all below-the-line personnel.*

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

12 4. The Office may:

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

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

22 **Sec. 13.** NRS 360.7593 is hereby amended to read as follows:

23 360.7593 1. In calculating the base amount of transferable  
24 tax credits pursuant to subsection 1 of NRS 360.7592:

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

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

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

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

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

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

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



1       **Sec. 14.** NRS 360.7594 is hereby amended to read as follows:  
2       360.7594 1. Except as otherwise provided in this subsection,  
3 the Office of Economic Development shall not approve any  
4 application for transferable tax credits submitted pursuant to  
5 NRS 360.759 ~~f~~:

6       —(a) ~~If~~ *if* approval of the application would cause the total  
7 amount of transferable tax credits approved pursuant to NRS  
8 360.759 *for the current fiscal year* to exceed ~~[\$10,000,000.~~

9       —(b) ~~Received on or after January 1, 2018.]~~ *the amount*  
10 *appropriated or authorized for expenditure for that purpose for*  
11 *that fiscal year. If the Office does not approve transferable tax*  
12 *credits of the full amount so appropriated or authorized during*  
13 *any fiscal year, the remaining amount of transferable tax credits*  
14 *must be carried forward and made available for approval during*  
15 *the immediately following 2 fiscal years.*

16       2. The transferable tax credits issued to any ~~[producer]~~  
17 *production company* for any qualified production pursuant to  
18 NRS 360.759:

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

20       (b) Expire 4 years after the date on which the transferable tax  
21 credits are issued to the ~~[producer.]~~ *production company.*

22       3. For the purposes of calculating qualified *direct production*  
23 expenditures : ~~[and production costs:]~~

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

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

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

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

37       360.7595 1. ~~[An application for a certificate of eligibility for~~  
38 ~~transferable tax credits submitted pursuant to NRS 360.759 must be~~  
39 ~~submitted not earlier than 90 days before the date of commencement~~  
40 ~~of principal photography of the qualified production, if any. The~~  
41 ~~Office of Economic Development shall prescribe by regulation the~~  
42 ~~procedure for determining the date of commencement of qualified~~  
43 ~~productions that do not include photography for the purposes of this~~  
44 ~~section.~~



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

- 5 (a) The applicant;
- 6 (b) The Department; and
- 7 (c) The State Gaming Control Board.

8 ~~{3.}~~ 2. The notice required by this section must set forth the  
9 date, time and location of the hearing on the application. The date of  
10 the hearing must be not later than 60 days after the Office receives  
11 the completed application.

12 ~~{4.}~~ 3. The Office shall issue a decision on the application not  
13 later than 30 days after the conclusion of the hearing on the  
14 application.

15 ~~{5.—The producer of}~~

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

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

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

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

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

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

43 360.7596 1. For the purpose of encouraging local economic  
44 development, the governing body of a city or county may ~~{, on or~~  
45 ~~before December 31, 2017,}~~ grant to a ~~{producer of}~~ *production*



1 *company that produces* a qualified production for which a  
2 certificate of eligibility for transferable tax credits has been  
3 approved pursuant to NRS 360.759 an abatement of all or any  
4 percentage of the amount of any permitting fee or licensing fee  
5 which the local government is authorized to impose or charge  
6 pursuant to chapter 244 or 268 of NRS.

7 2. Before granting any abatement pursuant to this section, the  
8 governing body of the city or county must provide by ordinance for  
9 a pilot project for granting abatements to ~~[producers of qualified~~  
10 ~~productions]~~ *production companies* for which a certificate of  
11 eligibility for transferable tax credits has been approved pursuant to  
12 NRS 360.759.

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

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

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

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

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

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

30 360.7597 1. A ~~[producer]~~ *production company* that is found  
31 to have submitted any false statement, representation or certification  
32 in any document submitted for the purpose of obtaining transferable  
33 tax credits or who otherwise becomes ineligible for transferable tax  
34 credits after receiving the transferable tax credits pursuant to NRS  
35 360.759 shall repay to the Department or the State Gaming Control  
36 Board, as applicable, any portion of the transferable tax credits to  
37 which the ~~[producer]~~ *production company* is not entitled.

38 2. Transferable tax credits purchased in good faith are not  
39 subject to forfeiture *or repayment by the transferee* unless the  
40 transferee submitted fraudulent information in connection with the  
41 purchase.

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

43 360.7598 The Office of Economic Development shall, on or  
44 before October 1 of each year, prepare and submit to the Governor  
45 and to the Director of the Legislative Counsel Bureau for transmittal



1 to the Legislature an annual report which includes, for the  
2 immediately preceding fiscal year:

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

5 2. The number of qualified productions for which transferable  
6 tax credits were approved;

7 3. The amount of transferable tax credits approved;

8 4. The amount of transferable tax credits used;

9 5. The amount of transferable tax credits transferred;

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

13 7. The total amount of the qualified ~~[expenses and production~~  
14 ~~costs]~~ *direct production expenditures* incurred by each qualified  
15 production and the portion of those ~~[expenses and costs]~~  
16 *expenditures* that were incurred in Nevada;

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

20 9. The period during which each qualified production was in  
21 Nevada and employed persons in Nevada.

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

24 Sec. 19. ~~[H.]~~ This act becomes effective upon passage  
25 and approval for the purposes of adopting regulations and  
26 performing any other preparatory administrative tasks that are  
27 necessary to carry out the provisions of this act, and on  
28 January 1, 2014, for all other purposes.

29 ~~[2.—This act expires by limitation on June 30, 2023.]~~

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

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

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

