

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Eighty-second Session  
May 31, 2023**

The Senate Committee on Finance was called to order by Chair Marilyn Dondero Loop at 8:24 a.m. on Wednesday, May 31, 2023, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Marilyn Dondero Loop, Chair  
Senator Nicole J. Cannizzaro, Vice Chair  
Senator Dallas Harris  
Senator Dina Neal  
Senator Rochelle T. Nguyen  
Senator Pete Goicoechea  
Senator Heidi Seevers Gansert  
Senator Robin L. Titus

**GUEST LEGISLATORS PRESENT:**

Senator Ira Hansen, Senatorial District No. 14  
Senator Roberta Lange, Senatorial District No. 7  
Assemblyman Cameron (C.H.) Miller, Assembly District No. 7

**STAFF MEMBERS PRESENT:**

Wayne Thorley, Senate Fiscal Analyst  
Cathy Crocket, Chief Principal Deputy Fiscal Analyst  
Michael Nakamoto, Chief Principal Deputy Fiscal Analyst  
Daniel Miller, Program Analyst  
Paul Breen, Committee Assistant  
Joko Cailles, Committee Secretary  
Helen Wood, Committee Secretary

**OTHERS PRESENT:**

Erica Souza Llamas, Division Administrator, Records, Communications and Compliance Division, Nevada Department of Public Safety

Jhone Ebert, Superintendent of Public Instruction, Nevada Department of Education

Gregory Ferraro, Birtcher Development

Brandon Birtcher, Chief Executive Officer, Birtcher Development

David O'Reilly, Chief Executive Officer, Howard Hughes Corporation

Tony Vinciguerra, Chairman and Chief Executive Officer, Sony Pictures Entertainment

John Restrepo, Principal, RCG Economics

Grant McCandless, Research Director, RCG Economics

Matt Walker, Director, Community & Government Relations, Howard Hughes Corporation

Constance Brooks, Interim Vice President, Government and Community Engagement, University of Nevada, Las Vegas

Dan Musgrove, Southern Nevada Building Trades Unions

Helen Foley, Nevadamatic

Michael Flores, Vice President, Government and Community Engagement, University of Nevada, Reno

Tom Clark, Reno + Sparks Chamber of Commerce

Susie Martinez, Executive Secretary-Treasurer, Nevada State AFL-CIO

Fran Almaraz, Teamsters

Phil Jaynes, President, International Alliance of Theatrical Stage Employees Local 720

Steve Blaho

Forest Airola, International Alliance of Theatrical Stage Employees Local 363

Edward Goodrich, International Alliance of Theatrical Stage Employees Local 363

Danny Thompson, International Union of Operating Engineers 312; Laborer's Union Local 872

Mark Ellis, President, Communication Workers of America

Glen Leavitt, Nevada Contractors Association

James Reid, President, JR Lighting, Inc.

Alfonso Lopez, International Association of Sheet Metal, Air, Rail and Transportation Workers Local 88

Frank Lebeck, College of Southern Nevada

Lawrence Weekly, College of Southern Nevada

Senate Committee on Finance  
May 31, 2023  
Page 3

Aaron Ibarra, Southern Nevada Building Trades Unions  
Brandy Glass  
Arturo Castro, Jr., HCI Advertising, 271 Films  
Zachary Miles, Senior Associate Vice President for Economic Development,  
University of Nevada, Las Vegas Research Foundation  
Nancy Uscher, Dean, College of Fine Arts, University of Nevada, Las Vegas  
Nick Schneider, Vegas Chamber  
Andrew Arguello, Mad Wife Productions  
Christine Saunders, Progressive Leadership Alliance of Nevada  
Alexander Marks, Director of Strategy, Nevada State Education Association  
Annette Magnus, Executive Director, Battle Born Progress  
Shaun Navarro  
Cyrus Hojjaty  
Jessica Fox  
Eric Guideng  
John Fortune  
Tonja Brown, Advocates for the Inmates and the Innocent  
Adam Young, Superintendent, White Pine County School District  
Krosby Cox  
Brindel Blades  
Catie Murphree  
Emma Holdaway  
Autumn Cavender  
Cecil Kunz  
Tatum Clark  
Daniel Murphree  
Paul Young, Nevada Board of Wildlife Commissioners  
Kailey Musso, Management Analyst, Director's Office, Nevada Department of  
Wildlife  
Christopher Sewell, Director, Nevada Department of Employment, Training  
and Rehabilitation  
Troy Jordan, Deputy Director, Programs, Nevada Department of Employment,  
Training and Rehabilitation

CHAIR DONDERO LOOP:

We will start with the Nevada Department of Public Safety (DPS) and  
Senate Bill (S.B.) 506.

Senate Committee on Finance  
May 31, 2023  
Page 4

**SENATE BILL 506**: Revises provisions relating to records of criminal history.  
(BDR 14-1220)

DANIEL MILLER (Program Analyst):

Senate Bill 506 requires fees collected by the central repository for Nevada DPS, Nevada Records of Criminal History, to also be used for any other purpose authorized by the Legislature and any balance of such money remaining at the end of the fiscal year to revert to the State General Fund.

An amendment to change the effective date from July 1, 2023, to October 1, 2024, would allow the DPS to use the reserves throughout the biennium and begin reverting fee revenues at the end of fiscal year (FY) 2024-2025.

CHAIR DONDERO LOOP:

Does this close out the budget for DPS?

MR. MILLER:

Yes, this was a budget implementation bill for the DPS Records, Communication and Compliance Division (RCCD).

SENATOR GOICOECHEA:

Is the only change to the bill the date when reserves will revert back to the General Fund?

MR. MILLER:

Yes.

CHAIR DONDERO LOOP:

Could you explain the General Fund money and how it works when you receive General Funds and do not receive other funding?

MR. MILLER:

If agencies receive General Fund money along with fee revenues, the additional fee revenues would revert to the General Fund at the end of the fiscal year.

CHAIR DONDERO LOOP:

Do you not receive General Fund money and reversion funds; you receive one or the other?

MR. MILLER:

Yes. An agency that receives General Fund money does not carry a reserve balance.

ERICA SOUZA LLAMAS (Division Administrator, Records, Communications and Compliance Division, Nevada Department of Public Safety):

I am here today to testify in neutral on S.B. 506. The RCCD houses a central repository for Nevada Records of Criminal History that maintains Statewide records of Nevada arrests and dispositions. It is also responsible for processing fingerprint-based background checks for civil purposes to include licensing, employment and volunteers.

The RCCD houses the Sex Offender Registry, the Brady Point of Contact Firearms Program, various Statewide auditing and training programs and the Information Security Group for the Division and the Department.

Senate Bill 506 amends *Nevada Revised Statutes* (NRS) 179A.075 and 179A.140. It will require the RCCD to revert any balance of money remaining to the State General Fund at the end of every fiscal year.

My concern is whether RCCD will have adequate funding to provide services to the State's constituents, however that funding is received. If reserves are to be reverted to the General Fund at the end of each fiscal year, then we will comply. We will use the State's biennial budget and Interim Finance Committee work program process to request the funds necessary to operate through authorizations and appropriations.

Following are RCCD projections for the next two biennia using conservative numbers without knowing how the pay bill will be funded, the increase in technology vendor costs, increase in staffing, and any other unknowns. Projected annual expenditures for the central repository are approximately \$21,428,938 in FY 2023-2024 and \$21,779,540 in FY 2024-2025. Projected revenue is \$15,130,069 in FY 2023-2024 and \$15,309,788 in FY 2024-2025. We will require between \$3.5 million and \$3.6 million for our 60-day operating contingency.

If S.B. 506 passes and with the closing of our budget which removed administrative assessments and did not replace them with General Fund money in FY 2023-2024 and FY 2024-2025, RCCD is projecting a shortfall of

\$4,472,428 in FY 2024-2025 and approximately \$11 million for FY 2025-2026 and FY 2026-2027. This will give the Committee an idea of what the RCCD 2025-2027 budget request will look like for General Fund appropriations in the biennium. The projections for FY 2025-2026 and FY 2026-2027 are rough estimates, given our short notice for this hearing and the unknowns.

With the Nevada Criminal Justice Information System modernization program, Nevada is the first State in the Nation to connect to the Federal Bureau of Investigation using the National Information Exchange Model Extensible Markup Language technology we implemented with the project. We were the first State in the Nation to connect to the National Crime Information Center via the cloud.

CHAIR DONDERO LOOP:

It sounds like there needs to be more discussion, but we are not voting on this bill today, so I appreciate your comments. We will follow up.

We will close the hearing on S.B. 506 and open a work session on S.B. 98.

WAYNE THORLEY (Senate Fiscal Analyst):

Senate Bill 98 was heard in this Committee on April 3, 2023. It was presented by Senator Marilyn Dondero Loop and State Superintendent of Public Instruction Jhone Ebert. The bill becomes effective on July 1, 2023.

**SENATE BILL 98**: Revises provisions relating to education. (BDR 34-444)

The bill changes the amount of funding provided to school districts for each pupil enrolled in a full-time distance learning program. Instead of the adjusted base per pupil amount provided for pupils enrolled in a school district, it is now the Statewide base per pupil amount. This change is consistent with the funding provided for pupils enrolled in a distance education program provided by a charter school or university school for profoundly gifted pupils.

The bill also authorizes the Commission on School Funding to meet during Legislative Sessions if requested to do so by certain Legislative standing committees. The bill requires the Commission on School Funding to conduct an interim study on specific topics related to school funding. This bill appropriates General Fund money of \$320,000 in FY 2023-2024.

The Nevada Department of Education (NDE) also submitted a fiscal note indicating a fiscal impact of approximately \$35,000 in FY 2024-2025 to support travel costs associated with NDE staff to attend Commission meetings. There were also several fiscal notes submitted by school districts.

There was testimony in support provided by the Nevada Association of School Superintendents. There was no testimony in opposition or neutral.

Proposed Amendment 3726 to S.B. 98 ([Exhibit C](#)) sponsored by this Committee makes significant changes to the bill. It removes sections 1, 2, 3 and 5 of the bill to make it consistent with the closing actions of the Assembly Committee on Ways and Means and the Senate Committee on Finance, commonly referred to as the Money Committees, related to the Pupil-Centered Funding Plan. The changes in sections 1, 2, 3 and 5 would not repeal the underlying language in NRS of those sections. It simply would not make the previously noted changes in the bill as introduced.

The bill extends the date in which the Commission on School Funding could meet through December 31 of the subsequent even-numbered year. It adds language allowing the Commission to meet in person or virtually, depending on the decision made by the Chair and the Superintendent of Public Instruction.

Proposed Amendment 3726, [Exhibit C](#), staggers the terms of the Commission members so that not all Commission members end their terms at the same time. After a full rotation, all Commission members would have a three-year term.

The Proposed Amendment also changes the appropriations in the bill. The appropriation for a study would be increased from the \$320,000 in the bill as introduced to \$1.5 million. The funding study has, including the bill as originally introduced, an additional interim study concerning school funding that is added in section 7 of the bill related to school accountability.

Section 6.3 of S.B. 98 is a General Fund appropriation of \$10,000 in FY 2024-2025 for travel costs for the Commission members to attend their meetings.

Senate Committee on Finance  
May 31, 2023  
Page 8

Section 6.5 of the bill is a General Fund appropriation of \$6,200 in each fiscal year for travel and per diem costs related to NDE employees attending Commission meetings.

Accountability language is added in various sections of the bill. This language is taken from Assembly Bill (A.B.) 400, which is the Governor's Education Bill.

[ASSEMBLY BILL 400](#): Revises various provisions relating to education.  
(BDR 34-1088)

SENATOR NEAL:

Senate Bill 98 adds to NDE's existing travel budget we approved for K-12. How much is their travel budget now?

MR. THORLEY:

Are you asking specifically for travel related to attending Commission on School Funding meetings?

SENATOR NEAL:

No. What is their total travel? We added additional dollars to their travel other than what we approved in K-12.

MR. THORLEY:

Fiscal staff can provide you with that information. The NDE has many operating budgets and several of those include travel funding.

SENATOR NEAL:

On pages 16 and 17 of [Exhibit C](#), section 4.5, subsection 1, paragraph (f), subparagraph (i), subparagraphs I, II, and III, you have the Commission using metrics to measure the improvement of pupils enrolled in elementary school and literacy without limitation. But some of the members of the Commission have a financial background. I saw Dr. Hibler on the list. These are not educators.

I do not understand how non-educators are going to use metrics to measure if schools meet the needs and expectations of pupils, parents or legal guardians of pupils, teachers and administrators. You have them getting into a lot of weeds in terms of performance on tests. Why would I have Jason Goudie measure that or give me information when he is a chief financial officer?



JHONE EBERT (Superintendent of Public Instruction, Nevada Department of Education):

The fiscal note to this bill would bring in educational experts. We work very closely with other entities like WestEd. As this Body brings in experts, the Commission on School Funding would bring in experts to make those determinations working alongside our staff at the NDE, as well with all the data they provide us.

SENATOR NEAL:

Are the experts going to be actual educators coming from particular school districts? That is who I want to hear from when we talk about measuring students and creating a metric on whether or not they can read. I do not want somebody from Florida coming in and having that conversation. There should be educators doing the work, especially in large school districts, whether or not they are literacy specialists who have seen the trend and can talk about what should be examined and looked at.

I understand where we are going, but I think Commission membership and your experts need to be confined to people who do the work in this State and in the school districts.

MS. EBERT:

I could not agree with you more. That is how we have been moving forward with the Department. At the same time, we need people who are experts outside the State to make sure we are not only looking at our own student data, but looking at how we compare nationally, how we are competing and how we are preparing our students globally. I work closely with all of the superintendents and the Nevada State Public Charter School Authority for that assurance.

We will have our local experts but will also have national experts to help frame the work.

SENATOR NEAL:

Is there a way to add "local and" into this bill?

CHAIR DONDERO LOOP:

The idea is we have a core meeting group and then you bring in experts to give expert testimony or opinions on how things should be done. I know for example

you can sit on a transportation committee and not be a transportation expert. But we bring in the experts and those people to weigh in and give us that data and ideas about how to do things.

MS. EBERT:

That is accurate. To the point of the Senator making sure we are valuing, hearing and acknowledging the work our educators are doing, we do that as a Department quite frequently. We also have our Teachers Advisory Council, which we turn to.

Valuing our educators and making sure they are at the table is how it will move forward.

CHAIR DONDERO LOOP:

There are opportunities for the Governor, the Majority Leader, the Speaker and the Minority Leaders of the Senate and the Assembly to appoint members on this Commission. Any of those very well could be educators.

SENATOR SEEVERS GANSERT:

This bill has the type of metrics we need to be able to address and to see how we are doing. It is very comprehensive and a step in the right direction, especially when you look at some of the language around literacy, math and science. I appreciate that we are considering moving forward with this.

SENATOR NGUYEN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 98 WITH THE PROPOSED AMENDMENT IN [EXHIBIT C](#).

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HARRIS WAS ABSENT FOR THE VOTE.)

\* \* \* \* \*

CHAIR DONDERO LOOP:

We will close the work session on S.B. 98 and will hear S.B. 496.

[SENATE BILL 496 \(1st Reprint\)](#): Revises provisions relating to the film industry.  
(BDR S-1039)

SENATOR ROBERTA LANGE (Senatorial District No. 7):

Senate Bill 496 is commonly known as the Film Bill. I have been working on this bill for about two-and-a-half years trying to figure out a way we could create a new industry for a more sustainable and diversified economy in Nevada.

This bill has finally come together and has a lot of my vision for how things could be different in our State. We would like to talk to you about the fiscal impacts of this bill.

GREGORY FERRARO (Birtcher Development):

I am here on behalf of Birtcher Development. We have been working with Senator Lange, Senator Neal and others in combining different ideas to this somewhat complicated piece of legislation. There are several moving parts, and we hope to bring all those together into a compromise conceptual amendment for this Committee's work session.

BRANDON BIRTCHER (Chief Executive Officer, Birtcher Development):

I am the owner of the Zone One Film Studio Complex at the Harry Reid Research Center in Las Vegas. Over the past several months, I have had the opportunity to talk to most of you about our vision.

We are no strangers to specialty projects such as the one we are undertaking now. In West Hollywood, we consolidated the interior design industry into one of the most iconic and timeless properties known as the Pacific Design Center, which is 1.3 million square feet. We did the same for the produce industry in downtown Los Angeles, which is three-quarters of a million square feet, by consolidating the produce industry for the Western U.S. Now we begin the journey with the film industry for the State of Nevada.

Four years ago, we set out to put together an infrastructure program in coordination with the University of Nevada, Las Vegas (UNLV) and to draw attention to an industry that is over \$150 billion. We wanted to create this with the framework that would permanently bring a relationship to Nevada.

We are inspired by the transformation in the streaming and related content industry. What got our attention was a shortage of first-class and quality sound stages and related facilities to support that industry.

We have studied states that have adopted film tax credit programs and we noticed there is an exodus from California to other states that had attractive programs. We found it very curious that Las Vegas, the entertainment capital of the world, was being overlooked. The answer was obvious. Nevada's film tax credit program is antiquated and insufficient.

Our vision from the beginning has been to amend the current film tax credit program and to attract the finest film production companies in the world by putting together a plan that will make us peers in the top U.S. programs. But we wanted to avoid the mistakes made by states that did not include an infrastructure element. We found that to be a fatal flaw.

Very central to this vision is an education program. We believe in a foundation of inspiring youth from K-12. We want to inspire students in our college systems to find a new career path by providing them the pathway. We want to retrain those who have become dissatisfied with their careers or lost their jobs because of the pandemic or want a pathway to the film, television and content-creation business.

We all know workforce development is an essential element in the successful establishment of a new industry for this State. We believe by putting down three deep tap roots into this economy, we will assure ourselves the proper workforce that is required to sustain this new industry.

We have signed an agreement with UNLV for a 100-year ground lease that incorporates the integration of the benefits program for students and professors. We want to elevate the film program to be on an equal footing with the University of Southern California, New York University and Chapman University.

We have embedded a \$19-million-a-year component as part of the film tax credit allocation into two new educational facilities. The first facility will be the Nevada Media Lab, which will be located in Zone 1 and overseen by a board. The second facility is owned by the Nevada Partners, in North Las Vegas, and overseen and funded by the Zone 2 team. This board will oversee this opportunity to assure creative programming, so all pathways are working to create this workforce.

Over the last two years, we have refined S.B. 496 with the assistance of Senator Lange, and it is nearly complete. In the days ahead, we hope to prove

we can create one of the most attractive and fiscally successful film tax credits in America.

Over the last 60 days, the draft of S.B. 496 has attracted two iconic studio teams to Nevada: Sony Pictures Entertainment and its partner, the Howard Hughes Corporation. We are grateful for the heavy lifting they have done to assist us in taking this bill to where it is today. Jeremy Renner has mentioned that Disney might even be a possible studio partner for them. We are thrilled that this bill has attracted these iconic brands.

When Sony and Howard Hughes joined us, it confirmed and substantiated our conviction about this industry. Creating a post-COVID-19 film tax credit program is perfectly timed for Nevada. I hope we can create this permanent home so close to the global headquarters in Hollywood.

Sony and Disney are the tip of the iceberg. Zone One Film Studios has been very quiet about its studio partners for good reason, but it is in very active negotiations with many studio production companies.

Once this bill becomes law, we will conclude negotiations and make the announcement of our big-name production partners. It is not a small project. The industry wants a project that can be delivered quickly and on time, which is our sole intent.

From a fiscal standpoint, Zones 1 and 2 in the enhanced noninfrastructure portion of the film tax credits are meant to facilitate the industry and will have a profound impact on permanent employment in this State. It includes economic benefits to Nevada that are over 25 times for every dollar the State will invest.

We believe this economic program is a winner for Nevada. The economic analysis you will hear in a moment from RCG Economics is exciting and convincing.

What is unusual about this film tax credit is that the tax credits are put in place after the infrastructure has been invested in. They are after the studios have been prequalified with the Office of the Governor, Office of Economic Development (GOED). They are after the studios have filmed and passed their audit. In other words, we are investing Nevada dollars after the infrastructure is

in place and the film has been created and the benefits have trickled into our economy.

We have studied film tax credit programs throughout the U.S. and are aware of what works and what does not. We have created a bill that is already attracting the finest studios in the business. Birtcher Development and its partners are willing to invest \$400 million in equity and sign a \$400 million loan to complete our project, just as the Zone 2 owners are.

What we are asking of you is to invite us, Zone 1 and Zone 2, to build the infrastructure to retain and retrain the unemployed and to retain and retrain future generations of Nevadans in a new and robust industry that will forever diversify our State.

We think this public-private partnership is going to lead to a reenergized workforce. It is something that will diversify our economy and attract an industry that has long-term high-paying careers, not just jobs, and will train the talent of tomorrow.

DAVID O'REILLY (Chief Executive Officer, Howard Hughes Corporation):

I will go over a presentation ([Exhibit D](#)) of the Sony Pictures Entertainment and Howard Hughes Summerlin Production Studios Project. I am pleased to have the opportunity to speak in support of this bill. Mr. Birtcher did a wonderful job summarizing some of the long-term benefits to the State and summarizing the incredible opportunity that Zone One Film Studios provides.

I will approach this with a slightly different perspective, as the CEO of an \$8-plus-billion company whose prized asset is right here in southern Nevada, the community of Summerlin. We are completely aligned in terms of our success with the success of the Nevada economy.

There are five key points, shown on page 2 of [Exhibit D](#), the most important of which is, this is a generational opportunity to strengthen and diversify our State's economy. With this project comes the certainty of both a world-class content creator and an infrastructure developer to make sure, if this bill is passed, it will be executed. There is an unparalleled strength of sponsorship between Sony Pictures Entertainment and Howard Hughes Corporation. We are committed to developing local career education with Nevada Partners. Finally,

the Howard Hughes Corporation's long-term stewardship is a critical component in making this a successful project for the State.

This is a transformative opportunity for the Nevada economy. If this bill is passed, we will enable long-term sustainable growth, economic expansion, thousands upon thousands of well-paid predominantly union jobs and will kick-start the film industry right here. But it is beyond that. It is the cascading effect this has on all surrounding businesses. It is our neighbors, my neighbor who has a catering business, and the impact it will have on her and the entire food service industry.

One of my employee's spouse in Summerlin drives for a delivery service. This will have an impact on all the transportation industries in southern Nevada. That ripple effect cannot be underestimated. It is one of the drivers of why this is such an important bill.

I do not think there has been a state that has ever passed a bill like this with both a guarantee of content creation to the tune of a billion dollars from Sony, and a guarantee of infrastructure. The Howard Hughes Corporation is putting \$700 million of their money behind it. That is just the tip of the iceberg. We are proposing a production studio in Summerlin South, right off I-15, on a shovel-ready site of 60 acres. This studio will be the capstone of what will be a mixed-use, lively development that will include a hotel site and authentic local retail that will service the studios. We already have an office complex under construction; the walls have been tilted up and will be done in about a year to support the back office of the studio. We have a running head start.

All of this will be done as part of a cohesive master plan, as part of fitting into the fabric of this community. Having Sony, a global leader in both film and television, committed to bringing the industry here speaks volumes, not just to the opportunity for Sony, but the opportunity for the entire industry and others that will follow. Partnering Sony with Howard Hughes is a tremendous benefit. We are an \$8.5-billion public company with \$900 million of cash and restricted cash in our balance sheet. We can absolutely execute this.

Over the past ten years alone, we have invested \$1.6 billion in Summerlin without an incentive and without asking for anything other than a chance to help grow this economy.

Education is at the forefront. Our collaboration with Nevada Partners is to train those who will work in the studios and ensure it is local talent who come to work every day. We are committing \$8 million on top of the \$700 million to build the studio for a mixed-use environment for that training facility. The structure of this bill, with requirements of 50 percent below-the-line workers, will ensure local residents are hired. Sony has already committed to hire directly from this educational facility. We are assuring the success of this facility in addition to this studio project.

At the end of the day, the Howard Hughes Corporation does not describe itself as a developer. We are a community builder. I think of developers as folks that buy a plot of land, build the building, sell it and move on. We do not do that. We have been in Nevada for 40 years. We will be here for the next several generations because our employees live here. Our employees' children go to school here. We are helping to craft the fabric of this community. Nevada's long-term generational success is critical to our success.

We are not going anywhere. We have the ability to meet the incremental opportunities that will come as a result of this bill. We are talking about tens of thousands of jobs. Where will they live? Where will their children go to school? Will they be safe?

The Summerlin Master Plan has more than enough substantial commitments to build schools, police, fire, homes, trails, restaurants—everything we need to ensure we can accommodate growth and maintain affordability in the region—which is what we strive to do every day in our sales.

The photo on page 13 of [Exhibit D](#) highlights the 22,500 acres of Summerlin. This is the past 40 years of our company's work. These are the billions of dollars that have gone into creating homes for 123,000 residents, and creating three dozen schools, 200 miles of hiking and biking trails and a thriving downtown Summerlin with a ballpark. All of this has been done for the long-term success and benefit of the State.

Highlighted on the left of page 13 is the area we have earmarked for development. You can see the next 15 years of future development that will accommodate all the growth that comes from this and any other project we are able to bring to the State.



We unequivocally support this bill. I will acknowledge to this group and all lawmakers that this is a meaningful request, one of a size that has not come here before. It is important to understand what we are getting for all of this, those who are invested in the success of this State.

First and foremost, we are getting \$1.5 billion from Birtcher Development and the Howard Hughes Corporation for infrastructure development that will create 10,000 construction jobs. We are getting studio production content creation. To unlock \$190 million of tax credits. Folks like Sony must spend \$633 million. There will be a tangential impact or waterfall of other businesses that follow. We believe there will be over \$2.5 billion annual economic development for the State and an incremental 10,000 indirect and direct jobs. Importantly, this is an educational investment with both Nevada Partners and UNLV.

Before us today is the opportunity to diversify and transform the State's economy, to take advantage of what has been an incredible 2022 and to have the courage to reinvest that back into this State to create the diversity that will sustain the economy. When that next downturn comes and the lights on the Strip dim, the lights in the studio will be brightly shining with jobs and economic development, putting Nevada in a much better position than in the last downturn.

I am asked from time to time what I want my legacy to be. I want to make sure that I leave our communities, like Summerlin, better than when I came in. Collectively, we have the opportunity to shape our legacies and to say we had the courage at this moment in time to take the leap to reinvest in our people, reinvest in our economy and create a more sustainable future for generations to come.

On behalf of the 300 employees who are sitting in Summerlin right now, their spouses, our neighbors and my friends, encourage you to join us in getting this done.

TONY VINCIGUERRA (Chairman and Chief Executive Officer, Sony Pictures Entertainment):

We are excited about the opportunity to work with Nevada. This an unprecedented partnership and one that is so exciting for us at Sony Pictures Entertainment. Producers, directors, actors and other talent are all excited about

having the opportunity to work in Nevada and not having to go to Georgia. This is a great opportunity for everyone.

Sony Pictures produces about 300 television shows per year around the world. Last night, we premiered the latest animated *Spider-Man: Across the Spider-Verse* film to great reviews.

Senator Lange and other Nevada leaders share a vision of an economy that is diversified. We want to contribute with a thriving film and TV production industry that is built to last. We want a long-term commitment from Nevada as we are willing to make a long-term commitment to Nevada—that we can compete with other states and countries for film and TV production jobs and investment.

At Sony Pictures, we know what it takes to create such an industry. We know that Nevada has the potential to meet this goal with the right combination of competitive production incentives, studio production infrastructure, access to goods and services providers and a skilled crew base in Nevada.

Production incentives provide studios with a way to help offset the production costs while they create Nevada production jobs and procure local goods and services. Nevada infrastructure provides studios with a place to film their projects, and we are going to build a fantastic one.

In Culver City, just outside of Los Angeles, we have a 54-acre lot where we produced many iconic TV and film shows. We will do the same with an even larger lot size in Nevada using a skilled crew base that will continue to grow to meet demand. As we produce, more crew will move to Nevada to become permanent residents.

The State can make that happen with this bill. Our industry is relatively recession resistant. Even in tougher times, people consumed television content and continued to go to the movies. In October of last year, a representative of the National Association of Theater Owners explained that the theatrical movie business has long proved to be unusually resilient when it comes to economic downturns. In fact, over the last eight recessions, the box office has increased six times, and admissions to theaters have gone up five times.

You might ask what the biggest factor is for today's production planners when deciding where to locate a project to film for TV or theaters. It is production incentives and crew.

Most U.S. states and territories maintain production incentives. The most competitive among them, including Georgia, Louisiana, New Mexico and New York, have seen unbelievably great success in terms of hundreds of film and television projects, tens of thousands of high-paying mostly union jobs, billions of dollars in film and TV production expenditures on goods and services, all the ancillary services around the production and thriving production industries built to last.

In 2022, Georgia Public Broadcasting reported Georgia's film industry took off after the state began offering generous tax incentives and credits to lure productions. The program's economic impact soared from \$242 million in 2007, the year before the General Assembly passed the legislation that significantly increased the tax credit, to a record-setting \$4 billion in direct spending in FY 2020-2021. It has gone up since.

In 2015, the Louisiana Film and Entertainment Association and Motion Picture Association of America released a study that found with the enactment of the Louisiana Motion Picture Investment Tax Credit, total Louisiana motion picture and television employment increased by 594 percent, from 868 jobs in 2002 to over 6,000 jobs in 2013. During the same period, the total U.S. motion picture and television employment increased by 12.4 percent. You can see the difference.

In December 2022, in New Mexico, a report commissioned by the New Mexico film office explained the film production tax credit program attracted significant expenditures to the state. In FY 2021-2022, the combined three-year cost of the credit was an estimated \$335 million with an average of \$111.6 million annually. This incentivized \$1.8 billion in production expenditures over that period.

The same report also showed \$26.4 million in direct production spending in New Mexico in 2003, when the state first established its incentive program. By 2022, that number had risen to \$855 million.

In 2021, the California Film Commission reported in 2022 alone, productions in Georgia, Louisiana, New Mexico and New York spent \$18 billion in motion picture and television production. More than 300 film and television projects hired 167,000 cast and crew in these jurisdictions.

Nevada's potential as a competitive film and TV production hub is something we are excited about. With such a program in place and this new studio infrastructure coming online, we are ready to go tomorrow.

If you are ready to go, Sony Pictures is prepared to spend up to \$1 billion on film and TV production in the Silver State. We are pleased to be working with Senator Lange, the Howard Hughes Corporation, Birtcher Development and other stakeholders in this important effort to diversify Nevada's economy with a thriving production industry.

JOHN RESTREPO (Principal, RCG Economics):

There are a few things the speakers before us said that are critically important to us as economists. We were retained by Birtcher Development for the Las Vegas Media Campus, Zone 1, and by Howard Hughes Summerlin and Sony Production Studio, Zone 2, to look at this project.

We have a reputation in the State of being a fact-based, independent "we will tell you the good, bad and ugly" kind of firm. We are told by both Birtcher and Sony they want numbers that are supportable and tell the whole story about the benefits that are associated with the project.

We have been in Nevada for about 30 years. We have done several economic and fiscal benefits studies throughout the years that have benefited the community in many ways. Very few companies can bring a higher level of skilled workforce, particularly with wages, which is what the media campus and the production facility studio have done. I like what was said earlier by Mr. O'Reilly, that we are creating careers in Nevada, not just jobs.

The other thing we have been pushing for many years, working with our clients in the private and public sectors, is how to move Las Vegas to be a more resilient economy. Mr. O'Reilly mentioned that we have an economy, one of the largest in the Country, and one of the most vulnerable, if not the most vulnerable. We saw it during the great recession, and we saw it again during the pandemic. The film industry increases resiliency and lowers vulnerability.

We also discussed the importance of our proximity to California and the great benefits of being located next to the fifth-largest economy in the world. The center of excellence for the entertainment or film industries is Hollywood, and it is within a four- to five-hour drive to Los Angeles. That is a huge benefit we have in southern Nevada that others do not. We are essentially a business suburb of Southern California and the entertainment industry.

The education component is critical in training our workforce by developing a studio specialty at UNLV and, to a certain extent, the College of Southern Nevada. The tie-in between higher education in this industry is critical for the future resilience in our economy.

The studios are being built on infill land. We have limited land resources in southern Nevada. The Harry Reid Park is a great resource for us. Being able to build in an infill location surrounded by the housing that is already there, along with the other amenities, both at Harry Reid and Summerlin, are critical in terms of building something that is an urban economic development effort.

We are happy to be invited to speak here today and to be part of this project.

GRANT MCCANDLESS (Research Director, RCG Economics):

The Las Vegas Media Campus & Summerlin Production Campus presentation is provided ([Exhibit E](#)).

Slide 2 of [Exhibit E](#) shows the development plan for Zone 1, which is the Las Vegas Media Campus shown in the southwest corner of the valley.

Slide 3 of [Exhibit E](#) shows the economic benefits for Zone 1. We have construction benefits and operational benefits that include employment, earnings and economic output. The total projected construction benefits are almost 7,000 jobs, including about 5,000 construction jobs and another 1,800 to 2,000 supplier and other jobs in the community supported from the construction itself. Earnings, which include wages, salaries and proprietor's income are over \$455 million. This is almost \$1 billion in economic output for the State from the construction of Zone 1, not including tax benefits. Once the media campus is operational, we project 3,400 direct operational jobs with earnings around \$150 million. Total economic output is almost \$800 million. In the community, additional jobs supported are almost

4,000 jobs, with earnings topping \$200 million and approaching \$800 million in economic output not including taxes to the State and local government entities.

Slide 4 of [Exhibit E](#) shows our development plan for Zone 2. We have a picture of the Summerlin Production Studios, which is a draft of the layout that will be developed, and some of the acreages we were provided to estimate how many jobs would be supported once the Summerlin Production Studios are operational.

Slide 5 of [Exhibit E](#) shows the projected economic benefits of Zone 2. The total projected construction benefits are almost 8,000 jobs, which include about 5,000 construction jobs on-site with another 3,000 in the community supported by that construction. Projected earnings, which include wages, salaries and proprietors' income, are over \$500 million. We project over \$1 billion in economic output from the construction of Zone 2.

Annually, once the Summerlin Production Studios are operational, we expect 1,300 jobs on-site to be supported and almost \$100 million in earnings, which include wages, salaries and proprietors' income on the site. We project economic output to top \$600 million annually. In the community, the operations of Zone 2 will support over 3,000 jobs, almost \$200 million in earnings and almost \$700 million in economic output.

Slide 6 of [Exhibit E](#) shows the fiscal benefits of the total tax revenue from construction and operations. Tax revenue from the construction phase is projected at over \$20 million during the months and years the Las Vegas Media Campus will be under construction. Those taxes are combined with sales and use taxes, much of which is from the materials purchased for construction and \$3 million in modified business tax from the construction wages.

Annually, once the media campus is operational, we expect over \$55 million in tax revenues for State and local government entities. This is a combined \$38 million from sales and use tax, \$1.4 million from modified business tax and \$3 million in commerce tax.

I would also like to call out that the Zone 1 Las Vegas Media Campus has a contribution to the Nevada Media Education and Related Technology Education and Vocational Fund that we expect will be \$13 million annually.

Slide 7 of [Exhibit E](#) shows fiscal benefits for Zone 2 of the Summerlin Production Studios. We project construction tax revenues to approach \$30 million combined with \$22 million in sales and use tax and \$5 million in modified business tax. Once Zone 2 is operational, we project almost \$34 million in fiscal revenues, sales and use tax and modified business and commerce tax.

Slide 8 of [Exhibit E](#) shows the projected occupations for the Las Vegas Media Campus. The jobs are sorted by the average annual earnings. Clark County average earnings are just short of \$53,000 per year. Many of the jobs listed will exceed that. Architecture, engineering, computer, math, management, legal, business and financial operations are the top earning occupations.

Slide 9 of [Exhibit E](#) shows how many employees we project in those occupational categories. Arts, design and entertainment are at the top of the projected 900 jobs during the operations phase for each year of operations. Those jobs will earn roughly the average salary in Clark County.

We expect the 278 projected jobs in management will earn well above the average, as well as the computer, math, business and finance jobs. Roughly 20 percent of all of the jobs supported at the Las Vegas Media Campus are projected earn at least \$60,000 a year, which is above the average for Clark County.

Slide 10 of [Exhibit E](#) is a summary of the total jobs supported in Zone 1 and Zone 2. We expect to exceed 26,000 jobs in the combined construction and operation phases.

Starting with Zone 1, almost 7,000 total construction-phase jobs will include indirect and induced jobs in the community, such as suppliers and businesses that support the construction of Zone 1. We expect 3,400 on-site jobs once the Las Vegas Media Campus is operational and 3,700 indirect and induced jobs in the community every year once Zone 1 is operational.

Zone 2 has slightly more construction jobs because of the additional construction costs and Nevada-sourced construction materials. We project almost 8,000 total construction jobs. Once Zone 2 is operational, we project

1,300 direct on-site jobs in the community and 3,300 indirect and induced jobs supported annually.

MR. FERRARO:

Is there a return on investment (ROI) projection? Are there collapsed or combined indirect and induced new net economic activity summary numbers?

MR. MCCANDLESS:

Slides 11 and 12 of [Exhibit E](#) show the projected ROI, using a forecast of 20 years. We start in year three, when operations begin for Zone 1, at 47 cents in tax revenues received by the State per tax credit given. This increases over time to 52 cents in year 20 of operations. Similarly for Zone 2, we start at about 42 cents of fiscal revenues per dollar of tax credit going up to 50 cents.

For the construction phase, we are looking at multipliers of 1.5 for both zones. For every dollar earned on site construction, another 50 cents is earned in the community. Economic output generated on-site results in another 70 cents generated in the community.

Once Zones 1 and 2 are operational, we expect between two- and three-times employment, meaning for every one direct operational job at the two zones, there will be another two to three jobs in the community that are supported.

Similarly, earnings are projected to be between two to three times. For every dollar earned on-site at the two zones, there will be \$2 in earnings in the community. Economic output on-site results in \$2 per two times in the community for both zones.

CHAIR DONDERO LOOP:

What is the investment in the educational system and childcare? Employees are going to need childcare, and it cannot be 30 minutes away. They may need to have childcare where they work.

We have a very strong Las Vegas Academy that deals with the arts and some of our high schools already deal with filmmaking. Will there be an opportunity for independent filmmakers as these kids go to college or come back to Nevada? These independent filmmakers are just making small independent films. Will



there be an opportunity for those students and budding entrepreneurs to be able to take advantage of these facilities?

ASSEMBLYMAN CAMERON (C.H.) MILLER (Assembly District No. 7):

My son graduated from the Las Vegas Academy of the Arts, and so did my sister. I understand and agree with you about artistic individuals growing and developing. I cannot speak to whether or not there will be any direct funding because we have not discussed it yet.

In Zone 1, they are sponsoring the Las Vegas Media Campus with UNLV. In Zone 2, they are facilitating the Nevada Partners Vocational Production Studio. These will create opportunities for people to get pipeline jobs into the industry, specifically the Sony pipeline.

Along with the media fund, the idea or vision is to create grants and opportunities for those very new independent filmmakers who may have just finished school. We want them to have access to those facilities as they are developing and training the workforce that will go into the studio. We have a holistic approach to raising our artistic people and our crew who want to work in the industry.

At the Nevada Partner site, a 16,000-square-foot training center will train and retrain Nevadans for careers in production. Part of that is the commitment from the Howard Hughes Corporation, the Nevada Partners, the International Alliance of Theatrical Stage Employees (IATSE) and Sony, who will work together to create above-the-line opportunities for writers, producers and directors to have fellowships into the Sony pipeline and people to be trained by IATSE to become members to work on sets.

From an educational standpoint, the next step for someone who goes to a performing arts academy, like Las Vegas, is to enter into an opportunity in one of these two sites.

CHAIR DONDERO LOOP:

Suppose I am in college in California going into the field of small independent filmmaking, can I come back to Las Vegas, where I was raised and went to the Las Vegas Academy of the Arts, if I decide to be an independent filmmaker? Can I use those facilities?

MATT WALKER (Director, Community & Government Relations, Howard Hughes Corporation):

We have a caller who owns a small business in Las Vegas with the exact scenario. Their daughter graduated in the performing arts program here and had to go to California to find stable, steady work. They want her to come home. This is exactly that opportunity.

Ten percent of every credit earned from every qualifying production, whether happening at the UNLV campus or another production, will be tipped back into an education account. Grants will be available to a wide variety of educational opportunities from K-12 to community college to higher education Statewide.

MR. FERRARO:

Section 7 of S.B. 496 is the foundation of where that money will go and what we anticipate. Ten percent of the 30 percent, or anywhere from \$18 million to \$20 million a year, will be distributed to the Nevada Media Lab and ultimately find its way to the organizations you see described in section 7.

CHAIR DONDERO LOOP:

What I do not want to happen is one of the things that happened in the past. Education did not have a say in it. It happens outside of the bill and outside of the purview of the NDE or, in this case, in Clark County, where we may need some of that funding designated in a different way.

I do not want it to happen as in the past with someone saying, "I will do all this," and then it is done at their whim rather than at the direction of the educators who may know exactly what is needed.

MR. FERRARO:

I understand. I will draw your attention to section 31 of the bill. It is not finalized yet, but as proposed, there will be a board called the Board for Nevada Film, Media and Related Technology Education and Vocational Training that will have four legislative appointments, one made by each of the caucus leaders. It will also have an appointment by the Governor and an appointment from each of the two zones.

We have added two more appointments, one from Nevada Partners and one from the Nevada System of Higher Education (NSHE). We are building a board that will oversee the distribution of those funds and help oversee the

connectivity between the emerging workforce and the opportunity. This board will help create that pairing.

CHAIR DONDERO LOOP:

I do not know if you can address daycare or if you thought about that, but daycare is in such short supply, and Mr. Walker has a new child that he may need to put there.

MR. WALKER:

We have been in conversations with the City of Las Vegas Councilwoman Olivia Diaz. We are excited to find out how we can commit to supporting vocational training on the east side of Las Vegas at a site that has been identified and that has a campus for childcare as a key component. We understand the importance of access and participation and look forward to fleshing that out in more detail with the Committee.

MR. FERRERO:

We also have an on-site childcare facility in Las Vegas.

SENATOR TITUS:

As a rural Nevada physician, I represent six rural counties. What I have not heard is where the infrastructure will be for the water commitment with these 123,000 new residences in Summerlin.

Our rural counties are anxious about this massive influx of homes and folks. Where is the infrastructure for the water commitment? We have been hearing about drought warnings. The Southern Nevada Water Authority is cutting back on watering lawns. Where is the commitment to infrastructure? Will it impact not only the rural areas? Will those who live there have to cut back on their water use?

MR. WALKER:

That is a pressing issue, one that is at the top of everybody's mind. We have been a leader in water conservation. We were pioneers in the initial xeriscaping program in the early 2000s, and we can commit to building with the most water-safe, water-smart development practices in coordination with the Nation's leading conservation agency in the Southern Nevada Water Authority and the Las Vegas Valley Water District.

Any development we do will be on parcels already zoned and anticipated for commercial development. Of all the laundry lists of potential economic development opportunities that run the range from mining to manufacturing, we strongly believe that film production, which essentially is a human factory for art, is the most water-smart economic development we could do in southern Nevada.

MR. FERRARO:

From a Zone 1 perspective, we are working in coordination with UNLV who has a heightened sensitivity to the issues you are talking about. We are committed to making sure we do everything we can to enhance what is otherwise a very clean and green industry.

You will see a lot of organized labor people in the audience. Some of what we are getting to is retraining people who already live in Las Vegas by giving them a new opportunity and hope in a new industry.

SENATOR TITUS:

Nevada ranked fiftieth in the worst measures in health care in Nevada. I have not heard any, "Yes, you are committed to daycare, and you are going to educate at the college level" as you bring these folks in. I have not heard any commitment to helping us with healthcare needs. I have yet to hear your commitment to the general overall well-being of southern Nevada.

I have also not heard anything about reaching out to rural Nevada. Where is your contact with students in rural Nevada, and making sure your footprint, which is going to be large, helps all Nevadans?

MR. FERRARO:

What we have yet to talk about is what we refer to as the third bucket. Zone 1 has an allocation of film and tax credits; Zone 2 has an allocation of credits; and there is the noninfrastructure language. We informally call it the third bucket.

The third bucket has applications Statewide. In discussions with Senator Neal and Senator Lange, we know some unused credits will be available. We are still finalizing the language, but that will be available to all interests Statewide that want to pursue the third bucket to help finance their production.

As it relates to health care, overall community services and demand for community services, we integrate very nicely into what is already in place—the infrastructure for social services. We will not place a heavy demand on social services because we will be working with many people who already live here and want to be a part of a new industry. We will train the talent of tomorrow, and they are already here.

MR. WALKER:

We are in a unique position because we developed Summerlin Hospital and are still partners with them. We also are in partnership with Roseman University of Health Services that is going to build a university campus just north of the site that our CEO highlighted for a campus. In terms of square footage, it will be just as large as UNLV's campus, minus the athletic facilities. It is a significant investment that involves a clinic and opportunities to have real on-the-ground training and services and is happening within seconds from where we have proposed the site.

MR. FERRARO:

The way the bill is written, the dollars that will flow through the Nevada Media Lab and Nevada Partners are intended to go out Statewide to all 17 counties and 17 school districts. These monies are not limited to Clark County. Section 7 of the bill clearly expresses that.

SENATOR NGUYEN:

I understand the Nevada Media Lab will be built on the UNLV site. What is the value of that land? How much is NSHE giving up as a part of having this build-out of the Nevada Media Lab?

MR. BIRTCHER:

The Nevada Media Lab is a 50,000-square-foot facility on the UNLV research campus. It will be the home for all the programming, K-12 programs and various trade schools for ongoing training. The value of the land has been negotiated with UNLV on a 100-year ground lease. We have come to a market valuation with a 7 percent rate of return.

SENATOR NGUYEN:

And who is that with?

MR. BIRTCHER:

It is directly with the UNLV Research Foundation.

CONSTANCE BROOKS (Interim Vice President, Government and Community Engagement, University of Nevada, Las Vegas):

The agreement is with the UNLV Research Foundation, not the UNLV Campus. The land is at a 7 percent valuation as we understand it.

SENATOR NGUYEN:

What does that mean approximately in numbers?

MS. BROOKS:

I do not have the actual number or spreadsheet with me at this moment.

SENATOR NGUYEN:

Who is anticipated to maintain this 50,000-square-foot facility once it is operational? Who undergoes the costs, the maintenance and equipment?

MR. BIRTCHER:

It is about a \$300 million total cumulative rent over the 100-year period. Regarding the actual operation of the Nevada Media Lab, the educational and vocational fund of approximately \$19 million is 40 percent allocated to the operation, purchase of equipment and educational programming at the lab building. Another 40 percent goes to K-12 and other educational systems Statewide, and 20 percent goes to Nevada Partners.

SENATOR NGUYEN:

This is a huge facility. Will UNLV undertake staffing of the building?

MR. BIRTCHER:

We are funding the personnel from the operational budget of the 40 percent that goes into the fund. It will be overseen by the Board of nine members outlined in section 31.

SENATOR NGUYEN:

Can you elaborate more on some of these partnerships? Will there be internships? Will there be paid internships? Will there be graduate scholarships or undergraduate scholarships? Equipment? I did not see them specifically laid

out. How do you anticipate that? Will it be a memorandum of understanding process, or will the partnership have accountability?

Ms. BROOKS:

Thank you for the attention you are paying to our students and the benefits they would receive from this partnership. There will be ample internship and apprenticeship opportunities. Some of them will be paid. We are still working out the details through our Fine Arts Department.

The salary for the full-time integration program director is included in our relationship with Birtcher. Some of the staffing will be partly UNLV staff and faculty, and from other departments across the campus. Full-time staff, as a result of this partnership, will be dedicated to the management and operations of the actual film studio.

SENATOR NEAL:

Is the land in Zone 1 university-owned property?

Ms. BROOKS:

Yes. The Harry Reid Research and Technology Park is university-owned property, but we are in a development agreement with the Birtcher Media Group.

SENATOR NEAL:

Is university-owned property exempt from property tax?

Ms. BROOKS:

Yes.

SENATOR NEAL:

Valuation excludes property tax. What would be the assessed value of this particular piece of land?

Ms. BROOKS:

I do not have that answer with me. I will provide that to you immediately.

SENATOR NEAL:

Does RCG Economics have that information when you discuss what the ROI would be?

MR. RESTREPO:

In our analysis, we looked at the potential property tax generation and improvements of the project, not the land portion, just what would be built by Birtcher Development.

MR. MCCANDLESS:

We only calculated property tax on the improvements to that land, not on the land itself.

SENATOR NEAL:

What are the calculations for the improvements?

MR. MCCANDLESS:

Over a 20-year period, the property tax we calculated on the improvements would come to \$108 million.

SENATOR NEAL:

Is that \$108 million over 20 years?

MR. MCCANDLESS:

That is correct.

SENATOR NEAL:

In Zone 1 where the capital investment is, and where it says "including the cost of any land," what is the actual cost of the land since it is baked in and does not have property tax?

MR. BIRTCHER:

The land value is at the market value of approximately \$1 million an acre and has a 7 percent annualized rate of return for the ground lease payment. The \$200 million is for the initial phases of soundstage and supporting film studio infrastructure.

SENATOR NEAL:

Can the land actually allow the accumulation to \$200 million or does the land fall less than the \$200 million capital investment?



MR. BIRTCHER:

The first phase of about 15 acres would be a \$15 million valuation equivalent had it been on a market value.

SENATOR NEAL:

That is for the first 15 acres? What about the next set of acres?

MR. BIRTCHER:

The project was rolled out over a three-phase development and is to be completed by December 31, 2029. The first phase will be completed by December 31, 2027.

SENATOR NEAL:

What is the total valuation of the land?

MR. BIRTCHER:

The total valuation for the 34 acres would be \$34 million, at \$1 million per acre.

SENATOR NGUYEN:

In section 11, the election of credits section, I have some concerns we are essentially giving Birtcher Development power of election of credits to a private entity versus GOED.

I do not know if I have seen this in other areas where we take away decision-making and give it straight to the private company that seeks to benefit from it. Could you describe why that is included in section 11?

MR. FERRARO:

It is important we underscore that GOED has a very important, critical role in this process. They have two parts at the front end and the back end. Without GOED, this does not happen.

All production has to be prequalified by GOED. If you get a prequalification, then you are allowed to do your production in concert with the credit allocation. Then GOED has another important role at the conclusion of the production by which they audit. You have to say what you will do, do it and then prove you did it.

We see that GOED plays the front- and back-end policemen for the State. The credits do not go without GOED oversight or involvement. It is GOED's

involvement that enables credits to be issued once the production is prequalified and once the studios meet their audit responsibilities.

SENATOR NGUYEN:

Again, what is the basis of having a private entity in that conversation? I do not see a private entity anywhere else when it comes to tax credits with the determination of GOED.

I can see how your business model would want to be in control of something that controls your own success, but it gives me discomfort that a private entity has any control over State resources.

MR. FERRARO:

This is another example inside the bill of a public-private partnership because the credits cannot be issued without the State auditing performance. That is one part of the public-private partnership.

The second part of the public-private partnership is we are allowing, by section 11 authority, for the lead participant to determine whether the studio, production group or developer distributes the credits. The goal is to keep those studios as full as we can for as long as we can.

We think since we are on-site and fully integrated into the system, we will have a better sense of where those credits should be allocated, what kind of sound studios they need and how they are going to produce it once they are prequalified.

It is GOED that determines eligibility meeting the standards in the bill or not. We think that is essential before we parcel out the credits so that we can keep our studios as full as possible over the course of 12 months. We will be closer to it and are more involved in it, but we cannot do it without approval from our partner GOED.

SENATOR NEAL:

Outside of employment, what is being counted in the direct output grant?

MR. MCCANDLESS:

Direct output includes earnings, salaries and proprietor's income earned on location, either in construction or operations at the location. It also includes spending on that location.

MR. RESTREPO:

Economic output is equivalent to, or a contribution to, a regional gross metro product. It is the contribution to economic activity overall in the economy, both from the site, on-site, and on the direct side, indirect and induced as it flows through the economy. It is similar to what the wages do in the earnings.

SENATOR NEAL:

You said commerce tax impacts would grow the commerce tax impact to the State. What have you calculated, in theory, would be the business growth that would then meet that threshold where we would be able to capture them? How many additional businesses would be generated out of the zones that would meet the commerce tax threshold above \$4 million?

MR. MCCANDLESS:

We have not projected and are not able to project the number of businesses. What we can say is how many indirect and induced jobs are supported. Those would be jobs off-site, in the community, suppliers, vendors, and restaurants that support construction and operations. Slides 3 and 5 of [Exhibit E](#) show Zone 1 has 3,700 jobs off-site annually, and Zone 2 has 3,300 jobs off-site annually. I cannot tell you the number of businesses, but I can confidently say these are jobs in the community that would be supported.

SENATOR NEAL:

I know in the bill there are loan-out companies for "above-the-line" employees. Would they be subject to the commerce tax? What is their nexus to the State regarding having a principal place of business here or what could be their potential gross revenue that would be taxed under the commerce tax?

You must make over \$4 million in gross revenue to be subject to the commerce tax. There are loan-out companies in the bill. I see those as pass-through agencies for wages. I do not know what kind of gross revenue they make and whether those loan-out companies would be subject to the commerce tax. Do you know?

MR. RESTREPO:

We do not look at that level of detail in our study.

MR. WALKER:

We are excited to continue working with you on the concepts around ensuring any vendor that comes in, any loan-out corporation or pay services company that may be compensated as part of a qualified production, registers with the unemployment system and pays modified business tax and commerce tax. I can guarantee you, should we be able to move forward with this bill, we will work closely with you to make sure that is a commitment.

SENATOR NEAL:

Since this is a Money Committee, can we talk about the tax credit impact? I appreciate the carryover that is in section 16 of the bill because you have put in the 50 percent carryover in subsection 2. But it is our understanding the carryover could be \$190 million. If the carryover is not used, it could be an additional \$95 million, which is 50 percent of the \$190 million once you meet your capital investment. The \$95 million would carry over and result in a \$285 million hit to the State per year.

ASSEMBLYMAN MILLER:

I just wanted to address some of the questions regarding how the other businesses that cannot be projected would either spring up or how those other jobs are created. I will speak from a producer's perspective at this point.

After I have hired my crew, get my production and am ready to rock and roll, we will have to spend money or build relationships with all types of retailers. Our wardrobe department will have relationships with different stores in the community where they will buy the wardrobe that will be on every single set. We will have relationships with grocery stores, restaurants, dry cleaners, hardware stores, car rental companies and as many other businesses as you can imagine that support this particular industry.

That is just one production. When we think about it, we could have hundreds of productions shooting at a time. That is when you will start to see the expansion of jobs in the community and the additional businesses that will spring up to support the robust activity of the industry.

MR. FERRARO:

The rollover cap would limit the exposure liability to a one-year, 50 percent rollover. The \$190 million times two plus \$95 million makes \$475 million for the biennium. That is the total maximum liability for the State during that budget period.

If you apply the economic number for the return on investment, it cuts the number in half. That is \$112 million per year that would have to be factored against what would be indirect and induced economic activity. We contend that is more than favorable to the State.

SENATOR NEAL:

Can you add to the record when is it expected to cut that number in half?

MR. MCCANDLESS:

There would be a year delay from spending on materials, for example, or paying wages that would generate modified business taxes. It would be roughly one fiscal year later when taxes are received by the State and local government entities.

SENATOR NEAL:

What is the "one fiscal year later?" Is it FY 2023-2024, 2024-2025, 2025-2026 or 2026-2027?

MR. MCCANDLESS:

I mean each year. We expect the first year of construction to be FY 2024-2025. Taxes on construction materials, and other things, would be received by State and local government entities in FY 2025-2026. That would be true with every year of construction and operations. All fiscal revenues would be received roughly 12 months later.

SENATOR NEAL:

Will the construction revenue drop in half the \$475 million hit over the biennium by FY 2024-2025?

MR. MCCANDLESS:

In slides 11 and 12 of [Exhibit E](#), we start calculating the ROI in the third project year, which is the first year of operations. As construction begins, it will take time for benefits to accumulate. By project year three, the first year of

operations, we will start seeing roughly 50 cents in fiscal revenue per \$1 of tax credit.

MR. FERRARO:

We try to emphasize when the infrastructure money you heard about in Zone 1 and Zone 2 will be deployed. That capital will be concrete and steel in the ground. Then comes the studio stabilization and occupation. Once they get qualified, they will start to produce and spend. There are two big money dumps that happen before the public is a part of the equation.

We have economic churn in years one through five before credits will be issued. Some credits will be issued in the first phase, but at a reduced amount. When it is fully stabilized at \$190 million per year credit, we will have spent a significant amount of money before the first credit gets pulled. The credit does not get pulled until the production has been audited. The sequence of investment is important to the State's consideration of its potential liability.

MR. WALKER:

The \$1.6 billion in private investment—through project labor agreements, paying modified business tax, paying sales and use tax, and the property tax increase associated with having those entitlements and improvements on our project—will start rolling into the coffers of State and local governments. At the same time, the program is being created before the credits reach anything close to full capacity.

While 50 percent is an important component in terms of how the local and State revenues offset the impact of the credits, it is front-loaded over the course of the program in terms of State and local revenues coming in.

MR. O'REILLY:

You mentioned there could be a rollover every year, but it could only happen every other year because it would not get used in the previous period. Only to the extent that it is not used does it roll. One year would have to be half for the next year to be 1.5, and then that 1.5 could not happen in the subsequent year because there would be nothing left to roll.

SENATOR NEAL:

The base is \$190 million that could roll. Then depending on your capital investment, it could be \$200 million or \$500 million, whether or not you are on the Sony site. If you are on the \$200 million or \$500 million, the rollover could be \$95 million in the first year if you do not use anything.

I will have to have Mr. Nakamoto break that one down, with respect to the unused amount and the 50 percent carryover.

MR. O'REILLY:

It is an excellent point. To clarify, the liability that is created for the State is contingent upon multiples of that liability invested in the State.

The risk here is if the credits are not used, the entity that bears that risk is Howard Hughes and Birtcher. We have invested \$1.6 billion in building studios and if those credits do not get used, we have thrown that money out the window. Only to the extent that there are hundreds of millions of dollars invested in this State annually would any tax credits be earned. It is only under those circumstances that we, as infrastructure builders, as real estate developers and community builders, would see any measure of return on this investment.

SENATOR NEAL:

I understand where you are going, and I understand the project. I want the impact to be clear for this Committee those who do not sit on the Senate Committee on Revenue and Economic Development, except for Senator Seevers Gansert.

We are in Senate Committee on Finance at the end of the day. It is the Chair's Committee. We have to talk about the money. We have to talk about the negative revenue. We have to talk about if the Chair moves and makes decisions, and what the impact to the budget is. It is appropriate to have that conversation in this Committee.

MR. O'REILLY:

It is, Senator, and I am glad you have done that.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst):

Table 1 is an overview of the film tax credit proposal ([Exhibit F](#)) for S.B. 496. It was put together for the Senate Committee on Revenue and Economic Development when the bill was introduced. The table has changed to highlight the significant changes to the bill since then.

The first column in Table 1 shows the noninfrastructure transferable tax credits. That is the existing program put into place in A.B. No. 492 of the 79th Session that allows \$10 million of credits in each fiscal year beginning in FY 2017-2018 to be approved by GOED in any fiscal year.

If that \$10 million is not approved in a fiscal year by GOED, the amount that is not approved can be carried over and approved in the next fiscal year or a future fiscal year.

Under the provisions of S.B. 496, an additional amount of \$5 million can be approved by GOED in each fiscal year between FY 2023-2024 and FY 2042-2043, which is why the totals for those fiscal years go to \$15 million.

The provision remains that any amount of that \$15 million for that period that GOED does not approve would continue to carry forward and be available in any future fiscal year, in addition to the number of credits currently available that have carried over from the previous fiscal years or which are available from the current fiscal year. According to my conversations with the Nevada Film Office, it is around \$34 million.

The Consumer Price Index (CPI) adjustment factor is now irrelevant and was removed by amendment from the Senate Committee on Revenue and Economic Development.

The next column on Table 1 of [Exhibit F](#) is the Las Vegas Media Campus, otherwise known as Zone 1. The provisions of the bill require Zone 1 to have a \$200 million initial capital investment on or before December 31, 2027. As soon as it reaches that minimum investment, it is eligible for approval of \$55 million in film tax credits by GOED. The timing of this assumes it would meet that investment on December 31, 2027. This could happen sooner, but just for illustrative purposes here, I had it happen on that date. In FY 2027-2028, the \$55 million in credits would become available.



Another provision says Zone 1 has to meet an additional capital investment of \$300 million for a cumulative capital investment of \$500 million on or before December 31, 2029, at which point that \$55 million in authorized credits increases to \$95 million. For the scenario set forth in Table 1, this happens in FY 2029-2030. That could happen sooner.

The previous CPI adjustment that would happen in FY 2030-2031 has been removed from the bill. The amount for each year for Zone 1 carries out to \$95 million through FY 2047-2048.

Fiscal year 2047-2048 was chosen because the language says no credits may be approved for any application that has been filed in a fiscal year that begins more than 20 years after Zone 1 meets that initial capital investment requirement. Assuming it meets that requirement on December 31, 2027, the last fiscal year for which there could be an authorization of credits for Zone 1, or Zone 2 because the same rule applies, is the fiscal year that begins on July 1, 2047, which is the last fiscal year that is less than 20 years after the anniversary date of FY 2047-2048.

The third column on Table 1, [Exhibit F](#), is Zone 2, the Summerlin Production Studios, aka Sony. It has different qualifications to begin receiving credits. The requirements of the bill specify that as soon as Zone 2 enters into a production agreement with GOED, which must happen within 120 days of July 1, 2023, it immediately becomes eligible for approval of \$40 million in tax credits per year. Assuming it meets that, there would be \$40 million in credits available for approval by GOED for Zone 2 beginning in FY 2023-2024 that it could immediately begin applying for.

The requirement is to meet a capital investment of \$150 million on or before December 31, 2027, to maintain that \$40 million authorization. Then on or before December 31, 2029, it must have an additional capital investment of \$250 million. That is a cumulative capital investment of \$400 million. As soon as it meets that additional capital investment of \$250 million or a total of \$400 million, the \$40 million annual authorization increases to \$80 million. That carries forward until FY 2047-2048 because the sunset on the Zone 2 credits is the same time as the sunset on the Zone 1 credits. They are tied together.

In this scenario, given the assumptions you see, the total noninfrastructure transferable tax credits over this 25-year period are \$350 million or

\$100 million above what is available under current law. Zone 1 would be \$1,915,000,000 over the 21-year period it is allowed to receive credits; Zone 2 would be \$1,760,000,000 in credits over the 25 years that it would be eligible to receive credits for a total of \$4,025,000,000, or an additional amount of credits above what is allowed under current law of \$3,775,000,000.

SENATOR NGUYEN:

Is this 50 percent rollover tax credit with unlimited rollover as long as 50 percent is accrued every year? If they roll over \$100 million in tax credits, is it now \$295 million in tax credits? If it continues to roll, can they continue to bank it until it reaches a billion dollars, for example?

MR. NAKAMOTO:

It depends on the bucket. For the noninfrastructure transferable tax credits, there are provisions under current law that say 100 percent of the unapproved credits in any fiscal year can be carried forward into the next fiscal year and be carried forward permanently.

Since the inception of this \$10 million per fiscal year, which has been in law for about six fiscal years now, \$60 million in credits have been authorized or approved by GOED. Approximately \$34 million in credits have not been approved.

Assuming no other credits were approved by GOED between now and June 30, 2023, the entirety of that \$34 million would carry forward and be added to the \$15 million that would apply under this bill. You have the \$15 million that is authorized for FY 2023-2024, but in reality, GOED could approve about \$49 million in transferable tax credits under current law.

The provision of the unlimited carryover only applies to the noninfrastructure bucket. The discussions about the 50 percent carryover deals with Zone 1 and Zone 2. As drafted, the bill only allows 50 percent of the unused amount and unapproved amount of credits in any fiscal year to be carried forward, and it can only be carried forward for one fiscal year.

For example, in FY 2030-2031, the last year of the biennium, there is the authorization of \$175 million in tax credits. We will use \$190 million in tax credits to make the math simple. In FY 2030-2031, none of those credits get used. It means that in FY 2031-2032, which would be the first year of the

next biennium, there would be \$190 million available plus \$95 million, which is the 50 percent that carried over from the previous fiscal year. That means GOED could approve \$285 million of credits in a fiscal year.

The discussion was about the biennial number if you used 50 percent from the last year of the previous biennium plus \$190 million per year for each of the two years of the biennium, which is FY 2031-2032 and FY 2032-2033. In that case, you would have the \$190 million, plus \$190 million plus the \$95 million carryover. That would be for the total biennium, which would be the potential maximum exposure in terms of the amount of credits GOED could approve.

SENATOR NGUYEN:

We are starting off with the base of \$195 million that is considered negative revenues. If we have our State checkbook, and we have a certain number of dollars, we have to subtract that \$195 million from that amount. Going forward, if other tax credits are banked and added on, do we have to subtract another \$100 million in rollover credits and just continue subtracting that from the State checkbook ledger?

MR. NAKAMOTO:

The way we account for tax credits is negative revenue. What the Economic Forum is tasked to do when they forecast unrestricted General Fund dollars is look at what they believe sales tax will generate from the gaming tax, modified business tax, commerce tax and so on. Then, at the bottom line, there is a section for tax credits. We have had conversations with the Nevada Department of Taxation, GOED and the Nevada Film Office about what they believe those estimated amounts of credits are.

Table 1 [Exhibit F](#) shows the amount of credits that can be approved by GOED. It was alluded to, that the approval of the credits by GOED is before the fact. The Film Office has to go through the production and the audits. When all is said and done, GOED will look at the calculations to determine the actual amount of credits that will be issued.

Because you have an approved amount in any fiscal year, that does not mean it is going to be negative revenue on the Economic Forum spreadsheets in that fiscal year. It may be the following fiscal year; it may be two years later. It depends on the timing.

We would be tasked with having conversations based on what the Film Office and GOED believe are the credits they issued on the productions that are in their pipeline. This is the process we have and what they think is coming. We would have to determine the amount of credits to be issued and used in any fiscal year.

You have all of those revenues we list as the unrestricted General Fund forecast. The bottom line for the tax credits is a subtraction. It is the amount of credits we believe would be taken away against any of the taxes for which the credits could be taken. It is a subtraction and becomes revenue that is not available for the Governor to build the Executive Budget or for the Legislature to approve a budget during the Legislative Session.

This would also be in conjunction with any of the other existing tax credit programs we have or any future tax credit programs the Legislature may wish to consider at any point during this process.

SENATOR NGUYEN:

We have been sitting in here making decisions on what programs to fund. The idea that we will subtract \$195 million immediately from our books is daunting. We are struggling over decisions to fund a new helicopter that is inoperable, covering health care for women and children, or covering education. We have heard people come in here day after day asking for money for repairing crumbling walls or rebuilding a school that is causing children to be sick. We have crumbling walls in this building and leaks that are constantly dripping down the walls. I was told I could not put something on the wall because it would disrupt the asbestos.

I hear from constituents all the time about the potholes in the roads, the infrastructure and the inability to have high-speed broadband throughout our State. The \$195 million in tax credits is money we have to take right off the top. We are balancing this project with what it potentially does for our economy as far as diversifying it and the good union jobs, but it is difficult when we cannot fund health care at a million dollars. I appreciate the sponsor and the work that is being done to try to bring a balance.

Can you walk through some of the qualified expenditures? I appreciate that some of these credits, especially when it comes to infrastructure and building, are only eligible after that activity is completed. I appreciate some of the

changes. I understand we have end dates as well. But these are just big numbers. We are talking closer to \$4 billion. Is there any way to ramp up this program and have that same kind of effect earlier to give us assurances we are seeing the positive impact before then?

MR. FERRARO:

You are right. It is much to think about. This Committee deals with many of the decisions that affect the 3.3 million Nevadans and sometimes you have to make tough decisions. Sometimes the economy is flush and sometimes it is not. This is precisely the reason we are bringing this to you to help us diversify our economy. It helps us introduce a new industry. It helps us put people to work. It retrains them and gives young people new opportunities to stay home in Nevada in a vibrant business opportunity.

The economists will tell you, if you look at the 20-year program from a liability or a contingent liability perspective, it is the appropriate place to start. What we are talking about is after our substantial investment, private capital and infrastructure.

The infrastructure element is important here. Some states have film tax credits with no infrastructure and do not leave anything behind; they are not building anything up, and those tax credits are smash and grab and go. We will not do it that way. We want to build permanency; we want to build the ability to grow generationally. When we think about a \$20 million contingent liability, we also submit, with respect, that is only half of the equation.

The other half of the equation is you have to look with confidence and with certainty at what you get for that investment. It is not a cost. It is an investment. If you are willing to let private dollars come in and take the front-end risk, let production dollars come in second and then have the credit be issued by GOED, you can know with certainty and confidence there is a substantial return on that investment.

As an elected person in this building said, the risk to the State is, what if they do not come? If they come, what happens? If they all come, what happens? The risk is we will be contributing more money into the General Fund to meet the demand for services that you have to deal with every day that you are here.

This is one of those moments where this State gets to decide if it wants to consider diversifying our economy with COVID-19 in the rearview mirror so we can take away our dependency on one industry and create more industry and more jobs for an industry that overperformed during COVID-19. The film production industry showed amazing resilience because of the demand for that kind of content. This is a post-COVID-19 opportunity for Nevada.

Your question about qualified expenditures, Senator Nguyen, is essentially established in the bill and in law. We are not proposing to change any standards for quality.

SENATOR NGUYEN:

My question was, could you give some examples within this industry of what that might look like?

MR. WALKER:

Examples of qualified expenditures in a state like Georgia which had \$4 billion in direct expenditures from productions in FY 2020-2021 are rental cars, hotels, restaurants, catering companies and construction. You are going to hear about the project labor agreements and the great jobs involved in the construction, but construction is never done on a working set. There are ongoing and continued construction jobs from local construction companies with local workers.

Those are just a small sampling. From that to filming on-site throughout our community, running homes, and running other venues to conduct this filming, the ripples are very significant. We look forward to providing you with a more detailed answer in writing.

SENATOR NGUYEN:

During your presentation, you talked about building a generational workforce and new industry within our State. You also talked about the many companies based mostly out of Southern California and how Nevada is a natural fit because we are so close.

In the industry, is there just such a need? There is no saturation. You said we would rather come here than go to Georgia. I am worried. Will you do to Nevada what you will do to Georgia? Are you going to leave New Mexico because you want to come to Nevada? When you want a new facility in Utah, will you

promise them the same things you are promising us? Is there a market to expand?

MR. BIRTCHER:

This is something we looked at from the very beginning. What drives Nevada to be home to a \$1.6 billion infrastructure investment and to take on an industry that will create \$55 billion of revenue for the State?

No state in this union will ever be able to claim it is the nearest production hub to the global capital of film and content creation than Las Vegas, Nevada. This is the entertainment capital of the world. We have earned that right. I cannot think of a better place people enjoy coming to for a six-week to one- to two-year shoot than this environment. Other states may want to compete, but they can never take those two things away from us.

The natural beauty of the State, we have an embedded infrastructure of \$1.6 billion and the beauty from Tahoe, the canyons, the deserts the moonscape, the cityscapes and all of the opportunities to shoot in our backyard. The film companies do not have to travel. That is a huge benefit.

SENATOR SEEVERS GANSERT:

On page 9 of S.B. 496, section 12, subsection 4, paragraph (d), it says there has to be proof that at least 60 percent of the direct production expenditures for those things have to be in Nevada, but there is no definition around what those are. Later you talk about expenditures. What are the expenditures related to production?

MR. FERRARO:

This section is existing law. We are not proposing to change any prequalification standard criterion.

SENATOR SEEVERS GANSERT:

Do you have a description of what production is?

MR. FERRARO:

We made a couple of suggested changes in section 12 on filing dates simply because of the magnitude of this project. We thought GOED may need more time since the film credit program today is at \$10 million and we are talking about going even higher.

SENATOR SEEVERS GANSERT:

You talked about how resilient the industry was through COVID-19. When you think about the platforms, we have Sony, Netflix, Amazon and Apple. I do not remember the growth of the industry for the last five years because it has exploded. Many people watch from home and not just at the movie theaters anymore.

MR. WALKER:

We have a chart showing the progression and growth of film production jobs in the U.S. since 2001, paired with hospitality and tourism-based employment. You can see what Mr. Ferraro pointed to in terms of the resiliency through the Great Recession and COVID-19. But you can also see the upward pressure on production jobs. These are factories with people making a human product. We see pressures on drivers and other industries to reduce their headcount because of the advancement of technology and the changing expectations of consumers.

The film industry is something that is resilient on both fronts in terms of the continued and historic demands during recessionary periods, paired with the fact there are no computer or robotic replacements for our jobs.

MR. FERRARO:

The film industry in California is a \$4 billion industry with \$350 million of tax credits. We have learned California tax credits are issued on a lottery basis. There is no guarantee a production company can qualify for a California film tax credit, which we think makes the invitation in Nevada even better.

SENATOR SEEVERS GANSERT:

We are looking like a 30 percent rate on our tax credits. What does California offer with its lottery system?

MR. FERRARO:

I would have to check.

SENATOR SEEVERS GANSERT:

The lottery system shows significant demand. Economic resiliency is a huge point to make because we have an economy that is based on an industry that leads and lags. It leads when we have an economic downturn and lags when we are coming back. Your chart showing progression and growth of the film production jobs is important for us to see.



Regarding studio vacancies, if you are in California, Atlanta, or New Mexico for example, what is the rate of vacancy? Is demand surpassing supply?

MR. BIRTCHER:

The national average is 93 percent occupied when you look at rollover, set creation and contracts that must be issued prior to any shoot. That is where the 7 percent vacancy comes from. At Zone 1, we have committed in our UNLV integration agreement to make available extra space to the students and professors when they hold a position to be able to use that in their training facility.

SENATOR SEEVERS GANSERT:

What I appreciate about rollovers is that our current tax credits just accumulate. You have put a cap on it so we can define our risk during the biennium and during the year. The numbers are big, but we also have hope that this industry will significantly diversify and grow our economy. Over the last couple of years, we ran strongly from COVID-19.

Something we struggled with down south is the scale and magnitude of diversification. We do all kinds of things to move the needle, but it will take something of scale and something that is more resilient than what we have had to grow our economy.

MR. BIRTCHER:

Between Howard Hughes, Sony and Birtcher, our intention is to create such an earthquake here in this town that the industry will recognize us nationally. There is no escaping that when this bill is approved, it will be a shot heard around the world. We have already received global interest in what we are doing in these hearings.

SENATOR NGUYEN:

I appreciate Senator Seevers Gansert for asking the question about vacancy rates. I am sure it is the difference between your virtual property and Sony since Sony is producing its own content. Are your vacancy rates different at your current studios?

MR. WALKER:

For the facilities that are operated by Sony, it is our understanding when they have a down period or a period where production is not appropriate for that

location, they reach out to other partners and production companies in the industry to fill that space. Everybody is aligned in 100 percent occupancy. It is the goal of the State. It is the goal of the employee unions. It is the goal of the production company and landlords. We should all be aligned in making the most of any opportunity. We believe in the occupancy enough that we are willing to put \$700 million of our capital on the line.

SENATOR NGUYEN:

I know there was talk about using some of that holdover space when there is a vacancy for UNLV. Are there any discussions for the smaller independent projects that Assemblyman Miller had mentioned or discounted rates or dedicated space for these smaller productions?

I know it is not specifically in the law. That also gives me some discomfort. I do not want to be too prescriptive that we put everything in there, but we have good intentions, and I am concerned all these things will not actually come to fruition.

MR. FERRARO:

The very short answer is yes, we will make it a priority, particularly in the UNLV hold concept Mr. Birtcher described. We want both zones committed to bringing people to the game and the opportunity. When we are building these studios and all the dirt is moving, people will get excited and want to know where they go, who they call and what they need to do.

It is our goal to be able to pair them with that opportunity. That may be through UNLV, the Clark County School District, other educational organizations or through general business contacts. But the goal is to make this as sticky as we can.

MR. WALKER:

We are already fielding calls. I am glad legislators in this building are putting us in touch with them. The 16,000-square-foot facility is envisioned. Nevada Partners is not a classroom; it is a working vocational studio training facility. That space will be a real opportunity for the types of productions you mentioned, in addition to the real and large opportunities at UNLV.

MR. BIRTCHER:

I am most excited about what we call the "Indie Kids." These are the kids in K-12 who have a vision. They are much more apt at handling personal devices like telephones and laptops. Their dreams of what they want to do and what they are capable of doing far exceed what we in this generation ever would have imagined.

That is exactly what the Nevada Media Lab is about. It is 50,000 square feet of different types of classrooms in soundstages, recording areas and rooftop filming opportunities for these kids and aspirational students.

SENATOR NGUYEN:

We have heard about many different and potential projects, like developing things that are geographically closer to other communities not in the southwest or Summerlin, but perhaps on the east side. Do you imagine youth center programming will take place in partnership with the Nevada Partners Training Studio or would that be separate?

MR. WALKER:

We are in conversations with community leaders associated with those communities on the east side. We see it as linked opportunities but with different partnerships and different audiences. We are excited to explore those opportunities with Clark County, the City of Las Vegas and the community leaders who are already engaged in the process.

MR. FERRARO:

I mentioned earlier about the nine-member Board. One of those seats is NSHE. We will work not just with UNLV, but all the community college systems around the State to make sure they are aware of, and are participating in, these programs. That is critical to reaching out to other parts of the valley or other parts of the State to make sure the community college system feels a part of this program.

SENATOR NGUYEN:

I know there is a portion here that talks about the diversity plans for everything from construction to production and writing, and all of the higher-paying jobs. I would like to see that same type of representation throughout.

Senate Committee on Finance  
May 31, 2023  
Page 52

MR. FERRARO:

I opened my comments today indicating we have ongoing conversations with Senator Lange and Senator Neal. This is one of those areas we hope to get consensus on and decisions soon on how diversity, equity and inclusion will be handled in the bill. It is something we will keep working on.

SENATOR NEAL:

Would you please go over the agreed-upon parts of the amendment or quickly highlight the changes?

MR. FERRARO:

A couple of things are floating out there on the Legislative website. There is the Proposed Amendment 3717 ([Exhibit G](#)) to S.B. 496 dated May 26, 2023, that Senator Neal referred to. There is also an amendment ([Exhibit H](#)) by the Motion Picture Association that was adopted to the bill last night. Some of the areas are compatible. Some areas have not been addressed, and I think there are some other suggested amendments floating around.

CHAIR DONDERO LOOP:

I believe the second amendment you referenced was adopted by the Senate Committee on Revenue and Economic Development. We do not have that on our desks. We only have [Exhibit G](#), presented on May 26, 2023, but not adopted.

SENATOR NEAL:

The first reprint has some technical amendments from Fiscal staff. Proposed Amendment 3717 to S.B. 496, [Exhibit G](#), was presented but not adopted. We are now reviewing it because there are references that need to be specified in the language that will carry forward.

MR. FERRARO:

I will go quickly through [Exhibit G](#). The proponents and sponsor of the bill agreed to make some changes.

Section 2, subsection 1, paragraph (b) removed the language that says "the only area in the State that is" because we know this has the potential and the strong possibility of expanding beyond just Clark County.

In section 5, subsection 1, we clarified who owns the UNLV Research Foundation, the property where Zone 1 is located.

Section 7.5 is language related to Nevada Partners Vocational Training Studio. It is definitional and makes it compatible with the rest of the bill.

Section 10, subsection 1, paragraph (b), subparagraph (1), sub-subparagraph (III) is the commitment made by Zone 2 to the Nevada Partners Vocational Training Studio.

In section 10, subsection 4, we added language defining the Southern Nevada Enterprise Community Board, which is proposed to have a seat on the Board because of its involvement and oversight of Nevada Partners.

In section 12, as the bill was originally drafted, we suggest we delete subsection 9 on page 11, which was the refund mechanism. When the bill was first drafted and we were still conceiving how this system would work, we knew other states use a refund mechanism. We tried that out and immediately found it would not work, so we took it out. The State will not be issuing a refund on the credit. That is being removed.

In [Exhibit G](#), section 12, subsection 10, there are changes in the filing dates that GOED has and what we are proposing to change given the order of magnitude of the activity we anticipate.

In section 12, subsection 19, we proposed giving the State a bit of a cushion. It was deleted. We do not have a problem. We were trying to help, and sometimes we get told to stop helping.

Section 13 includes more definitions. Subsections 5 and 6 contain the language on loan-outs.

MR. WALKER:

Loan-out companies are the way stars are typically paid for large-scale productions. This includes not only their compensation but also the team they bring with them to plug and play into various productions. It would consist of their athletic trainer and their hair and makeup person. It is industry standard to pay them out in the same manner as any above-the-line compensation. This ensures above-the-line compensation is part of the mix of qualified expenditures, and payments of this nature are acceptable.

MR. FERRARO:

In Section 14, lines 35 and 36 on page 15 were deleted because we thought we did not need that language. We do not have a strong opinion about this. We felt if there is any pending legal action, then there is pending legal action and maybe this was redundant, but it is not an important point.

Section 15 is a point of debate. We are suggesting this section be removed. It deals with above-the-line talent that will be a part of production activity in Nevada. If you want The Rock or Brad Pitt in your film, this allows you to do so under the credit system program. We will continue to have discussions on this point.

In Section 16, the language on the top of page 17 is related to a program that Sony and Howard Hughes have adopted in coordination and communication with Assemblyman Miller.

MR. WALKER:

To elaborate, this change is to facilitate the initial funding of independent productions. While nonaffiliated noninfrastructure can include independent films, there was concern that content companies will be so attracted by this new program that they eat up a large portion of these nonaffiliated credits. This section will reserve a small portion of those credits of \$5 million to ensure companies not associated with a publicly traded company have the assurance there will be something available for them.

We are going to collect data individually by project type. Perhaps these types of independent films have richer levels of local hires or more diverse hires. Some attributes can signal to the State and future State Legislatures we should consider building on the success of that initial program.

MR. FERRARO:

In [Exhibit G](#), cleanup language follows the new language insertion in section 16, subsection 1, paragraph (b), subparagraph (1) on line 41. Lines 40 through 45 at the bottom of page 17 are the clarifying dates and sunset dates. This is refund language.

MR. WALKER:

This is a “force majeure” or act of God concept. If the first infrastructure target is met, and there are production companies that will meet all the qualifications

set forth by this Body and the regulations of GOED, and they complete an audit that shows qualified expenditures, they will receive the credit. For some acts of God where the building cannot be completed, they do not receive the penalty of a clawback, although clawback is appropriate in many other contexts. We would suggest this is an exception to that rule.

MR. FERRARO:

The force majeure language is at the end of section 18, and we will tighten that up.

In section 16, at the bottom of page 18 and top of page 19, is language we continue to work on and to clarify, pursuant to section 15.

Section 19, subsections 10, 11, and 12 contain reporting requirements from GOED. These were suggestions, added to the reporting GOED already does, for more information about this program. They are better than what we are doing now. Subsections 10, 11 and 12 simply provide the Legislative Commission and the general public with more information about the performance of the program.

Section 19.5 on page 21 is language Senator Lange received from actor Jeremy Renner's representatives. It is the language they suggested be included in the bill so it conforms with statute.

Section 21 is the credit application and how it will function. Only insurance premium tax, modified business tax and gaming tax can be used in this bill. There is no commerce tax credit in this bill.

Section 21, subsection 8 contains refund language that is being deleted from the bill. That was the second reference to the refund as it was already referenced in section 16.

Section 22, subsection 1, paragraph (a) is the eligibility of productions and clarification of dates on, before and after when that works.

MR. WALKER:

This ensures there is an end date to the noninfrastructure products in a manner consistent with Zones 1 and 2. This is one area where staff was able to improve on this concept in a much clearer manner. That change would need to be amended to reflect staff's amendment.

Senate Committee on Finance  
May 31, 2023  
Page 56

MR. FERRARO:

Section 21, subsection 2 contains the noninfrastructure transferable tax credits eligibility requirements.

On page 28, section 22, subsection 3 is the below-the-line requirement for hiring and a penalty for a disincentive if those targets are not met.

Section 23 contains a few noninfrastructure references for clarity. This is Sony's language related to Nevada Partners.

MR. WALKER:

This is the language oriented to independent productions that was previously mentioned.

MR. FERRARO:

Section 23, subsection 4 has definitions of "independent qualified production" for the purposes of that consideration by Nevada Partners.

Section 30 on page 32 is the way the money is used from the tax credit: 40 percent flows back to the Las Vegas Media Campus to the Nevada Media Lab and to Nevada Partners. This is what Mr. Birtcher alluded to earlier, the 40/40/20 split.

Section 31 on page 33 defines how the Board will oversee and coordinate the distributions of the scholarships, grants and monies and defines its authorities, duties and responsibilities.

Section 36 of [Exhibit G](#) ties up the sunset dates, the date of enactment and how those are supposed to be performed.

We still have a couple of open issues. We will continue to work on them with Senator Lange and hope that as soon as tonight we would have a consensus.

CHAIR DONDERO LOOP:

We will move to those in support of S.B. 496.



DAN MUSGROVE (Southern Nevada Building Trades Union):

We represent 25,000 of the most highly skilled craftsmen in the Country. They have created such projects as the City Center, Allegiant Stadium and the Sphere. We are excited about the potential of this project.

You have heard today about apprenticeship, teaching, training and commitment to high wages. Higher wages are already in place because they signed a project labor agreement with our affiliate unions and we promised to pay prevailing wages on this project and adhere to our apprenticeship mandates. This means we train a new group of talented workers to continue building this wonderful community we call home.

As a proud graduate of UNLV, I also wanted to talk about their partnership with UNLV. My first job out of UNLV was at this Legislature as a news photographer for Channel 8. The UNLV Internship gave me the skill and experience to have that first job at Channel 8. I am excited for the new group of UNLV students and all students in our valley who may be given this opportunity.

We are absolutely in favor of S.B. 496.

HELEN FOLEY (Nevadamatic):

On behalf of Jeremy Renner, we are so pleased Senator Lange and Senator Neal worked with us because we realized that southern Nevada and the Las Vegas metropolitan area is not the only area in the State that is appropriate and suitable for this type of large-scale facility for production. We are happy with the deletion in section 2.

It has been three weeks since the bill was introduced. As soon as Mr. Renner heard about it, he asked how to get involved in northern Nevada. We were told this bill had been worked on for two years, but it was new to all of us. We worked closely with Senator Neal and Senator Lange. We needed to find a way without interfering with the core of the bill to say, "Hey, do not forget about the rest of the State."

Section 19.5 partially gets us there. It is as good as we can hope to get this Legislative Session. It allows GOED to identify a potential location in a county that is less than 700,000 people, meaning every county in the State except for Clark County. The agency will develop recommendations, appropriate guidelines and eligibility requirements for additional film infrastructure tax credits.

We have all been afforded the opportunity to have the noninfrastructure, but the reason it has not worked well is because people come into our State to shoot at different locations, then take their money home to wherever they came from. Having the infrastructure here and in northern Nevada gives Nevada an opportunity to participate.

A report will be submitted to the Legislative Counsel Bureau during the 2025 Session. We hope very shortly after that, we could have our own bill because Mr. Renner is already working with the University of Nevada, Reno, (UNR).

Thank you so much for not leaving the rest of the State out of this legislation. You have a tough time with this bill and considerations need to be made. Just do not leave us out if it passes.

MICHAEL FLORES (Vice President, Government and Community Engagement, University of Nevada, Reno):

I echo what Ms. Foley said. We met Mr. Renner last Monday and he was on the campus the next day meeting with our UNR School of Journalism and our students. I cannot tell you how excited he was to get involved with the Wolf Pack. We will explore those opportunities with him on campus. He did not know everything we did in the School of Journalism, and he wants to expand that even more. There have been rumblings of Jeremy Renner's Film School. We look forward to working with him on that.

The University stands ready to work with Mr. Renner and any film industry leaders who want to come to UNR or to northern Nevada. Mr. Renner looked at land on one of our properties as a potential site where a studio could possibly be one day. There are companies and studios interested in working with UNR and setting up shop in northern Nevada. We support of S.B. 496.

TOM CLARK (Reno + Sparks Chamber of Commerce):

I testified in support of this legislation when it was in the Senate Revenue and Economic Development Committee. At that time, I told a story about the movie *Misery* being filmed about five miles from here and how, as a teenager, the crew came in and bought out everything they had at the paint store I was working at. I got to go up and see where that movie was being filmed. It was exciting and fun.

My testimony is in support of S.B. 496. Knowing now that not everything that happens in Vegas stays in Vegas, northern Nevada would feel the benefits. With section 19.5 being added to this bill, we will recognize and see the benefit of this particular program Statewide.

SUSIE MARTINEZ (Executive Secretary-Treasurer, Nevada State AFL-CIO):  
On behalf of over 150,000 members and 120 unions, we support this bill.

I was raised in southern Nevada. We have come a long way. We have a football team. We have hockey. We have become diverse. This is a fantastic opportunity for our State to become even more diverse. We are in full support.

Ms. BROOKS:

The University of Nevada, Las Vegas is in full support of S.B. 496. We appreciate Senator Lange for working with Birtcher Development, UNLV and other stakeholders in the development of this bill.

We are aligned with the vision of Birtcher Development and its desire to connect with and support the next generation of filmmakers, content developers and technocrats. In January, the UNLV Research Foundation Board of Directors unanimously agreed to enter into a 100-year ground lease with Birtcher Development that will feature a Las Vegas Media Campus and a UNLV Integration and Benefits program.

The Las Vegas Media Campus at the Harry Reid Research Park will allow for great strides and workforce development, college completion and collaborative endeavors in a technology-driven arts industry and would allow for those things to be realized. It presents multiple opportunities to several of our programs and colleges, most notably, the College of Fine Arts.

Birtcher Development will make available to UNLV staff, faculty, and students on a first-come basis the use of rent-free studios, sound stages, and film, television and video game production venues. Having world-class facilities and access to industry professionals at all production levels will multiply experiential learning opportunities for our students, including internships and career advancement pathways.

Overall, these efforts will undoubtedly benefit our students, faculty and our flourishing campus community.

FRAN ALMARAZ (Teamsters):

I support this bill. We look at this bill as a continuing jobs bill. Once these facilities are built, there will be sustainable jobs for everyone. The fact they will build a facility to train people to work in this industry means children who may not have had an opportunity in this field will be able to learn and become productive, well-paid citizens.

My children are a product of the public schools in Las Vegas and UNLV. They were not offered the opportunity to get into this type of business. I think it is fantastic that we will allow our children to learn, and for Las Vegas and eventually northern Nevada to have, these types of jobs.

We support this bill and I urge your support.

PHIL JAYNES (President, International Alliance of Theatrical Stage Employees Local 720):

Local 720 is very excited about S.B. 496. It is not just job creation but career creation. Every movie takes over five minutes to list all the jobs. We support this bill wholeheartedly and hope you will too.

STEVE BLAHO:

I am a member of IATSE Local 720. I started my career in the motion picture industry in New York in the early 1990s before New York had much of an incentive program. At the time, it was spotty employment. I would work for half the year and be unemployed for the other half. As New York built its incentive plan, employment went to a 12-month constant for more people. I would like to see that happen here in Nevada.

FOREST AIROLLA: (International Alliance of Theatrical Stage Employees Local 720):

I am a member IATSE 363 and a recent graduate of UNR. I have been in the theater world for a long time. I do not want to move to Los Angeles; it is not fun. The TV and movie industry was off the table for me.

This bill would make it feasible for me to stay in Nevada instead of searching elsewhere. I would love to stay here. I love Nevada. It has become my home and, as a new resident, I would love to see more opportunities for consistency and retention of Nevadans so we do not have to leave. That is the worst-case scenario.

The IATSE Local 363 is in full support. Northern Nevada, Reno and Lake Tahoe locals are excited for this opportunity.

EDWARD GOODRICH (International Alliance of Theatrical Stage Employees Local 363):

I am the political representative of IATSE Local 363 in Reno. We are excited for this bill. We were excited before the amendment and are even more excited now. We are planting the seeds of a new industry in Nevada. It is going to take money; it is going to take investment. Just like establishing a new farm, you have to work on it.

We see all kinds of positive news for Local 363 in what is called second unit production, which is a production that does not involve the primary stars. There is a lot of background that goes into that. I worked on *Misery*, and it was a great job for about two months. That is the way this industry works. It sustained me for a long time when I was younger.

This bill is very positive for the economy up here. This is a more diverse environment lending itself to be more second unit friendly.

DANNY THOMPSON (International Union of Operating Engineers 312; Laborer's Union Local 872):

It is important to remember when we talk about jobs that these are not just jobs, these are careers. These are jobs that pay well. These are jobs that have benefits, health insurance and retirement. These are people who will not be on Medicaid. These are people who will not be on public assistance. These are good jobs and careers for people in Nevada.

In the Union's apprenticeship programs, I recall we had 15,000 apprentices Statewide, and those apprenticeships require anywhere from 2 to 5 years. Some of them are five-year programs that require on-the-job training. Without the jobs, you cannot have the apprentices. When the construction industry literally stopped in early 2000, those apprentices had to go to California to finish their apprenticeships and get their journeymen cards to go to work.

This will afford us an opportunity to have a pipeline where people can get on-the-job training. It is an educational effort, and it will be great for all of those people and Nevada. We urge your support.

Senate Committee on Finance  
May 31, 2023  
Page 62

MARK ELLIS (President, Communication Workers of America):  
Ditto.

GLEN LEAVITT (Nevada Contractors Association):

We represent over 450 contractors, subcontractors and industry affiliates primarily in southern Nevada. The Nevada Contractors Association supports S.B. 496 as it creates thousands of construction jobs and has a positive impact on Nevada's economy.

JAMES REID (President, JR Lighting, Inc.):

I have been a Nevada resident for 60 years. I wrote the original film and senate bill over 14 years ago, with a rate of 25 percent tax credits to compete with New Mexico, with no cap and with the purpose of helping our film community. When the bill passed four years later, it was very different.

Raising the tax credit to 30 percent is a great idea. Still, we need to increase the \$15 million noninfrastructure amount significantly to at least double and not allow the film industry to sunset it to encourage the local community of filmmakers and help those who are independent producers.

The crew's 50 percent deduction of 2 percent is much less than our current 5 percent increase for 50 percent local crew members. It will allow producers to use fewer locals on their shows. Producers already try to bring in their crew as much as possible. Lowering the penalty for doing so seems counterproductive and gives them a win. Producers will have out-of-town crew members pretend to be residents for the length of the show so they can call them locals on the tax credit form. They are not real Nevada residents and should not be considered as such. The Film Office and GOED need to better police this and make sure Nevada crews are truly Nevada residents.

Vendors who are not Nevada companies will jump in and take most of the production work, leaving the local community behind. I have seen how it happened in New Mexico and Georgia. Nevada will be no different.

This will lead to pass-through abuses like everywhere else. In the early days of Louisiana tax credits, a California company parked, rented a parking lot, brought in three semis of gear and transferred it to local trucks just to be called a local vendor.

We need better protections for our local vendors like JR Lighting, a 33-year-old Nevada company with a family that has been in Nevada for over 60 years. Please do not forget the companies that have created this community and the opportunities in this bill that filmmakers are trying to take advantage of. We are all eager for more work, but only if Nevadans get the opportunity, not a bunch of out-of-state carpetbaggers who will take our work from us. Please keep Nevada in mind when working on this bill.

CHAIR DONDERO LOOP:

Mr. Reid, we are taking support testimony. You sound like you are in opposition.

MR. REID:

No, I support the 30 percent tax credit. It is a fantastic idea. We need the stronger tax credit. We need infrastructure. We just need a few things in the bill to change that will help the local community.

ALFONSO LOPEZ (International Association of Sheet Metal, Air, Rail and Transportation Workers Local 88):

We support S.B. 496.

FRANK LEBECK (College of Southern Nevada):

We support S.B. 496. It will be a tremendous benefit for the students in our film program.

LAWRENCE WEEKLY (College of Southern Nevada):

As a native Nevadan, I support this bill. This would be fantastic for our students at the College of Southern Nevada and for Nevada.

AARON IBARRA (Southern Nevada Building Trades):

I was born and raised in Las Vegas. I remember back in the early 2000s, the first movie I saw that had Vegas in it was a Looney Tunes movie and the Looney Tunes guys were coming to Vegas. I remember being super excited, thinking, "Hey, I live there. I want to go see Bugs Bunny on the Strip."

As a kid, that excitement sticks with you that movies are filmed here. You think this is an opportunity that I might be able to have when I grow up. That is very impactful, especially for a lot of local kids here who, for the most part, only see the party scene in Vegas. Knowing there are other opportunities in our city

would be a very beneficial thing to have for our State. I urge you to support this bill.

BRANDY GLASS:

I am a mom with two boys. I have worked with unions for the last 10 years and my husband has been a union member for the last 30 years. The bill will bring more jobs for unions and families in Nevada. I support S.B. 496.

ARTURO CASTRO, JR. (HCI Advertising, 271 Films):

I am a Latino business owner. We own HCI Advertising and 271 Films. I support S.B. 496. This is the kind of investment that not only our economy needs, but also our schools and our city.

I am a 25-year resident of southern Nevada, a UNLV film graduate and brother to two extraordinary filmmakers who had to leave Nevada and go to California to pursue their careers and dreams. This is something we have all been waiting for. It is a good investment in local talent. With everything going on, this is an incredible journey. Our family and many families who have had to let their siblings or their loved ones move away for an industry would be really excited to have back. We are in full support of S.B. 496.

ZACHARY MILES (Senior Associate Vice President for Economic Development, University of Nevada, Las Vegas Research Foundation):

The UNLV Research Foundation owns and manages the UNLV Harry Reid Research and Technology Park. The film projects supported by S.B. 496 are exactly the types of projects the Technology Park is intended to support in concert with UNLV, NSHE and the community.

The UNLV Harry Reid Research and Technology Park is the physical location that supports high-tech industry, translates technologies to life-changing products and services for the greater community, creates mutually beneficial collaborations with industry and provides applied educational opportunities for UNLV students and other students in the community. It has a nice live, work, play environment to drive economic development and diversification within this region of the State and creates job opportunities for Nevada's diverse community.

The project will attract new and diverse industries associated with the film industry, building upon a robust hospitality and entertainment ecosystem



and further diversify our economy. The Technology Park has additional capacity to support industries locating in Nevada. Outcomes of the project will include new innovations that may become startup companies supported by the Greater Nevada Entrepreneurial Ecosystem. It will bring research and development dollars into the State, such as additional federal grants, contracts and industry agreements.

Specific to UNLV, the project aligns with the College of Fine Arts and College of Engineering programs related to film, entertainment, engineering and design. It will increase the number of students in those programs, provide applied educational opportunities and along with the other Nevada educational institutions, graduate, the workforce of tomorrow.

The catalyst to make this happen is S.B. 496.

NANCY USCHER (Dean, College of Fine Arts, University of Nevada, Las Vegas):  
I agree with all our callers and all the supporters of this important bill. It will have a profound impact on the education we offer our students. We very much look forward to working with UNR and the Community College System. We have a strong partnership with K-12 throughout the State. We already have a concurrent enrollment program where high school students get film academic credits for studying film in high school. We look forward to increasing partnerships.

I want to thank the Committee today for the close attention you paid to this important bill. I also want to say I would like to be an available resource as the Dean of the only College of Fine Arts in the State.

This bill will have a profound impact on the education we offer our students. It will diversify our economy and have a fantastic effect on the State for years to come.

NICK SCHNEIDER (Vegas Chamber):  
I had the privilege of working alongside Senator Neal as a liaison for the Economic Development Committee of the Southern Nevada Forum. Senate Bill 496 represents potentially thousands of new jobs and opportunities for our scholar labor force and support for established industries through film-based tourism. We support S.B. 496 and ask your support as well.

Senate Committee on Finance  
May 31, 2023  
Page 66

CHAIR DONDERO LOOP:

For the record, Senator Lange is the sponsor of this bill.

ANDREW ARGUELLO (Mad Wife Productions):  
I support S.B. 496.

CHRISTINE SAUNDERS (Progressive Leadership Alliance of Nevada):

We oppose S.B. 496. As we near the end of Session, you have a number of bills before you in the Senate Committee on Finance and Assembly Committee on Ways and Means that would fund important programs for Nevadans. Yet again, we are talking about corporate welfare instead of revenue and funding programs Nevadans need.

We understand the need for good-paying union jobs, but we need to be sure we can take care of workers' families and their full lives. Are we prepared with the infrastructure needed for a continued increase in population? Do we have enough teachers in the State, enough healthcare providers, enough available housing or enough water to sustain life?

My husband and I moved here five years ago for a job and we plan to welcome our first child in October. We started to worry about what will be available for our child five years from now. I want to raise my child in a community with fully funded schools, with classmates who have access to proper mental health care and with safe green spaces to spend time outdoors. If we continue to give away tax breaks to major corporations, I am afraid this will not become a reality. We urge your opposition to this bill.

ALEXANDER MARKS (Director of Strategy, Nevada State Education Association):

We oppose S.B. 496. The *Nevada Independent* published an op-ed this morning called "Time to reevaluate priorities, true cost of tax giveaways" by Assemblywoman Selena La Rue Hatch.

It was said best during the stadium hearing that the public is not going to hear about the metrics, the speculations, the projections; all they see is a State at the bottom of most good lists, crumbling facilities for students, and mental health needs being unmet while the Legislature is focused on stadiums and movie studios.

ANNETTE MAGNUS (Executive Director, Battle Born Progress):

We are in opposition to S.B. 496. I want to make it clear we are not opposed to business nor diversifying our economy. We have been very consistent on these issues over the years.

Growing and diversifying our economy is important and necessary, and we have talked about the need for new revenue for years. We agree with jobs coming here, especially for our union family. What we are opposed to is yet another handout for a multimillion-dollar company when those investments could go to our schools, healthcare system, affordable housing infrastructure, mental health crisis, or literally any other critical need of Nevadans.

We do not do this for regular people in Nevada. Regular people are struggling to buy homes and keep roofs over their heads for their families. Meanwhile, we are telling corporations to come here for the cheap and we will foot the bill. We have been here before. I have seen this my entire life in this State. We went through this with the Allegiant Stadium, where proponents assured us if we build it, they will come and it would not cost Nevada taxpayers very much at all. We went through it with Faraday Future that quickly collapsed. We discussed it last Session with Innovation Zones. We saw that scam play out, and now we are talking about giving the Oakland Athletics even more public tax dollars on yet another stadium.

When are we going to learn? This bill is just another example. I ask this Body, when will we give the same energy to talking about bringing businesses here because of our excellent education system and stellar infrastructure? Instead, we beg businesses to come here through tax credits and abatements. I have come to learn that, in this Building, the actual Nevada way is about putting businesses and wealthy CEOs over the backbone of our economy, who are my neighbors and our residents across the State. We offer these abatements and credits at the expense of our communities, the community I grew up in.

I am beyond frustrated and tired. If you want to bring your business here, then please do and please do it on your own and at your own expense. Stop using our communities to fund it. I am tired of this song and dance every session. Yes, we absolutely must look at the costs and balance sheets for this. Please oppose S.B. 496.

SHAUN NAVARRO:

I will be reading the part of Nevada's vision against S.B. 496 corporate giveaways. I cannot help but be reminded of the 1962 film classic, *The Music Man*, where a fast-talking out-of-state conman tried to swindle a group of country bumpkins out of their money and, to paraphrase that film classic, we got trouble right here in Carson City.

I worry these giveaways are a race to the bottom. We see in Georgia right now the film industry's attempt to leave after receiving over a billion dollars of public funds. Who is to say that in ten years, they will not decide to pack up and move to New Mexico or Utah or a state that will offer them more money?

Right now, we are in the middle of a writer's strike in solidarity with the Writers Guild of America and tens of thousands of writers on strike. There is also a potential directors strike that could at the very least, still production for a few years. I also wonder about the look of giving billions of dollars while the company is in the middle of a potential strike.

Also, it has yet to be mentioned, but the film and television industry is very uncertain. We see streaming revenues are down. The industry has not recovered after COVID-19. This is a very uncertain time for this industry, and they want public funds to make up for the lack of public investment as investors seek to get out of this industry.

Sony's stock is down by 6 percent. Our money could be used in better places. This is just a huge giveaway of our tax dollars. I oppose the biggest corporate giveaway in the history of Nevada. Please oppose the bill.

CYRUS HOJJATY:

I oppose this for many reasons. Ditto the previous callers in opposition. Excellent testimony. I do not like the fact we are picking winners and losers and having favorites and so forth. I like the economic impact of a movie studio. It is certainly not the same as the stadium. However, I believe we have to make things fairer.

It does work very well in the Las Vegas area in many ways. Please do what you can and make other investments that really matter, such as in mass transit, because getting around in and out of the movie studio really matters as well.

JESSICA FOX:

I am a native Nevadan. I have been in the film industry my whole life and have seen a lot of issues with incentivized productions since auditing the program and processes over the last year or so. I agree the 30 percent film tax credit is a good thing and would help the industry grow if put into the right hands. But our community is not being represented.

As a crew member, I have seen firsthand how producers take advantage of the incentive program by making out-of-town crew members temporary locals for the term of the incentivized production. Production will do whatever it takes to get the 50 percent crew ratio, except actually hiring locals. They prefer to use their own crew from wherever they might be based instead of true Nevadans.

Lowering the 50 percent crew threshold from 5 percent to 2 percent is not the right thing to do. It gives production less motivation to use Nevada crews. The same goes for local vendors. A Nevada vendor should be a true Nevada resident and not someone who comes in and takes the jobs away. Many have mentioned today the influx of people that will come here for the jobs, and this will happen with crew people and vendors alike.

I have voiced my concerns to the Nevada Film Office and GOED and was told they are not regulatory agencies. They basically believe what the audit says regardless of whether they are right or wrong or if additional information is presented or not.

My belief is that NFO and GOED should either be given the job of regulating the film incentive program or someone else should take it over. This bill makes our program less transparent than it already is by giving a large portion of the control of the program to two companies with no real regulatory oversight.

The State should be protecting the program for the local crew and vendors, not just doing public relations work and calling that good enough. We need a resident form similar to that of New Mexico for all crew members and something like it for Nevada vendors. Nevada vendors should be owned by Nevada residents.

We need to protect our local community from the abuses that have occurred and will continue to occur if we do not address them. This version of the bill negates all of the protections needed for locals. We have been trying to get in

front of anyone who matters and can pass them. We are already established in the community, we are already the working people here and a part of the film community. In this deal, big business wins while nobody listens to the protections we need.

CHAIR DONDERO LOOP:

Ms. Fox. Are you in opposition?

Ms. FOX:

No, I am neutral. I think the 30 percent tax bill is great, but as far as taking down the threshold for Nevada crew members, we already have people doing pass throughs with gear and with crew members. It happens more often than you would think. I have been on projects as a hairstylist and makeup artist seeing it happen right in front of my eyes.

I believe the percentages are good, but this bill is missing true checks and balances for local residents and local vendors to make sure they are true residents and not people setting up temporary shop to take advantage of tax breaks and jobs that are not available in their local areas. We must protect the locals if we are going to do this.

ERIC GUIDENG:

I am a member of the Nevada film community and of the Screen Actors Guild. I am excited about S.B. 496. There are so many good things about this bill.

I grew up in Las Vegas, went to Las Vegas High School and UNLV and am now enjoying the National Guard. There is no one more pro Las Vegas or more pro Nevada than I. I love this State. I love this city and everything about it.

When I got my SAG card, my family said you can finally move away. I said no, I am going to stay here. I am going to help build this community because I love this place. This is where my family is. It is where my roots are.

When someone said they are coming here and planting a seed and are finally going to build something here, it struck me because we have always been here. We have been trying to make this work. We have been seeding this place so we can grow. They seem to agree because obviously you would not be moving here to build this if it was not a good place to be.

I have the same worries as everyone else. There needs to be protection. As a Nevadan who worked hard here, who lives here, whose families grew up here, I know firsthand there are people who come from California and just pretend to be Nevadans.

JOHN FORTUNE:

I am a local sound mixer. I agree with a lot of the incentives, and I believe it would help Nevada become more of a name in TV and film, but I agree there are not any protections for locals.

I was hired to be a boom operator on a Mark Wahlberg film. The night before they started shooting, they called me and said they were bringing everyone in from Georgia. I have a feeling a lot of this will happen. It sounds good on paper but will be the same sort of deal.

We give all this money to huge companies and corporations to bring more jobs here and they will. But I believe the locals and local crews will go by the wayside.

I worked on numerous large-scale projects where they brought everyone in from California. They faked IDs to claim them as Nevada residents so that they could get part of the film incentive. While this is, in general, better for Nevada, we need to put in more protections that will protect local crews and stop these out-of-state companies from taking advantage of Nevada.

We are spending too much money on corporations. Corporations should foot more of the bill. We have a lot of other things like health care and education that are losing out because we keep paying for projects that are basically corporate welfare.

SENATOR NEAL:

There is a residency piece that was agreed upon. When the final amendment is done, that will be in the bill. I previously heard about the residency issue in the Senate Committee on Revenue and Economic Development and have made sure that is going in the bill. I believe the sponsor agrees with that.

TONJA BROWN (Advocates for the Inmates and the Innocent):

We are neutral on this bill. We have some concerns in certain sections of the bill but I will just stick with section 30, subsection 6, which states:

Money in the account must be used by the Office to make grants to any institution within the Nevada System of Higher Education, a state or local agency, a school district, a charter school, a vocational trade school and nonprofit organizations, a labor organization or a private postsecondary educational institution that provides a program of workforce development for the production of qualified productions.

How will this bill affect the Nevada Department of Corrections (NDOC)? We have offenders in our prison system who are obtaining their high school diplomas and may go on to obtain a college degree through our local community colleges. Could NDOC be a part of this? Would the money be allocated to the NDOC for grants and scholarships while offenders are in prison? Can they apply for these scholarships and grants as they are released?

SENATOR LANGE:

This bill is something bigger than we have ever dealt with, but it is also something bigger for our State that we need to address, and that is to diversify our economy and grow jobs in Nevada.

We can look back and think about how it was during COVID-19 when the casino industry shut down and we had nothing else. We must think about how we can move forward and grow our State. In order to do that, we have to have another industry, we have to create more jobs and we have to create diversification. That is what S.B. 496 aims to do.

I hope as you look at this, you can look past the price tag, which I know is bigger than you have ever dealt with. I sat on your Committee a couple of times, and I appreciate the work you do and the thought process that goes into it. We have been working with the stakeholders and continue to work with the State stakeholders. Senator Neal has been instrumental in giving me advice and help on the bill and will continue to do that to get the best possible product to bring to you.

MR. FERRARO:

We recognize this is a big bill. I want to let you know this afternoon and tonight, with conversations beginning last night, we are looking at ways to tighten the belt. I hope to be able to report back to you in work session on how that finished.



CHAIR DONDERO LOOP:

We will close the hearing on S.B. 496 and move to public comment.

ADAM YOUNG (Superintendent, White Pine County School District):

I am here with a couple of students who have been engaging in a months-long authentic and rigorous learning experience, learning about local governments, tax revenues and how you all do your jobs. They learned much and we appreciate being here today.

We have heard about investments. I want to talk about a continued investment in education, which you have done so well over the course of this Session.

Senate Bill 100 is a bill Senator Goicoechea wrote for us. It is housed in your Committee right now and has not had a hearing yet. This bill allows us the opportunity in White Pine County to replace schools built in 1909 and 1913. This is an investment in our students and an investment in our future.

**SENATE BILL 100**: Makes an appropriation to the White Pine County School District for the construction of an elementary school. (BDR S-594)

My students will talk to you about our needs, but we do not have the ability to do this on our own. We are at the tax cap and cannot raise additional revenue. The cost of replacements is prohibitive based on what that tax cap is. These students have done a great job in learning. They refined their persuasive writing skills and I know they will be persuasive in their public comment today.

KROSBY COX:

I am a seventh grader at White Pine Middle School in Ely, Nevada. I have only been there two years, but I can already tell there are problems that have been there for quite a while. Today I am going to talk about why we need S.B. 100 passed.

As an amputee, I face safety hazards at our school that I think we cannot fix within a reasonable price. One of these is the stairs. The stairs have potholes that I have got my legs stuck in, and it was not fun.

So as an advocate for the Americans With Disabilities Act (ADA) of 1990, accessibility and safety for people with ADA accommodations, I support a hearing for S.B. 100 so it could possibly pass.

BRINDEL BLADES:

I am 12 years old and a sixth grader at White Pine Middle School. White Pine Middle School is really unsafe. Across the street from the school is a park. For recess, teachers take us across the street to the park. The teachers do a really good job of getting us across safely, but it is really hard when you have at least 30 students and the street you are crossing is a major highway and cars are coming and going in all directions.

Another one of the school's problems is the school bathrooms. The bathroom on the first floor stinks and the bathroom stalls are only 5 feet 4 inches tall. We really need money for a new school. The bathrooms are horrid, and it is hard to be able to play outside safely and still have fun.

CATIE MURPHREE:

I live in Ely, Nevada. I attend White Pine Middle School as a sixth grader and I support S.B. 100 which allocates funding to build a new school in Ely. After I share my experiences as a student at White Pine Middle School, I am sure you will agree with me that we need a new school.

Our school is old and falling apart. It does not have things that are required to be safe and is not accessible to all people. Our school has good memories, but being built in 1913, which is before World War I, makes it dangerous.

I love my school, but it is time for a change. I love my school despite how many problems it has. I love my school's after-school activities. Another reason I love my school is because of the staff. I love that at my school we can meet new people, talk to old friends and befriend others every day. Even though I love my school, there are many reasons why we should have a new one.

Lots of kids complain about the stairs that are hard to climb and do not provide access to the upper floors for people who need ADA accommodations. There is only one way for a person who needs ADA access to get into the school.

My next reason is that the foundations of the school are old and breaking. The structures are failing, especially the gym floor at White Pine Middle School. There is recurring water damage.

My third reason is the limited security. Security cameras are in all the classrooms and halls, but the doors are unguarded and there are no fences.

Kids can run into the street or slip on the crumbling sidewalk. People can get in from the outside without permission. The office is not close to the doors so staff will not see everyone who enters.

Another reason we need a new school is the asbestos in the building. People with exposures to asbestos have a 2 percent to 10 percent chance to develop pleural mesothelioma, which is lung cancer. The life expectancy for mesothelioma patients is only 12 to 22 months.

I love my school, but we need a replacement. It is time for a change. I hope you choose to get a new school for everyone's safety.

EMMA HOLDAWAY:

I am a senior at White Pine High School. I know you have many important factors to consider. I have learned all about them in school, what you do for our State and for our communities.

Being in a rural town, we do not have the funding. As Mr. Young said, we are at our tax cap. We are not a very big community at all. This means we are not able to get the funding to build the schools ourselves. The cost of renovating our facilities would be nearly as much as just building them new, which is why we are pushing for S.B. 100.

White Pine County is my home. I have lived here my entire life. As a senior, I really push for this bill as I look out for my younger peers, especially my younger brothers who will be attending these schools. The school buildings we are using right now were built in 1909 and 1913, before World War I.

Ely is a historic town, meaning that everything was built, not for accessibility, not for anything that we have issues for now, which makes it harder for us to adapt as our community grows.

I am very anxious for these new buildings for our younger peers. Improvement of these schools will help our community grow and bring more attraction. It will help expand our rural city and our community.

AUTUMN CAVENDER:

I am from White Pine High School of Ely, Nevada. I would like to inform you more about the school that was built in 1909. It is David E. Norman Elementary

School. Yes, it is seen as a well-built, well-standing school, but it is a school that my grandmother attended and my great-grandmother was almost able to attend because it was built when she was in high school. We need new buildings. How is it possible we are able to technically have people I went to kindergarten with now have their great, great grandkids almost able to go to kindergarten there? We need this updated because there are many diseases like asbestos in these schools and they are not able to be added because it is the same price as just building new ones. So, please have the hearing that is needed for S.B. 100.

CECIL KUNZ:

I am a student in the White Pine County Middle School. Preparing for this has been a learning experience. I learned more about writing and local and State government.

I urge you to hold a hearing on S.B. 100 which has been housed in your Committee for a long time. This bill will help the students of White Pine to have a school that would replace a school built in 1909 and a school built in 1913.

One of many reasons we need a new school is because our school has no ADA access. I personally have seen students on crutches trip trying to go up and down the stairs. We have asbestos tiles cracking, which can lead to a risk of cancer. The cost to fix these problems is more expensive than to build a new school.

I hope you have a hearing for S.B. 100.

TATUM CLARK:

I am fifth grader at David E. Norman Elementary School. I am from a small community in rural Ely, Nevada. I drove over five hours to be here today to ask for your support and for you to vote yes for S.B. 100.

My current classroom carpet is ripped and held together by duct tape. There are no fire alarms or water sprinklers in any of our buildings. There are flaws with our playground that are pretty bad. Some slides are broken, and a kid broke his arm on a swing because it detached. That is scary and a big safety hazard. I like my school. Do not get me wrong, I just want a school that is safe for little and big kids. A few other facts about my school building: 1909 was the year my

current building was built. That is 114 years ago. There are also bugs in the urinals. Gross.

This is my first year at this school. The teachers are really nice. The education offered is fun and challenging, but these great opportunities can be overlooked because of how old and outdated our school is.

Please consider voting yes on S.B. 100. The children as well as the community of White Pine deserve a new school.

DANIEL MURPHREE:

I am also from White Pine County and I did want to let the Committee know that it is not just the children who want this. The adults and other members of the White Pine County community would really like you to consider S.B. 100.

Picture, if you will, coming up to a school and you see a facade that is literally crumbling. You can see cracks in the foundation. One of the entrances is cordoned off with caution tape because the steps are literally crumbling and the students cannot walk on them. There are only maybe two handicap accesses to the building. My children have experienced other children having to be carried up the steps when they were injured at a ball game over the weekend. They had to go from the third floor to the first floor just to get to a working bathroom when the bathroom broke yet again. They have experienced water damage. They froze in the winter when the heating system went out yet again. They have roasted in the summer on the third floor because there is no air conditioning, and you cannot open the windows all the way because there are no safety measures to keep children from falling out of the windows.

I think these children have been waiting more than 100 years for a school update, and it is high time it happened.

CHAIR DONDERO LOOP:

We will close public comment and hear S.B. 311.

**SENATE BILL 311**: Revises provisions relating to wildlife. (BDR 45-168)

SENATOR IRA HANSEN (Senatorial District No. 14):

The genesis behind S.B. 311 is a man named Rex Flowers who served on the Washoe County Advisory Board for over a decade. He was very influential in wildlife circles. Mr. Flowers passed away last week.

In section 1, the first line "The Commission shall" will be changed to "The Commission may." That eliminates the fiscal note. In section 3, line 2 will be deleted in its entirety. The bill will read, "The Commission may adopt regulations establishing a program which authorizes a person to transfer his or her tag to hunt a big game mammal to any person who is under 18 years of age."

The intent is, if someone like me is fortunate enough to get a tag and there is an underaged hunter who would like to participate, the Wildlife Commission will set up a program to allow that to occur. That is the bill in its entirety.

CHAIR DONDERO LOOP:

Did you say section 3 is removed?

SENATOR HANSEN:

Yes, section 3, line 2 is deleted in its entirety. The reason for that is the course of instruction includes hands-on firearms training. The Nevada Department of Wildlife wants to keep that and I agree.

CHAIR DONDERO LOOP:

I agree. That was my concern.

PAUL YOUNG (Nevada Board of Wildlife Commissioners):

We support this bill.

KAILEY MUSSO (Management Analyst, Director's Office, Nevada Department of Wildlife):

We just wanted to go on the record and thank Senator Hansen for removing section 3.

CHAIR DONDERO LOOP:

We will close the hearing on S.B. 311 and move to the work session on S.B. 126.

**SENATE BILL 126 (1st Reprint)**: Revises provisions relating to the NV Grow Program. (BDR S-791)

CATHY CROCKET (Chief Principal Deputy Fiscal Analyst):

Senate Bill 126 was heard in Committee on May 24, 2023. It revises various aspects of the NV Grow Program and makes General Fund appropriations not included in the Executive Budget or approved by the Legislature to support the Program over the upcoming biennium. The bill was presented by Senator Neal. There were no amendments discussed at that time. It is effective July 1, 2023.

It makes three appropriations including \$950,000 in FY 2024-2025 to the College of Southern Nevada to manage and oversee the Program, \$100,000 to the University of Nevada Cooperative Extension in Clark County to provide counseling and training in geographic information systems and data scrubbing services for the program and \$30,000 to the NV Grow Program stakeholder group to an employer-contract with a marketing professional on a part-time basis to provide marketing services for the Program.

Testimony and support were provided by the UNR Cooperative Extension. There was no testimony provided in opposition or neutral.

If the Committee wishes to take action on the bill, the motion would be to do pass.

SENATOR NEAL:

The \$130,000 is supposed to come from the \$950,000. It is supposed to be a subtraction from the \$950,000, not an addition. That is how it should be worded.

SENATOR NEAL MOVED TO AMEND AND DO PASS AS AMENDED S.B. 126 WITH \$950,000 IN FY 2024-2025 TO THE COLLEGE OF SOUTHERN NEVADA TO MANAGE AND OVERSEE THE NV GROW PROGRAM, OF WHICH \$100,000 GOES TO THE UNIVERSITY OF NEVADA COOPERATIVE EXTENSION FOR COUNSELING AND TRAINING AND \$30,000 GOES TO THE NV GROW PROGRAM STAKEHOLDER GROUP FOR A PART-TIME MARKETING PROFESSIONAL.

SENATOR NGUYEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR DONDERO LOOP:

We will open the work session on S.B. 143.

**SENATE BILL 143 (1st Reprint)**: Revises provisions relating to discrimination in housing. (BDR 18-1)

MR. THORLEY:

Senate Bill 143 was heard in this Committee on May 16, 2023, and presented by Senator Neal. The bill makes various changes to Nevada's housing discrimination laws including aligning the type of housing discrimination practices with those specified in federal law.

The bill makes certain uses of an applicant's or tenant's arrest record and conviction record of criminal history an unlawful discriminatory practice in housing.

The bill revises the conditions when a landlord is required to allow a person with a disability to make reasonable modifications to the dwelling to use and enjoy the dwelling.

The bill makes changes to the Nevada Equal Rights Commission (NERC) procedures for investigating complaints of housing discrimination.

The Nevada Department of Employment, Training and Rehabilitation (DETR) and NERC submitted a fiscal note on the bill as revised, indicating a cost of approximately \$260,000 in FY 2023-2024 and \$220,000 in FY 2024-2025 for personnel and operating costs to perform an increase in housing discrimination investigations.

There was a proposed verbal amendment from Senator Neal when the bill was heard. It is a one-word change to section 15, subsection 3 on page 7 of the bill. The word "shall" is proposed to be changed to "may" e.g., the Attorney General "may" if requested, and so forth. This proposed amendment eliminated a potential fiscal note from the Office of the Attorney General.



Fiscal staff worked with NERC to refine the cost of the fiscal estimates. They estimate two new compliance investigator II positions and associated operating costs would be needed to perform an increase in housing discrimination investigations pursuant to the provisions of this bill. The total estimated cost of those two positions with operating expenditures is \$202,171 in FY 2023-2024 and \$192,269 in FY 2024-2025.

There was no testimony offered in support, opposition or neutral.

If the Committee wishes to move this bill with the proposed one-word change from Senator Neal and adding General Fund appropriations to fund the two positions, the appropriate action would be amend and do pass as amended.

SENATOR NEAL:

Will the substantive compliance with the U.S. Department of Housing and Urban Development (HUD) allow HUD support to show up related to the housing provision to be in substantial compliance with financial support?

CHRISTOPHER SEWELL (Director, Nevada Department of Employment, Training and Rehabilitation):

Yes. There will be substantial compliance and DETR is available for federal reimbursement for some of those investigations concerning the housing, as we are for some of our Equal Employment Opportunity complaints.

SENATOR TITUS:

The Nevada Rural Housing Authority opposed this bill. Has this been resolved with the amendments?

SENATOR NEAL:

Yes, it was resolved. I adopted the Nevada Rural Housing Authority's amendment into the bill. I changed that in the Senate Committee on Government Affairs.

CHAIR DONDERO LOOP:

What would happen if we did not approve the two positions?

MR. SEWELL:

We would end up with a backlog, and that would be unfair to Nevadans.

CHAIR DONDERO LOOP:

Could we compromise on one position?

MR. SEWELL:

I think we could probably compromise on one. Two positions were in our original bill. We will reevaluate that in the next biennium.

SENATOR NEAL:

When do you expect HUD reimbursement?

TROY JORDAN (Deputy Director, Programs, Nevada Department of Employment, Training and Rehabilitation):

It could be up to two years. It requires the original certification with HUD and then the process to get reimbursed. The effect probably will not help this biennium, but it will in the future.

SENATOR NEAL:

It would make sense to do one position. That position could then sunset upon the federal government and HUD stepping in to pay for those investigators.

CHAIR DONDERO LOOP:

Could you do one position and, if you get backlogged, possibly come to the Interim Finance Committee?

MR. SEWELL:

That would be fine.

MR. THORLEY:

If the appropriation is made, it would only be for the two fiscal years of the upcoming biennium. If the federal funding takes a couple of years to come in, the 2025 Legislature could revisit the funding source for this position. If federal funds are available when the budget is considered by that Legislature, we could use federal funding instead of General Fund money to fund the investigator position or positions.

If General Fund appropriations are authorized for the position this biennium and subsequent federal funds become available to DETR, section 7 of the Authorizations Act would require the General Fund appropriations to be reserved for reversion, and then the federal funds would be used to fund the position.

MR. SEWELL:

That will work, for the record.

SENATOR NGUYEN MOVED TO AMEND AND DO PASS AS AMENDED  
S.B. 143 WITH ONE POSITION.

SENATOR HARRIS SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

I am concerned about some of the language in the bill. Section 34 talks about the ability to decline to rent property to someone because of their criminal histories and convictions.

Landlords need to have flexibility if they are renting out their property. People who own properties should have flexibility as to who they will rent to. I do not know if everybody does background checks.

I will be a no on this.

THE MOTION CARRIED. (SENATORS GOICOECHEA, SEEVERS GANSERT  
AND TITUS VOTED NO.)

\* \* \* \* \*

CHAIR DONDERO LOOP:

We will move to S.B. 189.

**SENATE BILL 189**: Makes an appropriation to Communities In Schools of Nevada for the purpose of providing integrated student support services. (BDR S-499)

Ms. CROCKET:

Senate Bill 189 was heard in Committee on March 28, 2023. The bill was presented by Senator Cannizzaro, accompanied by the chief strategy officer and chief financial officer of Communities In Schools of Nevada. It becomes effective upon passage and approval.

This bill provides a \$6.9 million General Fund appropriation to Communities In Schools of Nevada for providing integrated support services to pupils enrolled in public schools in Nevada. It requires reporting to the IFC on expenditures.

Testimony in support was provided by a number of people including the Vegas Chamber, the Nevada Bankers Association, Nevada Association of School Superintendents, various members of Communities In Schools and the Nevada Disability Action Coalition. There was no testimony in opposition or neutral.

There were no amendments discussed at the hearing on the bill. The Chair has provided Fiscal staff with an amendment that would change the appropriation from \$6.9 million to \$2 million.

If the Committee wishes to take action on the bill, the motion would be to amend and do pass with the revised amount of funding provided by the Chair.

SENATOR TITUS:

This is a great school bill I can support.

CHAIR DONDERO LOOP:

Communities In Schools is a very important piece of an education setting when you are a teacher. As an educator, the support and wraparound services that Communities In Schools gives to schools is unbelievable. We value what you do, we thank you for what you do, and we hope the \$2 million will help.

SENATOR NGUYEN MOVED TO AMEND AND DO PASS AS AMENDED S.B. 189 WITH A \$2 MILLION APPROPRIATION FOR COMMUNITIES IN SCHOOLS.

SENATOR SEEVERS GANSERT SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

I was able to do a tour of a couple of schools and Communities In Schools makes a huge difference. I completely agree. They think about and provide things to school districts they do not initially have. They do not have the personnel to do the type of work Communities In Schools does. I am very grateful for their work.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR DONDERO LOOP:  
We will move on to S.B. 205.

**SENATE BILL 205 (1st Reprint)**: Revises provisions relating to the registration of off-highway vehicles. (BDR 43-546)

MR. THORLEY:

Senate Bill 205 was heard in this Committee on May 25, 2023. The bill was presented by Senator Hansen. The bill is effective upon passage and approval for purposes of adopting regulations, performing preparatory administrative tasks and on January 1, 2024, for all other purposes.

The bill, as amended, authorizes the owners of off-highway vehicles (OHVs) to register their vehicles for a one-year or three-year period.

The bill, as amended, provides that the existing exemption from registration for OHVs that are registered or certified in another state applies only if the OHV is registered or certified in a state that provides a similar exemption from registration for OHVs registered in this State and is located in the State for not more than 15 days.

The bill requires the Nevada Commission on Off-Highway Vehicles within the Nevada Department of Conservation and Natural Resources (DCNR) to determine the fee for the annual and triannual registration of an OHV and provides owners of OHVs the option of registering their vehicles either annually or triennially.

The bill specifies the fee for annual registration must not be less than \$20 nor more than \$30 for the one-year registration period and not less than \$60 nor more than \$90 for the three-year registration period.

Proposed Amendment 3637 ([Exhibit I](#)) was discussed at the bill hearing from Senator Hansen. The amendment makes the provisions of the bill applicable as soon as sufficient resources are available to enable the Nevada Department of Motor Vehicles (DMV) to carry out the mandatory provisions of the bill. Once that occurs, the director of the DMV must notify the Governor and the director of the Legislative Counsel Bureau of that fact.

With the proposed amendment, the DMV has indicated its fiscal note no longer applies. Director James Settelmeyer with DCNR testified, confirmed the bill as amended and resolved DNCR's impact.

With the proposed amendment, there are no more fiscal notes.

There was no testimony in support, opposition or neutral. If the Committee wishes to move this bill with Senator Hansen's proposed amendment regarding the effective date, the appropriate action would be to amend and do pass.

SENATOR TITUS MOVED TO AMEND AND DO PASS AS AMENDED S.B. 205 WITH THE PROPOSED AMENDMENT 3637 WHICH WOULD CHANGE THE EFFECTIVE DATE TO AS SOON AS PRACTICABLE, UPON DETERMINING SUFFICIENT RESOURCES ARE AVAILABLE.

SENATOR SEEVERS GANSERT SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

CHAIR DONDERO LOOP:  
We will move to S.B. 395.

[SENATE BILL 395 \(1st Reprint\)](#): Revises provisions relating to real property.  
(BDR 10-288)

Ms. CROCKET:

Senate Bill 395 was heard in Committee on May 19, 2023. It limits with exceptions the aggregate number of units of residential real property in the State that may be bought in any calendar year by corporations and limited liability companies. Those properties must not exceed 1,000 units and the bill imposes the same limit in the current year. The bill was presented by Senator Neal. It is effective on October 1, 2023.

Senate Bill 395 requires the creation and maintenance of a registry by the Nevada Office of the Secretary of State (SOS) of corporations and limited liability companies that purchase their own residential real property in this State. The SOS Securities Licensing and Registration Division requires a corporation or

limited liability company to register with them before purchasing any residential real property in the State.

The Secretary of State is authorized to charge a fee to each such corporation or limited liability company and requires the SOS to adopt regulations necessary to implement the bill.

The Office of the SOS submitted a fiscal note for \$476,004 in FY 2023-2024 and \$81,705 in FY 2024-2025 for personnel and operating costs of creating and maintaining the required registry. The fiscal note indicated fee revenue authorized in the bill will eventually offset costs related to the continued maintenance of the registry.

There was no testimony in support, opposition or neutral. There were no amendments discussed. Senator Neal has provided staff with some language to amend into the bill.

Section 1, subsection 1 "excludes family trusts and exempts Nevada housing transactions under NRS 315.021."

Amended section 1, subsection 5 adds "protect against aggregate purchases and limit investors purchases to 1,000 year." Aggregate number means the total number of investors purchasing in totality for the year Statewide and exclusion of transactions where the sell date is the same as the construction date.

Amended section 2, subsection 7 states, that the county recorder must make sure the "name of the corporation or limited-liability company on the deed matches the name on the certificate of registration accompanying the deed." The recorder must mandate that the Secretary of State form accompany the deed recording, whether it is a cash transaction or not.

The amendment would not alter the fiscal impact.

If the Committee wishes to take action on the bill, the appropriate motion would be to amend and do pass as amended with the funding and the conceptual amendment provided to staff by Senator Neal.

SENATOR NEAL:

Subsection 8 has all of the exclusions on page 3. Corporation does not include a family trust or housing authority. A limited liability company is described in NRS. The only thing missing that did not come in from the Senate Committee on Judiciary is that the filing name must match the Secretary of State filed name.

MS. CROCKET:

The amendment provided to Fiscal staff by Senator Neal was to clean up mandatory language adopted by the Judiciary Committee to ensure that her intent was fully captured.

The motion would be to amend and do pass with language to align with the amendment as originally proposed in the Judiciary Committee and to provide funding for the fiscal note.

SENATOR NEAL:

Senator Seevers Gansert suggested language to deal with the affiliates, so they do not create five companies under their heading. I need to put affiliate language in there.

CHAIR DONDERO LOOP:

We will roll S.B. 395 and move to S.B. 231.

**SENATE BILL 231**: Makes an appropriation to the Interim Finance Committee for allocation to school districts that budget salary increases for certain employees and to the Department of Education for certain personnel costs. (BDR S-508)

MR. THORLEY:

Senate Bill 231 was heard in this Committee on May 18, 2023. The bill was presented by Senator Nicole Cannizzaro and Assemblyman Steve Yeager. It becomes effective upon passage and approval.

The bill as introduced provides a \$250 million General Fund appropriation to the IFC for allocation to school districts for the support of public schools. The IFC under the bill may allocate the money to school districts once sufficient documentation has been received indicating a school district has budgeted for salary increases for teachers, other licensed education personnel and paraprofessionals for FY 2023-2024 and FY 2024-2025 from sources other



than the appropriation, which is in addition to any increase in salary that was planned or bargained for prior to the effective date of the act; the salary increase does not replace any other form of compensation that was provided prior to FY 2023-2024 or planned or bargained for before the effective date of the act; and the amount and percentage of the budgeted salary increases signed by the superintendent of the school district indicating the information is accurate to the best of his or her knowledge.

The money allocated to school districts must not exceed the lesser of the total amount of budgeted increase to salaries of the school district for FY 2023-2024 and FY 2024-2025, not including any increase in salary that was planned to bargain for before the effective date of the act, or an amount equal to \$250 million multiplied by a percentage. That percentage is the number of teachers or other licensed educational personnel and paraprofessionals employed by the school district on July 1, 2023, expressed as a percentage of the total number of teachers, other licensed education personnel and paraprofessionals employed in all school districts in the State on July 1, 2023.

Each school district would be required to report to NDE by August 1, 2023, the number of teachers, other licensed education personnel and paraprofessionals employed by the school district on July 1, 2023. These numbers would be compiled by NDE and submitted to the IFC not later than August 15, 2023.

There is a \$250 million appropriation in the bill as indicated. Any remaining funds from that amount would revert to the General Fund at the end of the biennium.

The NDE submitted a fiscal note indicating a fiscal impact of \$789 in FY 2022-2023 for approximately ten hours of overtime for an existing position to complete the one-time report required by the bill. There is also a fiscal impact of \$41,697 in FY 2023-2024 for a temporary position to assist with the apportionment of funds to school districts.

Various school districts submitted fiscal notes. They indicated the fiscal impact could not be determined.

There was testimony in support from the Clark County Education Association, Nevada Association of School Superintendents, the Clark County School District and the Nevada Speech Language and Hearing Coalition. Testimony in

opposition was provided by the Nevada State Education Association, several charter schools and the Charter School Association of Nevada. There was no testimony in neutral.

Senator Cannizzaro presented an amendment when the bill was heard, Proposed Amendment 3686 ([Exhibit J](#)) to S.B. 231. The amendment is available on the Legislative website as an exhibit on the bill page. The amendment changes the positions that would be eligible to receive the matching funds from the \$250 million appropriation.

Under the current drafting of the bill, it includes teachers, other licensed education personnel and paraprofessionals. In all instances, other licensed educational personnel and paraprofessionals are replaced with "and education support professionals."

At the end of the bill, a section is added that defines the term "other education support professionals" and without limitation includes paraprofessionals, school police officers or resource officers, school nurses, school counselors, school psychologists, school social workers, school bus drivers, secretaries, members of the custodial or maintenance staff, and workers in food service.

If the Committee wishes to move this bill with the amendment, the appropriate action would be to amend and do pass. If the Committee wishes to address the fiscal note from NDE, General Fund appropriations could be added in addition to the \$250 million already in the bill as an appropriation to NDE to fund projected costs.

SENATOR SEEVERS GANSERT:

Will we consider the public charter schools?

CHAIR DONDERO LOOP:

No, not at this point.

SENATOR CANNIZZARO MOVED TO AMEND AND DO PASS AS AMENDED S.B. 231 TO INCLUDE PROPOSED AMENDMENT 3686 [EXHIBIT J](#) TO CHANGE "OTHER LICENSED EDUCATIONAL PERSONNEL AND PARAPROFESSIONALS" TO "AND EDUCATION SUPPORT PROFESSIONALS."

SENATOR NGUYEN SECONDED THE MOTION.

SENATOR TITUS:

I am going to support this because I believe our teachers deserve this as well as paraprofessionals. I am disappointed that charter schools are not involved. They have worked as hard as everyone else. I hope we can also find a way to get them their well-deserved increase.

SENATOR SEEVERS GANSERT:

I am going to reserve my right. I am hopeful we can add the public charter schools because they work hard. The number of students in those schools makes them really the second largest school district in the State.

SENATOR GOICOECHEA:

I will vote yes but want to reserve my right to change it on the Floor. This is clearly about helping the school teachers and personnel.

THE MOTION CARRIED UNANIMOUSLY.

\* \* \* \* \*

Remainder of page intentionally left blank; signature page to follow

Senate Committee on Finance  
May 31, 2023  
Page 92

CHAIR DONDERO LOOP:

Having no further business, this meeting is adjourned at 7:12 p.m.

RESPECTFULLY SUBMITTED:

---

Spencer Jones,  
Committee Secretary

APPROVED BY:

---

Senator Marilyn Dondero Loop, Chair

DATE: \_\_\_\_\_

<b>EXHIBIT SUMMARY</b>				
<b>Bill</b>	<b>Exhibit Letter</b>	<b>Introduced on Minute Report Page No.</b>	<b>Witness / Entity</b>	<b>Description</b>
	A	1		Agenda
	B	1		Attendance Roster
S.B. 98	C	7	Wayne Thorley / Fiscal Analyst	Amendment No. 3726 to <u>S.B. 98</u>
S.B. 496	D	14	David O'Reilly / Howard Hughes Corporation	Presentation, Sony Pictures
S.B. 496	E	21	Grant McCandless / RCG Economics	Presentation, LV Media Campus
S.B. 496	F	40	Michael Nakamoto / Fiscal Analyst	Table 1
S.B. 496	G	52	Gregory Ferraro	Proposed Amendment No. 3717
S.B. 496	H	52	Gregory Ferraro	Conceptual Amendment
S.B. 205	I	86	Wayne Thorley / Fiscal Analyst	Proposed Amendment 3637
S.B. 231	J	90	Wayne Thorley / Fiscal Analyst	Proposed Amendment 3686