

**MINUTES OF THE  
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT**

**Eighty-second Session  
May 16, 2023**

The Senate Committee on Revenue and Economic Development was called to order by Chair Dina Neal at 1:03 p.m. on Tuesday, May 16, 2023, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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 Dina Neal, Chair  
Senator Fabian Doñate, Vice Chair  
Senator Pat Spearman  
Senator Heidi Seevers Gansert  
Senator Carrie A. Buck

**GUEST LEGISLATORS PRESENT:**

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

**STAFF MEMBERS PRESENT:**

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst  
Christian Thauer, Deputy Fiscal Analyst  
Bryan Fernley, Counsel  
Connie Summers, Committee Secretary

**OTHERS PRESENT:**

Greg Ferraro, Birtcher Development LLC  
Brandon Birtcher, Birtcher Development LLC  
Ravi Ahuja, Sony Pictures Entertainment  
Michael Morgenthal, Sony Pictures Entertainment  
David O'Reilly, The Howard Hughes Corporation  
Dale Marsden, Tomorrow's Talent, LLC

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Vince Saavedra, Southern Nevada Building Trades Unions  
Susie Martinez, Nevada State AFL-CIO  
Constance Brooks, Ph.D., University of Nevada, Las Vegas  
Marta Meana, Ph.D., University of Nevada, Las Vegas  
Tom Morley, Laborers Union Local 872; Laborers Union Local 169;  
Communication Workers of America Local 9413  
Warren D. Cobb, College of Fine Arts, University of Nevada, Las Vegas  
Corbin J. Lopez  
Randy Soltero, Teamsters Local 631  
Piper Overstreet, Las Vegas Raiders  
Adam Mack, International Association of Theatrical Stage Employees Local 363  
Kandice Townsend, City of North Las Vegas  
Nicholas Schneider, Vegas Chamber  
Nicole Rourke, City of Henderson  
Alejandro Rodriguez, Nevada System of Higher Education  
Tom Clark, Reno + Sparks Chamber of Commerce  
Serena Kasama, Nevada Realtors  
Kelly Crompton, City of Las Vegas  
James Reid, JR Lighting, Inc.  
Danny Thompson, International Brotherhood of Electrical Workers Local 396;  
International Brotherhood of Electrical Workers Local 1245; Operating  
Engineers Local 3; Operating Engineers Local 12; Laborers Union  
Local 872  
Alexis Motarex, Nevada Chapter of Associated General Contractors  
Michael Flores, University of Nevada, Reno  
Apple Thorne, International Alliance of Theatrical and Stage Employees  
Local 720  
Andy Donahue, Laborers-Employers Cooperation and Education Trust  
Phil James, International Alliance of Theatrical and Stage Employees Local 720  
Anthony Ruiz, Nevada State College  
Jeff Lester, Big Picture Studios  
Steven Dudley, Southwest Mountain States Regional Council of Carpenters  
Chris Ramirez, Lola Pictures  
Jason Soto, Vū Studios  
Rich Hopkins, Thrill Seekers Unlimited  
Marco Henry  
Ann Barnett, Nevada Contractors Association  
Tom Vannozzi, Society of Camera Operators  
Rick Neal, Goodwill of Southern Nevada

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

Alexander Anderson

Eddie Fickett, Las Vegas Production Services; Directors Guild of America;  
Teamsters 631

Courtney Bess, Screen Actors Guild-American Federation of Television and  
Radio Artists

Christopher Burris, Screen Actors Guild-American Federation of Television and  
Radio Artists

Richard Dell'Acqua

Russ James, Nevada AFL-CIO; International Union of Painters and Allied Trades

Jionne Koug, United Food and Commercial Workers Union Local 711

Robert Sumlin, International Association of Machinists and Aerospace Workers  
Local Lodge SC711

Frank Woodbeck, College of Southern Nevada

Eric Preiss

Christine Saunders, Progressive Leadership Alliance of Nevada

Annette Magnus, Battle Born Progress

Barry Cole

Jim DeGraffenreid, Nevada Republican Party

Marcos Lopez, Nevada Policy Research Institute

Tina Quigley, Las Vegas Global Economic Alliance

Jeremy Renner

CHAIR NEAL:

I will open the hearing for Senate Bill (S.B.) 496.

**SENATE BILL 496**: Revises provisions relating to the film industry.  
(BDR S-1039)

SENATOR ROBERTA LANGE (Senatorial District No. 7):

It is my pleasure to present the film bill to the Legislature. I want to start by talking about my vision for the State of Nevada.

For 30 years, I have been thinking about how we could diversify the economy in our State—how it could be different and how we could create a sustainable industry to help us with the ebbs and flows. During COVID-19, our State was handcuffed because the pandemic closed everything. In the Interim, I have been meeting with film people. As one of the cochairs for the Economic Forum in

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May 2023, I talked with others on the Forum about how we could have film in the State, which led to S.B. 496.

I met with Birtcher Development folks who talked about their vision for what we could have in Nevada. The Howard Hughes Corporation and Sony Pictures Entertainment shared our vision and wanted to be part of the bill. We were able to negotiate and come to an agreement to enhance S.B. 496.

I am so excited for our State because we know we need to come up with another industry in Nevada, and we need to have a vision for what it could be. We need to talk about sustainability and a sustainable economy that will last, fund our schools and other things we need in our State. We need to have the courage to look past the number, which I will admit is big, to see what we can get back for our State and the return on our investment.

The other important component is our partnership with the University of Nevada, Las Vegas (UNLV). Because of their proximity, the University of Southern California is to the film industry what UNLV could be to the film industry in Nevada. We can help build a film school to be a prominent part of southern Nevada. The Birtcher Development campus will have an education building that will train the film pipeline for the future. The creation of a new film industry in the State will result in thousands of jobs. The Birtcher training center will partner with UNLV for workforce training. I would now like to show a video to the Committee, and a link ([Exhibit C](#)) is provided.

GREG FERRARO (Birtcher Development LLC):

I want to thank Senator Lange for her hard work over the last two years that has culminated in this bill hearing today. I also want to recognize Sony Pictures Entertainment and The Howard Hughes Corporation for their partnership in this bill.

As you hear and think about this bill, consider what has taken place in our State, particularly in southern Nevada, over the past three years. Pause and take stock, turn your eyes to the horizon and take that first step toward Nevada's future where new jobs are more plentiful, new opportunities are more abundant and where we will have put in place an economic development plan to protect us and our economic future for the next 50 years.

I want to zero in on two fundamental questions we are likely to talk about today. First, does the State lose money on this program? Because of the combined weight of return on investment, net new economic benefits of this infrastructure-based plan, along with film-induced tourism, we argue the answer is no. Second, how long will it take for the program to stabilize? We think that is the sweet spot. In the next three to five years while we ramp up to stabilization, billions of dollars will be spent without a government safety net in the infrastructure that will house and train the talent of tomorrow. That construction phase alone will put thousands of Nevadans to work and will generate significant revenue for the State contributing to a strong balance sheet.

The premise and the promise of this bill is that if we make an investment in ourselves as Nevadans and choose to compete with other states for long-term opportunities for our families, we will keep true to who we are as Nevadans. Another way to look at it is that we are proposing to develop, at a cost of almost \$2 billion of private capital, Nevada factories that will produce over \$1 billion of digital content every year exported around the globe. After speaking with Chair Neal and others, we have begun to make changes to the original bill and hope to bring to the Committee an amendment for consideration.

Brandon Birtcher, co-owner of Birtcher Development LLC and one of the architects of this legislation, will take you through a presentation ([Exhibit D](#) contains copyrighted material. Original is available upon request of the Research Library.) on the bill with an overview of Zone 1.

BRANDON BIRTCHER (Birtcher Development LLC):

Birtcher Development is an 83-year-old, 5-generation, family-owned business that has developed over 60 million square feet valued at over \$7 billion. Many of our projects over the decades have been unusual and specialized in nature. I will share with the Committee an overview of the Las Vegas Media Campus (LVMC) in Zone 1, Slide 1, [Exhibit D](#).

Birtcher Development has several specialty projects under its belt—the Academy of Television, Arts and Sciences, the headquarters for the Emmys in North Hollywood; the Pacific Design Center, home to the interior design industry with over 1.3 million square feet in West Hollywood; and the wholesale

Los Angeles Produce Mart, the largest wholesale mart in North America, Slide 2, [Exhibit D](#).

The LVMC site is located in the Harry Reid Research and Development Park (HRRDP) across the freeway from the new Durango Casino and the Uncommons development. The HRRDP is a 110-acre facility overseen by the Gardner Company, Slides 3 to 5, [Exhibit D](#).

Slide 6, [Exhibit D](#), shows an image of the development in its entirety. You can see the 5 buildings, home for 15 sound stages and the associated infrastructure. In the back, you can see the office building with 250,000 square feet of related technology and postproduction work. In the foreground is the home for the Nevada Media Lab.

The site plan framed in red on Slide 7, [Exhibit D](#), includes 29 acres dedicated to the sound stages; the blue area is the grip and lighting and associated warehouse; the green area is the media lab area; and the orange area would be the office and related amenities.

The project has a value of over \$800 million, Slide 8, [Exhibit D](#). It will have a total of 900,000 square feet of rentable land; 430,000 square feet of sound stages and support mill shops; 340,000 square feet of office space; 80,000 square feet of support amenities; and a 50,000-square-foot soundstage.

The LVMC Zone 1 is inspired by the unique industry transformation of the explosive growth that has occurred in the streaming and content creation industry. The content industry itself is over \$150 billion a year. Birtcher is developing this in response to a shortage of sound stages and production facilities in the western United States. It is Nevada's moment in time to finally enter this sector putting Las Vegas strongly in the position of the Entertainment Capital of the World. Southern Nevada is uniquely positioned in proximity to the southern California entertainment and content creation industry, something no other state can claim. Zone 1 also intends to provide a compatible environment that will allow content creators to take advantage of the ecosystem in southern Nevada with the existing film-related small businesses, low tax, and the lifestyle benefits, Slide 9, [Exhibit D](#).

As part of a 100-year relationship with UNLV, Birtcher will be serving as a connection between the film industry and its professors and students. The staff

and the students will have a first-hold option utilizing the sound stages and studio facilities rent-free when they are unused. Birtcher will also put in place an integration and benefits program that will fuse many of the UNLV academic departments, enhancing the way new content is created at the University. The University's integration program is intended to inspire the talent of tomorrow and look for the opportunities to integrate fundraising opportunities and intellectual property creation scholarships, Slide 10, [Exhibit D](#).

At the core of this development is education and vocational programming. We are committed to provide UNLV with a film integration office and a team that will integrate the six UNLV schools that have aspects of the film, television and gaming industry as part of their curriculum. The Nevada Media Lab, the 50,000 square feet located at the forefront, is focused on integrating middle schools, high schools, community colleges and universities as a result of the 3 percent contribution of the 30 percent tax credit. Our content creators will receive a net 27 percent. The Media Lab is where the future workforce will be trained and the new sector of the Nevada economy will bloom, Slide 11, [Exhibit D](#).

Slide 12 shows an image of the proposed Nevada Media Lab. Slide 13, [Exhibit D](#), shows a partial list of organizations and programs that will be part of the Nevada Education and Media Fund. It will be a separate account created by the 3 percent contribution noted above, which could total more than \$19 million a year.

An overview of the film tax credit and infrastructure of the bill is on Slide 14, [Exhibit D](#). The tax credit totals \$190 million a year. It is broken into infrastructure and noninfrastructure components. Zone 1 has \$95 million a year of tax credit allocated, and Zone 2 has \$80 million. The noninfrastructure credits available Statewide are \$15 million a year, approximately 50 percent above the \$10 million in the current bill. It is a 20-year program that will begin upon the issuance of the first tax credits in Zone 1. The 30 percent tax base is given to prequalified productions that are audited with qualifying expenses. The 27 percent that is netted to each studio will be received after a 3 percent contribution by every production filmed in Nevada to this education and vocational fund account. Up to 50 percent of the annual tax credits, or \$95 million a year, could roll over for one year if they are unused.

The film tax also has an escalator according to the Nevada Consumer Price Index (CPI) beginning in 2030. There will be no abatements or incentives received by any developers of Zones 1 and 2; the development and investment agreements for both developers of Zones 1 and 2 will be completed within 120 days of the Governor signing the bill.

A major feature is the mandate to develop infrastructure. Zone 1's capital investment has milestones, Slide 15, [Exhibit D](#). There is \$200 million required to be developed by 2027 before we are qualified to receive our first tranche of \$55 million of credits. We must finish a total of \$500 million by 2029 to receive the balance of the \$95 million or the additional \$40 million. As for Zone 1's structure schedule, according to the Clark County approval processes, we think we can have permit approval by the end of 2024 with groundbreaking by late 2024 or early 2025. Opening is anticipated by early 2027, and the first filming productions would be receiving their tax credits within six months of opening. The project could be built out in a single phase. The milestones for Zone 2 will be discussed later in our presentation.

We have hired two nationally renowned economists to look at the impacts of Zones 1 and 2—RCG Economics from Nevada and Camoin and Associates from New York. The combined zone job creation is estimated to create 26,800 total jobs, including 10,000 construction jobs over the first five years; 6,800 jobs for direct on-site and studio employment; and another 10,000 estimated jobs from indirect and induced jobs sources.

The economic impact created by this development is the most profound element because of this infrastructure commitment. For a production or accumulation of productions to receive the \$190 million, it must spend a minimum of qualified expenses of \$633 million. Most films, according to national averages, spend six to seven times the tax credit, which would mean there would be over \$1.1 billion a year spent in the creation of content to receive \$190 million of tax credits. Both economic studies showed that because of the economic impact from this investment of \$190 million, approximately 50 percent would be recaptured in the form of revenue that the State would invest annually in this program. The total impact from that \$95 million annual investment would be over \$2.6 billion a year; so over 20 years, the impact to the State of Nevada would be over \$51 billion, Slide 16, [Exhibit D](#).



Senate Bill 496 contains three primary components. First, it creates a permanent long-term studio infrastructure. Second, it makes the Nevada film tax credit program competitive with North American productions allowing us to bring some of the finest productions and film creators in scripted television to the State of Nevada. Third, it merges the industry with UNLV and the other great educational platforms from grammar school through higher education and trade schools. To quote our honorable Senator Lange, S.B. 496 finally brings that silver screen to the Silver State.

RAVI AHUJA (Sony Pictures Entertainment):

In my role as Chairman of Global Television Studios and Corporate Development, I am charged with leading Sony Pictures' television, domestic and international scripted productions, nonfiction, game shows and the studio's India business. Our company produces about 300 television shows per year around the world. In our motion picture group, we release over a dozen feature films per year. I also oversee corporate development and mergers and acquisitions activities with our Chairman and Chief Executive Officer, Tony Vinciguerra, who recently met with legislative leaders on S.B. 496.

Sony Pictures recognizes that Nevada has the potential to become a major player in film and television production. The State's close proximity to California and entertainment talent—in combination with competitive production incentives, workforce availability, modern infrastructure and an already strong tourism industry—makes Nevada well-positioned to create a thriving local film and television production base.

Some important elements of the production incentives include a competitive incentive program that is stable and predictable with enough credits reserved to meet anticipated demand, broad credit eligibility for production expenditures, reliable processes for credit monetization and many other features. With such a program in place, the State can attract companies willing to make a long-term investment, which is important in studio infrastructure including goods and services providers in the local communities.

When production companies come to a state driven by competitive incentives, they need a place to base their productions. That is why a state needs production infrastructure—sound stages, backlots, production offices, postproduction and visual effects. Productions operating from these facilities will also need access to local goods and services. That is where local vendors

come in. Productions need things like dry cleaners, caterers, car rentals, carpenters, construction supplies, gas stations, hotels, grocery stores, restaurants, barbershops, tailors, fitness facilities and many other services.

Another important element is a crew base with the skills and size necessary to meet demand. It takes a lot of people behind the cameras to make a television show or movie. A state should establish programs to train crew, including efforts to ensure workforce diversity, putting young people on a path to careers in this industry with jobs that pay an average of \$123,000 a year according to the Motion Picture Association. With these ingredients—incentives providing studios with a way to help offset their production costs; infrastructure providing studios with a place to film their projects; complementary businesses, big and small, orienting themselves to meet the needs of those facilities and the productions they are hosting; and a skilled crew base that continues to grow to meet demand—the Silver State can meet its potential as a competitive film and television production hub.

In 1992, Louisiana established the first state tax incentive program for film and television production. Today, most U.S. states and territories maintain these types of incentives. The most competitive among them, which includes states like Georgia, Louisiana, New Mexico and New York, have seen great success in terms of hundreds of film and television projects bringing tens of thousands of good paying jobs, billions of dollars in film and television production expenditures on goods and services, and thriving production ecosystems built to last.

In 2021, the California Film Commission reported that in 2020 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 members in these jurisdictions.

Senator Lange's efforts to unlock Nevada's potential is something we are excited about. If the State establishes a competitive production incentive program, there will be multiple studio facilities rising in southern Nevada with two major projects already announced in connection with this legislation. With such a program in place and this new studio infrastructure coming online, Sony Pictures is prepared to spend up to \$1 billion on film and television production in the Silver State. We look forward to working with Senator Lange, Assistant Majority Floor Leader Miller, Senator Seevers Gansert,

Senator Hammond, The Howard Hughes Corporation, Birtcher Development, our partners in labor and business, and other leaders toward our shared objective.

MICHAEL MORGENTHAL (Sony Pictures Entertainment):

In my role as senior vice president and controller for Sony Pictures, I oversee the financial management of special purpose entities feature film productions working closely with our creative and corporate teams throughout the life cycle of a production from development to postproduction.

Part of my role at Sony Pictures is the production planning process which involves comparing the cost of a particular production budget between various filming locations. During this process, the studio's physical production executives and production finance team will read scripts and build budgets from multiple production locales to determine which state or country makes the most sense, creatively and financially, for a film or television project.

Several factors go into deciding where a project will be produced. We consider where a story takes place on screen, availability of necessary production infrastructure and the availability of a local crew base. Among the most important considerations is the net cost of the project. We analyze available tax credit programs to help determine the most cost-efficient budget that supports the creative needs of filmmakers. We review side-by-side cost comparisons between locations before making a final determination where to locate a film or television series. Production locales without competitive tax credit programs have not been contenders for high-impact film and television projects, like one-hour dramas. These projects often have the potential to yield the most jobs and production spend. With a television series having the potential to remain in production through several seasons, that would mean several years of steady employment in mostly union positions with competitive salaries and health benefits.

Nearly 40 states and territories maintain production incentive programs. The states that have the most success provide long-term planning stability which allow for construction of multiple soundstage facilities and development of a large labor crew base to support several series and films working simultaneously. These states also saw the greatest gains in jobs and production expenditures allowing for development of new businesses that now sell and rent supplies for productions such as cameras, lighting, transportation, special effects, catering and props. For example, a recent Sony Pictures feature project

filmed in Georgia spent over \$2 million on local hotel rooms, over \$300,000 on local car rentals and paid the crew over \$2 million in per diem which they spent on local businesses such as grocery stores, gas stations, bars and restaurants. The production also spent over \$2.5 million on local construction supplies, including lumber, and spent over \$5 million on local construction labor to build the sets. We also spent over \$500,000 on set dressing provided by local businesses and over \$1 million on local catering for the crew.

Different states utilize different kinds of credits. Production incentives are commonly in the form of tax credits based on a percentage of audited qualified production spend. These credits may be refundable or transferable as in the case of Nevada's current program. Other key filming locations in the United States offering transferable film tax credits include Georgia, Illinois, Massachusetts, Pennsylvania, New Jersey and Puerto Rico.

Recent studies from California, New York and New Mexico, which are among the most competitive states, show those state programs have yielded positive returns on their investments. There is no question that their production incentive programs are essential to their thriving film and television production industries.

Sony Pictures production workforce is mostly unionized and enjoys competitive wages and health benefits. We are committed to diversity among our corporate and production employees and our suppliers of goods and services. This year, the Sony Group Corporation is being honored as one of the world's most ethical companies for the fifth year in a row. We have prioritized environmentally sound construction and production practices through our environmental initiative, Sony Pictures A Greener World. The studio reduces its ecological footprint by pursuing sustainable activities and partnerships that combat climate change, preserve natural resources and protect the health and safety of our communities around the world in all activities of the business.

We appreciate the bipartisan effort to position Nevada for success in the fight for film and television production jobs and investment. We look forward to working with Senator Lange and other leaders to establish the kind of production incentive program that will yield that success.

DAVID O'REILLY (The Howard Hughes Corporation):

I am the chief executive officer of The Howard Hughes Corporation. Senate Bill 496 would provide ongoing benefits for Nevada's residents and businesses for generations to come, and we unequivocally support it.

We have heard about several benefits of the bill—the creation of a more diverse economy and well-paying jobs, the support of educational and vocational training, the generation of economic activity, and increased tax revenue. I want to address why this bill is different. Others have passed poorly constructed incentives without a commitment from production and without a commitment for infrastructure. Senator Lange and other Legislators who have contributed to this bill should be credited for engaging on the front end, both the world leader and production-proven developers, to ensure its success. We do not say if we pass it, they will come. In Nevada, we say it is a certainty.

Howard Hughes is prepared to execute and deliver the Summerlin studios project and collaborate with the film industry, as well as our State civic leaders, educational institutions and business community, to ensure the successful realization of this important initiative. Howard Hughes is an \$8.4 billion publicly traded company with almost \$900 million of cash and restricted cash in our balance sheet. We are one of the Country's leading community builders known for our ability to master plan and develop innovative, large-scale communities and small cities, projects that span thousands of acres and take decades to accumulate.

I described Howard Hughes as a community builder and not a developer, an important distinction. People hear developer, and they think of a company that shows up, buys land, builds a building, sells it and moves on. That is not us at Howard Hughes. We are an inclusive, sustainable community builder, and we stay for generations because we are integral to the long-term success of our communities.

Summerlin is a perfect example of our strategy and mission. The community of Summerlin encompasses over 22,500 acres, is home to 123,000 residents, 36 schools, 200 miles of hiking and biking trails, as well as a thriving downtown including the Las Vegas Ballpark. We have been the stewards of Summerlin for over 40 years and will remain involved to ensure its success for another 100 years. Why? It is not just a project to us, it is our home.

Our company's and our employee's successes are inextricably linked to the State's success. Our employees live and work in southern Nevada, their children go to school there. We helped create the fabric of the Summerlin community by investing \$1.6 billion during the past ten years, and we are prepared to commit another \$700 million to this project. When we build a project as a community builder, we are not just building a building, a ballpark or a hospital. We are thinking as much about the land around that project and the impact it has on the people who live around that project as the project itself.

This studio project is no different. We always think about the critical questions. Where will the projected 16,000 new employees live? Where will those children go to school? Where will they shop, dine, pray? Summerlin already has a master plan in place that can address all these questions and accommodate this growth. The infrastructure is in place to meet that growth. We have sold 3,000 lots to builders to meet the immediate demand for housing. We are installing all the infrastructure, including a reservoir at the top of Summerlin West, which will support the next 15 years of residential land growth. We have 123 residences today but will complete at least 200,000 residences for which we are approved. We are ready, willing and able to build the studio project and all the associated infrastructure to bring this studio project to fruition.

My most important responsibility as Chief Executive Officer of The Howard Hughes Corporation is to attract and recruit businesses to come to our regions and support economic growth in and around our communities. The best part of my job is seeing that come to fruition, to see how our impact can change the lives of our residents, tenants and consumers. I am excited and humbled to be contributing to this forward-looking vision for Nevada to help bring homes and jobs while helping to diversify and transform our economy. I think of our neighbor in Summerlin who has a catering business and the impact that this project would have on her and the entire food service industry. I think of our employee at Howard Hughes and his spouse, who drives for a delivery service, and the impact it will have on him and the entire transportation industry.

I cannot wait for the day when I can pull into our Summerlin studio and see it lit up with incredible content that Sony will produce but more importantly, lit up to brighten the future providing thousands of jobs and economic growth and improving the lives of our residents for generations to come. Our company has

always taken a long-term generational view, and we believe the Nevada Film Studio Infrastructure Act is entirely consistent with that.

I will conclude by thanking you on behalf of the 300 or so Howard Hughes employees who sit in Summerlin today. I want to thank you for the opportunity to speak in support of this Act, to speak in support of my friends and neighbors and to speak in support of transforming and bringing to life a resilient and dynamic future for Nevada.

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

I want to start by saying I am super excited about the possibilities and diversification this bill will bring to our State. It is exciting to know that we can incubate and grow a robust film industry here in the Entertainment Capital of the World. That is who we are. We need this medium in our State.

I was thrilled when Senator Lange and Greg Ferraro reached out to me and said, "Assemblyman Miller, you are the one with the film background. We need you to be a part of this bill." I am excited to be a part of the bill and all the meetings that have taken place to bring forward the bill we have today.

I am also excited to know that Senator Lange and the participants in the bill are open to the amendments we have discussed and will continue to work on. Those are focused on the independent filmmaker, the one who does not always produce projects in a major studio. These are the folks whose films fall within the \$1 million to \$20 million range. Many of those projects happen on locations outside of studio sites. I am excited to know we have an opportunity as we continue to work on the mechanics of this bill to bring forward a carve out piece that makes this work for them as well.

I have worked for major studios, including 20th Century Fox Television, on a show where we had a \$1 million per episode budget or about \$33 million for a season. I understand the mechanics of how things work in the studio and know how great jobs are created. Mr. O'Reilly with Howard Hughes talked about the catering and other small businesses in our community. The independent studios that are shooting on location in our communities are frequenting the small businesses in those spaces.

I look forward to continuing to work with our bill sponsors, UNLV, Howard Hughes, Sony and Birtcher Development LLC, to figure out how we are

going to build the most robust and inclusive industry for Nevada where we will often see Black and Brown film producers in the business. We know that when you look at Amazon, Hulu, Netflix and other streaming services, a lot of work is being produced outside of studio space. While we need the infrastructure of studio space to support big businesses, we must also be inclusive and mindful of the small businesses we need to grow and incubate because those producers and directors that start with the \$100,000 films become the producers and directors of the \$100 million films. We need to make sure that we have that mindset when we look at long-term infrastructure development and growth.

SENATOR LANGE:

I hope you can see the vision that we see and have the strength to look past the number knowing what this investment means for our State.

CHAIR NEAL:

The Committee hears what is being said on this bill, but we also recognize the balance sheets.

SENATOR DOÑATE:

I want to start by thanking Senator Lange for bringing this proposal forward. It is an exciting time for all of us in this State. On Slide 14 of the presentation, [Exhibit D](#), about film tax credit and infrastructure, it addresses about \$190 million per year of total film tax credits. How did you arrive at the numbers in Zones 1 and 2? Are these comparable to what other states have done in terms of tax credits?

MR. BIRTCHER:

We looked carefully at the programs throughout the United States that have been successful. The most successful are the states that insisted on infrastructure along with considering the size of the annual film tax credits. About 10 states have programs in the \$125 million range. As a result, they have been the states attracting some of the bigger programs. In addition to that, you must match infrastructure and the infrastructure itself. When you look at the by-stage content creation, you work backward into a tax credit incentive. In the case of Zone 1, the \$90 million was infrastructure-oriented in a per stage formula and the remaining \$15 million on site for the software providers of the gaming content.



MR. MORGENTHAL:

I would suggest that we would need the long-term commitment of funding to fulfill our production obligation of what we talked about as a target of a \$1 billion over ten years.

MR. O'REILLY:

Regarding the dollar amount noted by Sony, we want to make sure the studio project was vibrant 365 days so we did not have a dollar amount that provided for activation for three or four months and then was a ghost town for the rest of the year. In working with Sony to come up with \$80 million, we thought that would be a minimum amount that would allow us to keep that content activated and our campus full, driving business of the surrounding community the entire year.

SENATOR DOÑATE:

I was reviewing the economic and fiscal benefits analysis of the RCG Economics report ([Exhibit E](#) contains copyrighted material. Original is available upon request of the Research Library.) and there is a Year-One analysis as to what the return of investment would be. To clarify, what is the first date the taxpayers and the State would expect this tax credit to hit, Year One of the following year?

MR. BIRTCHER:

Yes, Year One in this following year. The \$10 million currently in place would be growing to \$15 million. That is the immediate, noninfrastructure portion. For the infrastructure portion, there will be an immediate \$40 million available in Zone 2 which will bridge the gap for the temporary facilities that are required while we are building the permanent infrastructure.

SENATOR DOÑATE:

On pages 17 and 18 of the bill, it states that the amount would be multiplied by the percentage increase in the CPI starting in fiscal year (FY) 2030-2031. Can you talk about the rationale for including the CPI as part of the legislation?

MR. BIRTCHER:

The impacts of inflation have been real to the American people the last two or three years, especially for manufacturers and others who make something. In the world of filmmaking and content production, there are costs that rise dramatically and have risen dramatically to break even through the Nevada CPI starting in year 2030 and on an annual basis thereafter. From a budget

standpoint, revenues increase because of other inflationary impacts on the revenue side of the Nevada balance sheet. We think this is an important piece of keeping content providers current for the next 20 years.

SENATOR SEEVERS GANSERT:

Is the \$200 million noted in section 10, subsection 1, paragraph (a), subparagraph (1), sub-subparagraph (I) a portion of the \$500 million noted in sub-subparagraph (II)?

MR. BIRTCHER:

In that section, you will note that the first milestone is for Zone 1 to complete a capital investment of \$200 million. Then there will be an additional capital investment of \$300 million by 2029 for a total investment of \$500 million.

SENATOR SEEVERS GANSERT:

Line 20 addresses the cost equivalent of land subject to a ground lease and the investment of \$200 million or the cost equivalent. How did you come up with that?

MR. BIRTCHER:

It is reversed engineered by what I call the annual return on the ground lease that would intersect with the value of the dirt.

SENATOR SEEVERS GANSERT:

You are estimating that would still be \$200 million?

MR. BIRTCHER:

The ground is a small piece of the cost of this project. The construction cost will far exceed the \$200 million first hurdle by 2027.

SENATOR SEEVERS GANSERT:

The \$200 million is mostly the capital construction piece, and then you have the ground lease in addition to that?

MR. BIRTCHER:

The value is somewhere around \$70 million.

SENATOR SEEVERS GANSERT:

Section 12, subsection 4 addresses a lead participant. Could you tell me more about the lead participant, and is the lead participant the same for each Zone?

MR. BIRTCHER:

The lead participant could be an individual of Zone 1 or Zone 2. It could also be an entity representing an organization. That was the intent in the drafting.

SENATOR SEEVERS GANSERT:

Would that individual or entity be a lead participant for five years?

MR. BIRTCHER:

I do not know whether we have addressed how long that participant will lead. I am sure the intent would be for each zone to be able to mature as the project goes forward, identifying either that entity or individual that would be speaking on behalf of the zone.

SENATOR SEEVERS GANSERT:

Can you confirm that there will be three types of transferable tax credits, including a Modified Business Tax, Insurance Premium Tax and a gaming license fee, not a gross gaming fee?

BRYAN FERNLEY (Counsel):

The gaming license fee is the monthly fee imposed on gaming licensees that is based on their gross gaming revenue.

SENATOR SEEVERS GANSERT:

Could you explain below-the-line personnel and above-the-line personnel?

MR. MORGENTHAL:

We distinguish above-the-line personnel as usually producers, directors and actors, and below-the-line personnel are typically the unionized workforce such as the transportation and construction departments.

SENATOR SEEVERS GANSERT:

In section 30, subsection 6 regarding the funds set aside for higher education, it says 45 percent of that goes to the Nevada Media Lab and the 55 percent goes toward workforce development referring to section 32. Can you explain workforce development?

MR. BIRTCHER:

The 30 percent of the possible tax credit would result in about \$19 million to \$20 million a year. Of that, 45 percent would be used to run, operate and hire the personnel and buy the equipment at the Media Lab which will be home to grammar schools through higher education that do not have facilities to provide that programming. The remaining 55 percent would go to the State of Nevada communities through a board of seven, which is in this section as well, that would oversee a plan created to determine how that would be generated. You will hear from Dale Marsden with Talent of Tomorrow in this hearing who has worked with us in this area.

SENATOR SEEVERS GANSERT:

The 45 percent is really to run the lab which is under the Nevada System of Higher Education, and the 55 percent would be a Statewide plan for the distribution of funds, correct?

MR. BIRTCHER:

To be clear, the 45 percent is not for the higher education only, it is for all education. One hundred percent of the account is for all people of Nevada. That amount is going to be dedicated to support the finest laboratory for generations to come in the United States.

SENATOR BUCK:

I like the idea of tax credits allowing for a robust industry as well as investment in infrastructure. Will the companies making the films be subject to the Commerce Tax?

MR. FERNLEY:

To be subject to the Commerce Tax, the entity would be engaging in business in Nevada. It sounds like these production companies would have some business activity in Nevada, and the Commerce Tax would apply to those entities that have business activity in Nevada that generates more than \$4 million of gross revenue from Nevada activity. To the extent that the entities are engaging in business in Nevada and that activity in Nevada generates \$4 million or more of gross revenue, it would trigger Commerce Tax liability.

SENATOR BUCK:

There is a lot of talk about hiring Nevadans and where I see some of the pushback. Is there a percentage of Nevadans who will be hired as part of the workforce?

MR. BIRTCHER:

The intent is to have a robust workforce that is grown indigenously in the State, and it begins in grammar schools where people get their vision and passion. We see that there is going to be a deep bench of a variety of talents. The intent of the bill's language is to incentivize people to hire at least 50 percent of people and organizations in the State that support these films. There would be a 2 percent reduction of the 30 percent possible tax credit if not.

MR. MORGENTHAL:

Our goal is always to hire local. We save money by not having to pay for hotels, per diems or travel costs. It is our goal as a business model in other states.

SENATOR SEEVERS GANSERT:

I know that housing is an issue. I see you have that covered with Howard Hughes coming on board as a partner. Water is also an issue in our State. These are two concerns I have for your consideration, but I look forward to supporting the bill.

MR. O'REILLY:

The land we have allocated here in Summerlin for this project has always been commercial and has the necessary water to support the project. Of all the potential commercial uses for the site, movie production is the least intrusive on existing water supplies. We think this is a win-win from that perspective.

CHAIR NEAL:

In section 11 of the bill pertaining to elections, could you explain and break down how the election will work.

MR. BIRTCHER:

I think the election you are talking about—was it relating to the decision of a 2030?

CHAIR NEAL:

I am referring to section 11, subsection 1 that essentially says an election made pursuant to this subsection is binding on the project for five years after the date on which the election is made and establishing not later than 24 months the development agreement and how the lead participant of the Las Vegas Media Campus Project shall make an election on whether another production company located can access the film infrastructure transferable credit.

MR. BIRTCHER:

The intent is that an election would occur every five years. The idea is that various types of productions will occur in the State. Some will be sponsored by a zone owner or production organization or people who speculatively develop those facilities in Zone 1 for other types of content creators. Those elections will be made within 24 months of the commencement of this activity period, after the development agreement with the Governor's Office of Economic Development (GOED) is signed. The elections give us the option to determine, probably more for the benefit of Zone 1, the type and style of productions occurring in that zone versus the vision Sony already has for Zone 2.

CHAIR NEAL:

In section 16, subsection 3 regarding the carried forward provision, can you break that down for the Committee in terms of how it will work structurally?

MR. BIRTCHER:

We will be having discussions about this detail because I want to make sure that Sony, Howard Hughes and Birtcher are on the same page along with some of the other stakeholders.

We are sensitive that the budget is going to have an accounting mechanism to put on the balance sheet an amount of money. I cannot profess to being able to give a lesson on how that might work, but there are revenue-generating future occurrences and there are future obligations the State will have. What we are attempting to do is to have a rollover cap of the 50 percent of the unused tax credit from the previous year which will roll forward to the following year only. It is a one-year roll forward plus that existing year's \$190 million. We are attempting to put a cap on this so there is not a day and time where all of a sudden, all this pent-up unused credit would be cashed in at once and put the State in jeopardy. As I said, this is something we want to refine together further in the amendment.

CHAIR NEAL:

Section 21 pertains to the noninfrastructure transferable tax credits. Could you explain the parts to this for the record?

MR. BIRTCHER:

There are quite a few sections in this bill that relate to the existing \$10 million that is now going to become \$15 million. The noninfrastructure portion is available to any production Statewide which follows the same rules as the productions in the infrastructure zone. What happens is a production will come to the zone director or individual of record and say I would like to go to GOED and request X dollars for tax credits, and that zone will then approve that, go to GOED and complete the forms for a prequalified film or content creation. Then the contents are created over the course of months. Following the production, it goes back to GOED where an audit is performed. At that time, the tax credits are issued upon the successful audit. It amounts to accountability. They follow the same rules, whether infrastructure or noninfrastructure.

CHAIR NEAL:

Keeping that in mind, look at section 22, subsection 3 pertaining to noninfrastructure transferable tax credits that must be reduced by 2 percent between July 1, 2023, and July 1, 2043, if less than 50 percent of the below-the-line personnel of the qualified production are Nevada residents. Mechanically, talk about how that works within the audit. You are expecting GOED to audit that particular provision to make sure the 50 percent threshold is met?

MR. MORGENTHAL:

We use a third-party auditor for the process that presents to GOED for its review. My understanding is the third party would analyze the resident versus nonresident labor based on an aggregate spend.

CHAIR NEAL:

I am trying to understand how that would work because it is a clawback since it says noninfrastructure transferable tax credits must be reduced by 2 percent if less than 50 percent of the below-the-line personnel of the qualified production are Nevada residents.

My next question pertains to section 23 which addresses the \$15 million. This is the noninfrastructure tax credit, but it relates to any portion of the \$15 million per fiscal year. Can you address how that would work on this project?

MR. MORGENTHAL:

Just to clarify, I do not expect it would be a clawback because we are not awarded the credits until after the audit is completed.

CHAIR NEAL:

The way I read it, section 22 says the approved tax credits must be reduced by 2 percent between a 20-year threshold if less than 50 percent of the persons hired are not residents. The clarification is that the reduction is in the amount of the film infrastructure transferable tax credits pursuant to section 22, subsection 3. The reduction is going to happen over a 20-year period if 50 percent of the residents are not hired. There is a 20-year window to make sure Nevada residents get the work. Is that correct?

MR. BIRTCHER:

What this is meant to do, and it is conventional in the industry, is at that audit moment, no one has yet received a certificate authorizing an amount. In the audit, after certifying workers truly are residents and the subcontractors truly are local subcontractors, all the criteria that is part of this will either pass or fail in that situation at the determination of GOED through discussions with the applicant. The 2 percent is either deducted or not deducted and then the tax credit is awarded at the end.

CHAIR NEAL:

In section 30 pertaining to the account, have you determined how to monetize the credits so money actually flows into the account?

MR. BIRTCHER:

We have had discussions about how that works, and I am assured we will be pleased that when the board of seven has approved an expenditure on the bill from that account, the cash would be deposited into the account itself. I will let the finance and fiscal departments explain how that happens.

CHAIR NEAL:

I do not think this is something on which the Fiscal Division can comment.



SENATOR DOÑATE:

Sections 12 and 21 of the bill address production company refunds. Can you explain the refund process and the rationale behind the refunds?

MR. BIRTCHER:

What we were initially attempting to do is when a tax credit is issued to a production company, it will first be trickled through the taxes owed by that entity and to the extent there is a difference between what that entity has already used from their own tax liabilities and the amount of the tax credit so there could be a gap of tax credits yet to be used and a refund or a cash payment. This is something that California has done, and many other states are doing this. What we are discussing now is that this idea of a refund would be eliminated thus having two options. The tax credit can be used by the production company completely or it could sell it at a discount to somebody who could use it. That would liquefy and create a cash event for the holder of that certificate.

MR. MORGENTHAL:

Our understanding is the amendment language will address the refund ability language to transfer ability language.

SENATOR DOÑATE:

What states have enacted that provision of the bill?

MR. MORGENTHAL:

The general transfer ability concept is in Georgia, Pennsylvania, Massachusetts and New Jersey to name a few. These are some of the states with high-production volume.

SENATOR DOÑATE:

I am aware that you have a potential amendment on indie film projects. Some of the concerns I have received from constituents and others is that we want to make sure indie film productions, or smaller organizations, that want to access these tax credits have the ability to do so. There is a fear that we are passing these tax credits for multibillion-dollar corporations, and the small producers and organizations are being left behind. Can you speak to the amendment you are proposing and confirm that all levels of production are encompassed in the proposal?

MR. O'REILLY:

Our goal both for Howard Hughes and Birtcher is to create studio facilities that are going to be filled year-round. Despite Sony's \$1 billion commitment, there is more studio space that will be developed between the \$500 million project in Zone 1 and the \$400 million project in Zone 2 that can accommodate Sony, Universal, Columbia and a number of independent film companies that do production. Any company that wants to do production can apply for those credits, and it is our job to find them space to film. To say that there are X dollars for Zone 1, Y dollars for Zone 2 and Z dollars for independent films is not an accurate representation because independent films can be produced in all three buckets. It is just a matter of where they apply and where they choose to film.

SENATOR DOÑATE:

A precedent in the bill deals with making sure that a portion of the jobs are for Nevada residents. In the provisions of other bills we are seeing, there are commitments toward equity and inclusion, making sure the contractors that you hire are bipopulations—women-owned, veteran-owned and so forth. Does that template exist anywhere in this bill, and is there a commitment to at least put that as part of the revisions in the amendment process?

MR. BIRTCHER:

The whole concept in the account with the education and vocational fund is to bring people of all ages into a new industry and create deep Nevada tap roots for generations to come—and they have to be broadly distributed. That is the exciting part of the board that will oversee this fund. We also have included bill language that discusses the importance of diversity, equity and inclusion. The language we chose is the model from Illinois.

SENATOR DOÑATE:

You are referring to the pipeline of students that will go into these careers. I am referring to the groundbreaking. Will there be a priority for the diversity and equity provisions that we have enacted in other projects similar to this one once the groundbreaking is underway?

MR. BIRTCHER:

As you know, there is the \$40 million in Zone 2 and the \$15 million immediately available for a total of \$55 million. We will be working with Assemblyman Miller, the Chair and others regarding the refinement of these

issues because we are not sure if we have all the details in place regarding the State's objectives.

CHAIR NEAL:

The Committee has completed our questioning on the bill. Mr. Nakamoto will address Zone 1 and Zone 2 tax credits.

MICHAEL NAKAMOTO (Chief Principal Deputy Fiscal Analyst):

The three tables ([Exhibit F](#)) I am preparing to discuss were prepared by Fiscal Analysis Division staff. This information was assembled primarily to get a bearing on the proposal in front of the Committee today and also for the members of the Committee as well as the public. The tables provide an overview of the tax credits and when they may hit the revenue sheets for the State based on the provisions of the bill.

In addition to staffing this Committee, another role I have with the Fiscal Analysis Division is to serve as staff to the Economic Forum, which is required to provide forecasts for tax credits including the existing film tax program. The way they are accounted for as part of that process is as revenue. Specifically, they are treated as negative revenue; if this bill passes, negative revenue would be put on the sheets to account for these tax credits.

I will discuss Table 1, [Exhibit F](#), per the request of the Chair. It is broken into three categories, the first labeled the Noninfrastructure Transferable Tax Credits, the existing program that is amended as part of this bill. The existing film tax credit program in its current state was put into place by the Legislature in A.B. No. 492 of the 79th Session authorizing the Governor's Office of Economic Development to issue \$10 million of transferable tax credits for eligible film productions per fiscal year. This is a permanent program that has been in place since fiscal year 2017-2018. In the first column titled Existing Law, Table 1, [Exhibit F](#), you can see the \$10 million as it carries forward.

Section 23 of [S.B. 496](#) authorizes an additional \$5 million per fiscal year to be added to this particular pot, what is now the noninfrastructure transferable tax credits, and this will occur between FY 2023-2024 and FY 2042-2043 under the provisions of the bill which takes you to the column, which is the sum of those two amounts, Table 1, [Exhibit F](#). You can see it increases from

\$10 million to \$15 million for that 20-year period. Beginning in FY 2043-2044, it reverts to \$10 million per fiscal year.

I will come back to the CPI Adjustment Factor column, Table 1, [Exhibit F](#), which has been discussed today and move to the column Las Vegas Media Campus (Zone 1). Section 16, subsection 1, paragraph (a) of the bill requires Zone 1 to have \$200 million in capital investment as was discussed, including the value of the land, on or before December 31, 2027.

I should note there are a host of assumptions made by Fiscal Analysis Division staff in putting this estimate together. The assumptions we made are that Zone 1 and Zone 2 were going to meet these deadlines and trigger the requirements for these on the date that is specified. It could happen before that; and in all likelihood, given the testimony today, it will happen before. To put something on paper based on what we knew when we put this together, looking at the bill, we used the date they have to meet this by. If they meet that \$200 million in capital investment on or before December 31, 2027, they automatically become eligible for an authorization of \$55 million in transferable tax credits that day. That puts \$55 million of credits that become available in FY 2027-2028.

The next hurdle they would have to meet is that cumulative \$500 million on or before December 31, 2029—\$300 million above that initial investment. Again, using the assumption they would hit that amount on December 31, 2029, realizing it can and likely will happen sooner than that, but for this exercise they meet it that day, then that \$55 million goes to \$95 million and that occurs in FY 2029-2030.

In FY 2030-2031, pursuant to section 16, subsection 2 of the bill, the CPI adjustment comes in. The amount of the credits beginning in FY 2030-2031 for Zone 1 and Zone 2 are increased by the percentage change of inflation using the CPI for all items in the western region between July 2027 and the July immediately preceding the fiscal year for which that change occurs. For FY 2030-2031, it would be the change between July 2027 and July 2029, which is based on the assumptions we used. We subscribe to Moody's Analytics and use their forecasts for the CPI. We used the U.S. forecast. It is not going to be an exact analog; to get some numbers on a sheet for review, which is somewhere between 2 percent and 3 percent as a reasonable rate of inflation depending on the fiscal year.

In that first year, there would be a 4.3 percent increase to the credits from \$95 million so we would add the \$4,039,000 which is rounded to the nearest \$1,000. In FY 2030-2031, the credit would be approximately \$99 million for Zone 1 with increases going forward to FY 2047-2048, Table 1, [Exhibit F](#). The reason why FY 2047-2048 was chosen as the date is because provisions in the bill say that no credits can be approved by GOED in any fiscal year that begins more than 20 years after the initial capital investment for Zone 1.

Assuming the initial capital investment is met on December 31, 2027, the last fiscal year they would be eligible to have an allocation of credits would be the fiscal year beginning on July 1, 2047, which is FY 2047-2048—the last fiscal year that begins less than 20 years before that anniversary date. By the time that final fiscal year ends, based on the assumptions we have, the amount of credits available for Zone 1 would be just short of \$147.1 million for an aggregate amount of credits over this period of \$2,378,338,000, Table 1, [Exhibit F](#).

The provisions are slightly different for Zone 2 as was discussed by the testimony on Zone 2 as opposed to Zone 1. Under the provisions of section 16, subsection 1, paragraph (b) of the bill, Zone 2 is eligible for a \$40 million allocation of credits per fiscal year once the development agreement is signed with GOED which must happen within 120 days after July 1, 2023. That is expected to happen in FY 2023-2024. Based on the provisions of the bill, they would immediately become eligible for \$40 million in credits. That carries forward until FY 2029-2030, Table 1, [Exhibit F](#).

There are steps that need to occur in between to maintain eligibility for the \$40 million allocation. They need to meet the initial \$150 million of capital investment on or before December 31, 2027. To continue to receive an increased allocation, they need an additional capital investment of \$250 million for a total capital investment of \$400 million on or before December 31, 2029. We have that occurring in FY 2029-2030, Table 1, [Exhibit F](#).

The rest of Table 1, [Exhibit F](#), functions similarly. The CPI adjustment using the same methodology and formula occurs beginning in FY 2030-2031, and the final year is also tied to the 20-year anniversary of Zone 1 so Zone 1 and Zone 2 end simultaneously based on the provisions of the bill. When you get to FY 2047-2048, which in this scenario is the last fiscal year in which they could receive credits, it would be about \$123.8 million per fiscal year for a cumulative

amount of credits in this scenario of \$2,150,182,000 over the span of 25 fiscal years.

The last two columns on Table 1, [Exhibit F](#), are the total film tax credits that would be available for both infrastructure and noninfrastructure so it is those noninfrastructure credits plus Zone 1 and Zone 2 per fiscal year so the bottom line on that over the period is \$4,878,520,000 over 25 years. The last credit is just the increment that is added by this bill taking that total for each fiscal year and subtracting the existing \$10 million under current law. The total incremental credits that result from the passage of [S.B. 496](#) if it were approved would be \$4,628,520,000 over 25 years using the assumptions we set forth.

The actual amount over 25 years will depend on the rate of inflation when these projects go online because that will determine the length they are available. Based on the information we have and using the assumptions that the projects are going to meet the capital investment deadlines on the dates specified in the bill, this is the information we put together for the Committee and the public for consideration.

DALE MARSDEN (Tomorrow's Talent, LLC):

I have served in public education for over 30 years and most recently as Superintendent of San Bernardino City Unified School District, one of our Country's largest and most diverse districts where 90 percent of our students are traditionally marginalized and live in poverty. During our eight-year tenure together, our team was able to see our graduation rates grow from 66.8 percent to 93.6 percent surpassing state, county and national averages. We saw a doubling of students eligible for college and a growth of 5 to 53 pathways in high-demand, high-wage fields culminating with experiences that connect students to the real world of work through paid internships before they step foot off the graduation stage to enter professional trade schools, colleges or careers.

Additionally, my family boasts multiple generations of hay farmers and an honorable Vietnam War veteran. Each of their experiences has taught them the kind of grit and hard work it takes to build a life where they can live unmolested and provide for themselves and their families. However, during their lifetimes, they have seen the advances of technology transform a farm to a point where 2 people can manage 360 acres well into their eighties. They have also seen

how this industry and so many others have struggled to remain viable for future generations.

Birtcher Development has teamed up with my company, Tomorrow's Talent, a veteran-owned and woman-led company, to sponsor the proposed Nevada education vocational fund. This fund will bridge the gap between education and industry that leaves 53 percent of college graduates underemployed or unemployed and employers overwhelmingly dissatisfied with the readiness of young employees and the workforce. Closing this gap from our rural schools to large urban areas is key to Nevada diversifying its economy and reshaping the workforce system.

More than 100 years of combined experience gives the team at Tomorrow's Talent a distinct understanding of what it takes to bridge the world of education to the real world of work. Starting as early as elementary school, students will learn in the workplace through job tours, internships, pre-apprenticeships and apprenticeships in the film industry. This will include every specialty from actors to camera operators, game designers to programmers, set designers to costume builders, as well as the intersection of technologies from artificial intelligence to augmented reality to cybersecurity that impacts this diverse field.

Together, we can build the kind of place where grit and hard work can help our future generations provide for themselves and their families. We believe Tomorrow's Talent can connect local talent to local employers to grow the local economy.

VINCE SAAVEDRA (Southern Nevada Building Trades Unions):

I want to thank both companies for making their promise to work with us and to pay area standards to the construction workers on the projects in the south. For those reasons and the opportunity to work closely with them to secure project labor, we are in full support of S.B. 496.

SUSIE MARTINEZ (Nevada State AFL-CIO):

On behalf of over 150,000 members and more than 120 unions including union workers in both the building and construction trades and the service industry, the Nevada State AFL-CIO proudly supports S.B. 496, also known as the Nevada Film Studio Infrastructure Act.

As we continue to rebuild our economy after the pandemic, it is essential we strengthen our workforce by creating new jobs throughout our industries. We have a unique opportunity to change and promote economic development opportunities through S.B. 496. Building the foundation for permanent studio infrastructure in Las Vegas will not only make us competitive with other states with regard to the production of major films and episodic television but also create thousands of good-paying union jobs in both the construction and service industry. This legislation is what we need to build a tourism economy of the future and support union workers in our State.

I was born in Las Vegas and am proud to say we have amazing communities, a robust gaming industry, incredible sports teams and now film. We support S.B. 496.

CONSTANCE BROOKS, PH.D. (University of Nevada, Las Vegas):

In January this year, the UNLV Research Foundation Board of Directors agreed to enter into a 100-year ground lease with Birtcher Development that will feature a Las Vegas Media Campus UNLV Integration and Benefits Program. The University is aligned with the vision of Birtcher Development's desire to connect with and support the next generation of filmmakers, content developers and technocrats. The LVMC at the UNLV Harry Reid Research Park will allow for great strides in workforce development, college completion and collaborative endeavors with a growing technology-driven arts industry. These are efforts that will undoubtedly benefit our students, faculty and flourishing campus community. We are in full support of S.B. 496.

MARTA MEANA, PH.D. (University of Nevada, Las Vegas):

I sit before you in my capacity as strategic advisor to UNLV President Keith Whitfield on science, technology, engineering, mathematics, and arts education and career development.

In my previous role as interim president of UNLV, I had the privilege of breaking ground on the first building at the UNLV Harry Reid Research and Technology Park. It is gratifying for me to consider the opportunities that the Nevada Film Studio Infrastructure Act would present. It aligns with the economic and research development mission of our Research Park and with the educational and workforce development mission of UNLV. It presents multiple opportunities to many of our programs and colleges, the most obvious being the College of Fine Arts and the Film Department. Having world-class facilities and access to



industry professionals, studios and sound stages, the digital content creation component of the LVMC directly speaks to our programs in graphic arts, engineering, computer science, medicine, gaming and other programs.

We worked hard on an integration agreement with Birtcher Development because we want to make sure the integration fulfills our educational mission which is why we have the Research Park. We are excited about the rent-free office space and the devotion of a full-time program director whose sole responsibility will be to make sure the integration happens resulting in internships and career opportunities for our students. We support S.B. 496 because it is an incredible opportunity for our students, faculty and community.

TOM MORLEY (Laborers Union Local 872; Laborers Union Local 169; Communication Workers of America Local 9413):

This bill is about jobs and economic diversification for the community, and we are in support.

WARREN D. COBB (College of Fine Arts, University of Nevada, Las Vegas):

This bill directly affects our program as our students need more opportunities for on-the-job learning. We often must send our students to Los Angeles or other production centers for specialized training and internships resulting in prohibitive travel and lodging expenses, missed courses and work, and broken leases on Las Vegas rentals. This also forces our students to step away from collegial networks they have worked hard to develop. Our students find it prohibitive to leave Las Vegas for months at a time for physically distant internships. This career placement challenge results in the loss of industry opportunities for our students each semester.

The potential impact of the bill will also reach far beyond UNLV's Department of Film. The film industry is an art, a craft and a business and depends on support from multiple areas of expertise. Other academic units such as theater, music, art, hospitality and business will also be closely engaged. Additionally, there will be rich opportunities for research and development in management, accounting, economics, marketing and emerging technologies.

Our department will grow as we will have a better chance at attracting students from around the world. We will be able to expand graduate education by an order of magnitude. Our students will have consistent access to industry mentors, guest expert lectures and professional studio facilities. We will be able

to expand and deepen our curriculum to cover industry-critical areas that we simply cannot cover at this moment.

We love film and want nothing more than to create an amazing workforce. It would be our honor and privilege. Please help us become a film education destination.

CORBIN J. LOPEZ:

I am a new graduate of the UNLV film program as well as a filmmaker and artist. I hope I can express how critically the Nevada Film Studio Infrastructure Act will not only change my life but also the lives of those in my community and the State I call home. This bill will pave an unparalleled path within the film industry in the State, for the film community in Las Vegas and for UNLV film students like me. Rather than having to look outward for opportunities to get our foot in the door and run off to Los Angeles or New York with nothing more than \$20 and a dream, this bill will knock the door off the hinges in our own State.

While most prefer to experience Las Vegas on Friday and leave by Sunday, calling this city home creates a unique and unconventional experience that fosters artistic communities across the valley that are driven and expressive. By providing permanency for the film industry in southern Nevada, artists across Las Vegas will have greater opportunities to grow and thrive. Since the Las Vegas film community does not have as much access to resources and jobs as universities located within hubs for film production, we must work harder and make bold swings of self-expression.

Founding the LVMC at UNLV will enable the next generation of talent and passion to gain hands-on experience and training that will directly shift the film industry. The creativity that has come out of the UNLV Department of Film is a reflection of the Nevada and Las Vegas spirit and represents what could be with the opportunities created by this bill.

Las Vegas is diverse with people and cultures from all over the globe. Through the lens of equity, this bill will set the stage for voices that have been underrepresented in film and finally empower them to step into the spotlight. Passing the Nevada Film Studio Infrastructure Act, which will create and keep jobs in the State, enables us to innovate, persevere and flourish in the way that the people of Las Vegas always have.

I am a rarity in that I was born and raised in Las Vegas, so home has always meant Nevada for me. If this bill passes, home can mean Nevada for the film industry and the film community.

RANDY SOLTERO (Teamsters Local 631):

Senator Aaron Ford and Assemblywoman Maggie Carlton created the first film bill enacted in the State in the Seventy-ninth Session. The program was started to introduce transferrable film tax credits in the State to see if they would work. We envisioned attracting infrastructure and having a studio in the State with the first film tax credits bill.

I met Brandon Birtcher in 2021 who talked about what we envisioned and his desire to make it happen. The bill has been well-thought-out and provides a program that will work. Teamsters Local 631 does the studio transportation services on movies and television. The proposed infrastructure will create sustainable jobs and careers in the State. I urge the Committee's support for S.B. 496.

PIPER OVERSTREET (Las Vegas Raiders):

We support the passage of S.B. 496. This bill is a win-win for Nevada and for our valued community partner, UNLV. It will power the University's future while positively impacting the State's economic outlook. The bill is designed to address the challenges posed by the postpandemic economy by fostering a skilled workforce and providing educational opportunities for future talent even within our own Silver and Black Studios. It creates permanent long-term film studio infrastructure and strengthens the partnership between academia and the film industry through integration with UNLV. This film and infrastructure program has the potential to bring about a positive transformation and opportunities for growth. This is why we support S.B. 496.

ADAM MACK (International Association of Theatrical Stage Employees Local 363):  
*Pink Cadillac, Kingpin, Sister Act, Jack Frost, True Lies, Misery*—these are films made in northern Nevada, a landscape that is as beautiful, alluring and attractive today as it was at the time the films were made.

We believe that with the film industry setting up shop in southern Nevada, filmmakers are likely to come back to northern Nevada where we have such a beautiful landscape for filmmaking. Additionally, the generation of stage workers who made those films are on the verge of retirement, and it is a critical time in

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our organization to have that institutional knowledge transferred on to the next generation who is eager and willing to learn. We urge your support of S.B. 496.

KANDICE TOWNSEND (City of North Las Vegas):  
We are in support of S.B. 496.

NICHOLAS SCHNEIDER (Vegas Chamber):  
I had the privilege of serving alongside Senator Lange as the staff liaison for the Economic Development Committee of the Southern Nevada Forum where the concept of this bill was discussed and determined as a priority for that region.

The Southern Nevada Forum was established to provide bipartisan policy that addressed the priorities of southern Nevada. The Chamber is in support of this legislation as it helps diversify the southern Nevada economy. We believe S.B. 496 will potentially create thousands of new jobs and an opportunity to scale up our labor force and support for our established industries through film-based tourism. We urge your support.

NICOLE ROURKE (City of Henderson):  
I would like to echo the comments of my colleagues. While Zone 1 and Zone 2 are not in the City of Henderson, we recognize the overall positive impact that the film industry will have with this bill on our economy and our overall well-being in the State.

ALEJANDRO RODRIGUEZ (Nevada System of Higher Education):  
We are in support of this legislation and the opportunities it will provide for our students and graduates.

TOM CLARK (Reno + Sparks Chamber of Commerce):  
Why would we support this legislation when everything is going to happen in Las Vegas? When I was 18 years old, I managed the Sherwin Williams paint store in Carson City. One day, some customers came in and said they were going to buy everything we had in the store. I asked what they were building, and they said they could not tell me. They did indeed clean us out—rollers, drop cloths, paint brushes and about 300 gallons of paint, and they wanted it delivered to the meadow behind Costco Wholesale. That meadow became the site for the movie, *Misery*.

We know this development in Las Vegas will also have a footprint in northern Nevada, whether at Lake Tahoe or elsewhere. If you are going to do your production and postproduction in Nevada, why not do your filming here as well. We know northern Nevada will also benefit from this legislation and support S.B. 496.

SERENA KASAMA (Nevada Realtors):

We are in firm support for this bill that will bring economic diversification and job creation to the State. We think this is a tremendous opportunity for the State.

KELLY CROMPTON (City of Las Vegas):

The City of Las Vegas partners with the Chamber of Commerce to host the Southern Nevada Forums. We support this bill that came through the Forum process. The City is also excited to welcome this industry to the region and to diversify our economy. We look forward to working with the people who come and hope to host them in the historic downtown Las Vegas area.

JAMES REID (JR Lighting, Inc.):

I am the person who wrote the original bill 14 years ago. I worked with Assemblyman Paul Aizley to get it passed. It took a while, but Senator Aaron Ford helped us, and we got our bill passed in the Seventy-ninth Session. It has helped our industry through the years, but one of the things that always bothered me is lack of local crew and vendors being treated well by these out-of-town companies.

I have always said we need to be better at regulation to ensure that locals and other companies like mine who are part of the community have those opportunities as well. I support having a larger incentive. I have been trying to build infrastructure here my entire life. We do need to make sure we take care of our locals as best we can during the building of infrastructure.

DANNY THOMPSON (International Brotherhood of Electrical Workers Local 396; International Brotherhood of Electrical Workers Local 1245; Operating Engineers Local 3; Operating Engineers Local 12; Laborers Union Local 872):

We are in full support of this bill. Not only do we believe the bill will create thousands of good paying jobs both in construction and production, but this is

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also an opportunity to further diversify our economy. We think the State should make the best of it.

ALEXIS MOTAREX (Nevada Chapter of Associated General Contractors):  
We support the bill.

MICHAEL FLORES (University of Nevada, Reno):  
Although this does not directly impact or affect us, we do want to offer support to our friends in the south and know this will be good for the region and the State.

APPLE THORNE (International Alliance of Theatrical and Stage Employees Local 720):

We represent more than 3,000 behind-the-scenes workers in southern Nevada. While our members enjoy robust infrastructure in the convention and live entertainment areas, without that infrastructure our film and television workers have been left to bounce from gig to gig with large gaps in between their work. Having a studio in southern Nevada would allow them to build a sustainable career with good-paying Union jobs and benefits. It is also an important diversification of jobs for our members. When the COVID shutdowns devastated our membership who were unable to work for more than a year because it was unsafe for large convention crowds or live entertainment, film and television work was able to continue. Those are the other opportunities for our membership. For those reasons, we strongly support this bill.

ANDY DONAHUE (Laborers-Employers Cooperation and Education Trust):  
We are pleased to join in support of this bill.

PHIL JAMES (International Alliance of Theatrical and Stage Employees Local 720):  
We represent the International Alliance of Theatrical Stage Employees and the workers behind the scenes that make the magic in the film and television industries. If you watch the credits in a film, a lot of those people with high-end, high-paying jobs are represented by International. It would be great if those people could stay in the community. A lot of times they have to chase the movies and move to where the movies are filming. In this situation, with two studios being built here in the valley, it is a great opportunity for those people to stay and perform their craft. I am super excited for this bill. This will not only be a game changer for the State, but it will be a game changer for

everyone working for the film industry in the State. We are in support of S.B. 496.

ANTHONY RUIZ (Nevada State College):

We support this bill. We also appreciate the presenters' desire to hire a local workforce, and we hope to participate through our education programs.

JEFF LESTER (Big Picture Studios):

I am a director, writer, producer and company owner of Big Picture Studios in Las Vegas. We have been in business for 25 years. My wife, Susan Anton, and I moved to Las Vegas from Los Angeles in 1995 and always felt like there was something special about Nevada so we stayed.

I have been passionate about this direction for a long time. Over the past year and a half, I have been in meetings and had conversations with members of our business community and GOED to build a more robust industry. I am a staunch supporter of building Las Vegas and greater Nevada into a thriving film and television center.

This is a top-down approach, and it is exciting to put that much energy into the system. We already have an excellent crew base. It is a tight community where we care about each other. The professionals who are part of this community will be the driver of the operations that will be built here over the next decades. As the out-of-state professionals come in, they will be part of our film community. We look forward to building a bigger, more robust film community. To Assemblyman Miller's point, I want to make sure we take care of everyone along the food chain. There are a lot of creatives here, such as myself, who want to make sure we access these film credits and use them for our projects. I have four films that are ready to go, and we look forward to being able to partner and work together on these productions.

Acclimating film students is a passion of mine. They can learn what they can in school but then need on-the-job experience. In my own company, I bring on students from UNLV for training. I have a student now, Sylvia Diaz, who came to me through the Nevada Film Office and will be learning on a film set. It is important to train young people to be a part of the next generation.

I am totally in and want to play as big as you do. I ask that you make sure everyone has all rights to these incentives.

SENATOR SPEARMAN:

What would you envision this project doing that would help you and Mr. Reid?  
How could this project help what you have been doing for 25 years?

MR. LESTER:

I have a project we are planning to shoot soon and will probably go out of state because our investors will ask about the film incentives in Nevada or if there is any Nevada infrastructure in which to shoot the film. By offering this 30 percent incentive, which is extremely competitive, you set the table correctly because no one will say we can do better in New Mexico, Canada or elsewhere. If it is an equal playing field for all filmmaking, whether it is a \$2 million film or a \$200 million film, everyone should be involved, especially those of us who have been here for a while.

STEVEN DUDLEY (Southwest Mountain States Regional Council of Carpenters):  
We are in support of this bill and believe it will help diversify the State. I ditto the comments from everyone before me.

CHRIS RAMIREZ (Lola Pictures):

We are based in Las Vegas, and I am a lifelong resident of Las Vegas. I have been in the industry since 2005, mostly as a location manager. I have been on the ground helping productions come here. In 2013, I was part of the team that helped push this bill through. In 2014-2015, we financed and produced back-to-back movies using the tax incentives in place.

I support this bill from experience as a production manager where other films have hired me, and we have had to meet that barrier of hiring 50 percent or more local crew so that we could take advantage of the incentives. For the Legislators who may not be aware of the protocols already in place, we have had to follow those protocols making sure crew has Nevada drivers' licenses and other vetting to make sure locals are being employed. We have worked with the process, including selling our tax credits to Caesars Palace, so it is a win-win for the gaming industry and for locals. I was able to film in the Nevada State Prison, strip clubs, North Las Vegas Jail, Virginia City, Lake Mead and other places outside Las Vegas so we could stay in Nevada and reap the benefits of the tax credits.

Live locations are a big part of why people come to Las Vegas. Making sure that the noninfrastructure part of Zone 1 and Zone 2, whether it is \$10 million or



\$15 million, is enough to support productions not being shot in the studios because that is what has made Las Vegas what it is.

JASON SOTO (Vū Studios):

I am a proud Las Vegas native. Vū Studios is a state-of-the-art virtual production company with a network of LED sound stages across the Country certified for the use of virtual production in the film and video production industry.

Virtual production is the future of filmmaking. The use of the studio-based technology is creating a major paradigm shift in the film industry and is making a historical impact on filmmaking similar to the introduction of the digital camera. This filmmaking technology has been used in the making of Disney's *The Mandalorian*, HBO's *Game of Thrones*, Marvel Studio's *Guardian of the Galaxy*, Paramount Studios' *Yellowstone* and countless other productions that you see on television every day.

With the support of GOED and the Las Vegas Global Economic Alliance, Vū Studios opened a 43,000-square-foot, state-of-the-art virtual production studio in April 2022. Since opening our doors, we have had overwhelming support from the local business community and the Hollywood film industry. We made a significant investment in real estate, technology and the workforce in Las Vegas because we believe this is the best city in the world to do this and the right place for the ever-growing film industry.

During our initial 12 months of business, we had the opportunity to attract two major feature film projects with a third on the way, documentaries for major streaming platforms, national television commercials and even hosted special events during major trade shows hosted by Las Vegas. These productions created jobs for the local film industry workers, both union and nonunion, film college students and new unexpected revenue streams for small businesses that were not forecasted without our investment and our drive to bring the film industry business to the community. In addition, we have launched a workforce development program with UNLV College of Fine Arts and the UNLV Department of Film by installing a virtual production studio on campus and launching a three-year internship program allowing students to attend school and work here.

The projects we brought to southern Nevada were a tough sell due to the lack of film incentives compared to other markets including Georgia, Louisiana and New Mexico. We had to make many concessions and work with local businesses to bring these deals here to southern Nevada. We are in support of S.B. 496 for the purposes of continuing to diversify our economy by driving growth in the entertainment sector, building the needed studio and technology infrastructure, attracting hundreds of supporting businesses, thousands of skilled workers and, most importantly, the education pipeline needed to facilitate the growth of the industry. The film industry growth is forecasted to be \$170 billion by 2023. With the incentives being offered, a good portion of that growth will happen here in Nevada.

We built a film studio in Nevada because of the many benefits mentioned today. We need government support to maintain long-term sustainable business models and to continue to attract projects that will drive long-term revenue to the State. With the State's support, we look forward to the diversification of Nevada's business landscape by welcoming our ever-growing film industry, which would be a significant contributor to the State's economy. We are a can-do economy and I urge your support of S.B. 496.

RICH HOPKINS (Thrill Seekers Unlimited):

We are the stunt professionals you see in all the trailers that sell your movies, and we risk our lives doing our job. I share the same concerns that JR Reid has. I am a big proponent for hiring locals because 90 percent of the larger productions that come in bring 90 percent of their people with them and we sit on the sidelines. It is unfortunate, and I think this was missed on the last tax incentive program. I want to make sure there is a level playing field for people who live here, own homes here, have families here. If you build the facility and offer the incentives, people are going to come here, get these big paychecks and go spend it back in the state where they live.

The film program at UNLV does a great job but missing is the stunt element. I have a lot of young filmmakers who want to bring me on to help with their production because they know little about the intricacies of the stunt world.

I want to help and support S.B. 496 any way I can.

MARCO HENRY:

I am a union line producer and unit production manager. I moved to Las Vegas ten years ago around the time of the original incentive. One of my jobs it is to make decisions about where shows get shot or at least to prepare all the comparative budgets between different states to show the best place. During the past ten years, I tried many times to get shows to come here, but every time it did not pencil out and another state got the business. I had to travel anywhere but Nevada to get work. I hired thousands of film workers and spent millions of dollars outside my home state because I could not get the tax incentive to work out.

I just got back from Atlanta from a show in Trilith Studios which 10 years ago was 700 acres of dirt and nothing more. Ten years later, they shot *Captain America*, *Civil War*, *Guardians of the Galaxy Vol. 2 and Vol. 3*, *Spiderman*, *Black Panther*. The list goes on. Trilith Studios has a million square feet of production space because Atlanta had an infrastructure incentive that made sense.

I am absolutely in support of this bill. There are technical aspects of the bill I would love to discuss for improvements, including specifically bringing along the locals who have been here all along and making sure they get a fair shake at it, preserving perhaps the 5 percent uplift for rural shooting and also some slightly more serious measures to discourage bringing in out-of-town crews and to encourage hiring locals. This is a great bill. I urge passage of S.B. 496.

ANN BARNETT (Nevada Contractors Association):

I am here to express our strong support for S.B. 496 and grateful for the economic opportunities, education and jobs it will bring to the construction industry. I ditto the previous supporting remarks, and we ask that you consider and support S.B. 496.

TOM VANNOZZI (Society of Camera Operators):

I would like to bring a unique perspective that nobody has mentioned. I have also tried to bring studios to Las Vegas over the decades and have witnessed a few successes but a lot of failures. There have been television trucks based here in Las Vegas. There is a tremendous amount of specifically Strip-associated shows that have to do with music, variety and awards.

Thank you for letting me present some ideas I presented to U.S. Senator Harry Reid during President Barack Obama's search for infrastructure construction. The concept was to build studios in deep rock quarries in the Spring Valley area along Durango Drive. These quarries would be built up with stacked studios to reach ground level.

The concept of studio stacking is used in New York City where shows like the Jimmy Fallon show is televised, only this would be on a much grander scale. The benefit of putting studios underground in Las Vegas is to provide noise and heat insulation and use the ground floor for offices, rehearsals, stages and parking. These pits are so large, studios would start with the bottom being the smallest and the biggest just below ground level.

My concept began when I was working at ABC and Prospect Studios in Hollywood when an earthquake rattled the stage. An obscure civil defense paper created a study about how the industries in southern California would continue if a catastrophic earthquake paralyzed all those industries. The television stage and film production centers in the United States are in southern California. The study went on to propose where shipping, trucking, telephony, computing and other major industries including television and film production would be relocated as southern California rebuilds.

Building in the quarries in Spring Valley with underground, stacked studios, each floor of the stage would be sponsored and supported by different studios from southern California. In the aftermath of the earthquake, studios would bring shows, sets and cast and crew to Las Vegas to have at least some production continuing for the rest of America to watch while southern California recovered. It would also grow the television and film industries in Las Vegas.

Many things are wonderful about this bill. People will bring their television camera operators and their producers and directors from out of state. We will get a portion of the jobs, but it will not be every job. We need to build the community. A lot of people have moved to Las Vegas from southern California to live a better life and commute to Los Angeles for jobs. Even though the bill says film on it, it needs to include television. There are substantially more people working in television than film. Television has a substantially bigger set of employees that will work and live here in Las Vegas than the film crews.

RICK NEAL (Goodwill of Southern Nevada):

We support S.B. 496. I echo the comments about the wisdom of diversifying our economy. I am in support of this legislation because of the focus on the existing infrastructure to create the workforce and that includes grades K-12 and higher education.

I have spoken to many of you about our role in workforce development as a participant and contributor. This makes our job easier to put people into careers with upward trajectories. We are doing some of that work in health care and believe we can do the same with the film industry. We have already started with some of our conversion techs. This is a wonderful opportunity to create more opportunities for underserved communities we have been serving for almost 50 years.

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

We are here in full support of the bill. I want to echo what a lot of people have said about the tax credits and prevailing wages. We appreciate anything that can be done to protect Nevada workers and economy and keep the money rolling in Nevada. A community workforce or benefits agreement would be something to consider.

ALEXANDER ANDERSON:

I am one of 5,700 union carpenters in the Las Vegas Valley. Several representatives have touched on the majority of concerns for many of us in the trade unions. Senate Bill 496 is particularly important to me and my wife as the approval would mean lasting employment, not just for us but for thousands of other Nevadans for decades to come.

A prominent hardship facing UNLV students within the College of Fine Arts is the lack of real-world experience and networking opportunities within the film industry. My wife attended the stage and screen acting program with the dream of pursuing her passion while helping to support our developing family. While it was greatly beneficial in developing her craft, she hit a roadblock during and after her attendance where there seemed to be a disconnect between the University and talent agencies as well as individuals currently working in the film industry. There is a nearly complete absence of connections with union representatives and UNLV. The construction of the Las Vegas Media Campus would be the bridge between that gap, opening the door to thousands of actors and technicians aspiring for lifelong careers in entertainment.

Using conservative estimates from several sources including the Bureau of Labor Statistics, in 2021, the unemployment rate for those in the performing arts varied from 5.5 percent to 7.6 percent when the national unemployment rate for the time was roughly 5.5 percent. This can be alleviated for Nevada by providing the means of getting into contact with professionals with the intention of fostering individual skills and employability.

I implore you to seriously consider passing S.B. 496. We all look forward to the creation of thousands of jobs that we can raise a family on.

EDDIE FICKETT (Las Vegas Production Services; Directors Guild of America; Teamsters 631):  
I strongly support this bill and hope it passes.

COURTNEY BESS (Screen Actors Guild-American Federation of Television and Radio Artists):

I moved from the East Coast to Los Angeles at the age of 27 mainly doing theater and some television. But it was not until I got to Los Angeles that I had a career. No, you would not have found me on the cover of any magazine. No, I did not have this huge scrolling IMDb page because back then we did not have that, but I did have a career, and this is how I have the proof. Through my hard work in Hollywood, I was able to purchase my first home. I was able to qualify for real health, vision and dental insurance for the first time.

Life took me away from Los Angeles years ago. Many others have followed, including a lot of production companies. Today, my new senators in my new state in my new home of Nevada have the opportunity to bring the best parts of Hollywood to Nevada. By saying yes on this bill, you say yes to Nevadans' dreams of working in an industry we love while qualifying to be homeowners and for quality health insurance coverage. I have seven more working years to qualify for my Screen Actors Guild pension and if I could get this, I would feel successful.

Saying yes on this bill says yes, not to superstars, not to magazine covers but to regular adult dreams of stability and security working within our great industry. I look forward to the outcome. I look forward to your support.

CHRISTOPHER BURRIS (Screen Actors Guild-American Federation of Television and Radio Artists):

I too am a veteran and a dreamer, and I love your pipeline to the future. I hope it is union-made. As a producer, my wife and I own a small wedding business and hope to have greater opportunity to see growth in Las Vegas. What I would most like to see is that the talent in this State gets to stay in this State, and the component of the UNLV tie-in with Sony—I cannot imagine who came up with that, but I want to give them a hug and say thank you. I am from New York where a lot of kids leave. Anything that can keep talent in this State and bring new talent in—we will take all the good people we can get.

RICHARD DELL'ACQUA:

I am in strong support of this bill.

RUSS JAMES (Nevada AFL-CIO; International Union of Painters and Allied Trades):  
We are in support of the bill.

JIONNE KOUG (United Food and Commercial Workers Union Local 711):  
We are in support of this bill.

ROBERT SUMLIN (International Association of Machinists and Aerospace Workers Local Lodge SC711):

I am in full support of S.B. 496. I urge the Committee's support as well.

FRANK WOODBECK (College of Southern Nevada):

I enthusiastically support this bill.

ERIC PREISS:

I authored the study, "Attention is the Asset" ([Exhibit G](#)), which is submitted for your evaluation of the bill.

I was the Director of the Nevada Film Office in 2013 when we implemented Nevada's \$80 million tax incentive program. I am a certified public accountant and served in various executive roles in finance in casino and hotel industries. My financial knowledge and tourism experience was of great value building the program from the beginning. Due to my experience and understanding of the entertainment and tourism industries, the Association of Film Commissioners International elected me to their Board of Directors as the film commissioner who was an experienced financial manager and auditor and able to explain

financial concepts more simply to filmmakers, creators, legislators or anyone to make incentives more easily understood.

The attention is the asset, and we gain attention when we create content. Content creation requires infrastructure, infrastructure requires investment costs and the benefits of an investment should exceed its costs. The benefit of the attention gains to Nevada's brand is more measurable than ever and should be considered in your decision.

CHRISTINE SAUNDERS (Progressive Leadership Alliance of Nevada):

We are in opposition to S.B. 496. As we near the end of the Session, you have a number of bills before you in Senate Finance and Assembly Ways and Means that would fund important programs for Nevadans like gender-affirming health care coverage, funding for our education system and environmental justice programs. Yet, once again, we are talking about corporate welfare instead of revenue and funding the programs that Nevadans need. We understand the need for union jobs that pay well, 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?

My husband and I moved here five years ago for a job; and as we prepare to welcome our first child this fall, we worry about what will be available for a 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 supportive services and with safe green spaces where they can be outdoors. If we continue to give tax breaks to major corporations, I am afraid this will not become a reality. We urge your opposition to this bill.

ANNETTE MAGNUS (Battle Born Progress):

I am here today in opposition of S.B. 496. I want to be clear—we are not opposed to business nor diversifying our economy. We have been consistent on this issue over the years. Growing and diversifying our economy is important and necessary, and we have talked about needing new revenue for years. We agree with jobs coming here, especially for our union families.

What we are opposed to is yet another handout to a multimillion-dollar company when those investments could go to our schools, our healthcare system,



affordable housing, infrastructure, mental health or any other critical needs for 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 cheap and we will foot the bill.

We have been here before, and I have seen this my entire life in this State. We went through this with Allegiant Stadium where the proponents assured us if you build it, they will come, and it is a win-win for everyone and it would not cost the Nevada taxpayers much at all. We went through this with Faraday Future who promised investments and jobs. That collapsed quickly. We discussed it last Session with Innovation Zones, and we saw how that scam played out. And now we are talking about giving the Oakland Athletics more public tax dollars for yet another stadium. I have to ask, when are we going to learn?

I would like to also ask this Body when it will give the same energy to talking about bringing businesses here because of our excellent education system and stellar infrastructure instead of begging businesses to come through credits and abatements. I have come to learn that in this building, the actual Nevada way is putting businesses and wealthy CEOs over the backbone of our economy, which includes my neighbors and our residents across the State. We offer these abatements and credits at the expense of our communities. If you want to bring your businesses here, then please do. Please do it at your own expense and stop using our communities to fund it. We must look at the costs and the balance sheets for this proposal. Please oppose S.B. 496.

BARRY COLE:

I have not heard anything about the medical infrastructure that will be in place when all of this comes down. I want to go back to the 1990s. Every time a new casino came online in Las Vegas, approximately 20,000 people applied for jobs and 7,000 to 7,500 were employed. The remaining people became new patients of Southern Nevada Adult Mental Health Services. We had more beds and more capacity in the 1990s than we do today. We have converted those beds from civil to forensic. Think about Northern Nevada Adult Mental Health Services which used to have 130 or more working beds in the 1980s. Now it has 20 working beds.

We have fewer resources that cannot meet today's needs. I am not sure how long you think it takes to train one physician, but from high school graduation to residency completion is no less than 12 to 15 years. The pipeline goes into the 2040s, but we have got to start training more physicians, nurses, social workers, and psychologists—we have a pipeline to produce today.

As a psychiatrist, I am used to dealing with fantasies for a living, but this does worry me that we cannot meet current need and we are about to blow up the need we have.

JIM DEGRAFFENREID (Nevada Republican Party):

We are in opposition to [S.B. 496](#). Our platform reads we support a free market economy. The government shall not pick winners and losers using taxpayer dollars, tax subsidies, loan guarantees and bailouts. We appreciate [S.B. 394](#) that attempts to control these giveaways. The specific case of [S.B. 496](#), despite the rosy estimates of return on investment, is well documented. The handouts to the film industry bring neither enough direct revenue nor enough long-term economic development to offset the subsidies given. As evidenced by the support testimony, this bill proposes widespread handouts to the well-connected while ignoring the small businesses which are the heartbeat of Nevada's economy.

[SENATE BILL 394 \(1st Reprint\)](#): Revises provisions governing abatements and partial abatements of certain taxes. (BDR 32-603)

Our businesses have suffered from years of business-crushing edicts from our former governor, shuttered for no reason in an antiscience crusade that damaged our economy. Where are their subsidies? Where is their reduction of the Modified Business Tax? Where is the repeal of the Commerce Tax that would crush a small business with an unfair tax burden that has been repeatedly rejected by the voters.

In case the authors of this rushed bill, which has only recently seen the light of day, missed them, we included links to three studies in our written testimony ([Exhibit H](#)) showing that film subsidies are net losers for state government. Even *Variety*, the unofficial newsletter of Hollywood, agrees. Nevada already hands out significant film tax credits to the tune of \$10 million a year. We find no studies to show whether that massive amount of money has generated a positive net return.

Senate Bill 496 could cost the State up to \$2 billion with grandiose claims that will generate \$55 billion. What are the odds of that? Please stop gambling with taxpayer money; stop rewarding out-of-state companies at the expense of Nevada small businesses. Please work on tax reduction and reparation for Nevada's decimated small businesses. Make them whole first before a single dollar is given to California tin cup rattlers.

MARCOS LOPEZ (Nevada Policy Research Institute):

We are opposed to S.B. 496, a proposal which stands to inflate the film tax credits to an astonishing \$4 billion over the span of two decades. Historical data and economic analysis consistently show that film tax credits seldom pay for themselves or compensate for the revenue loss in the process.

Supporters of S.B. 496 who continue to argue while supporting this legislation for higher taxes because there is not enough money for education, mental health services or wage increases for government employees reveal the duplicity and disingenuousness of their arguments. Senate Bill 496 effectively chooses to allocate taxpayer dollars to subsidize film producers and a multibillion-dollar industry over funding critical needs. The Tax Foundation has noted that every independent study of film tax incentives has found they do not pay for themselves in economic growth, jobs or boosted tax receipts. A similar viewpoint was expressed by the National Conference of State Legislatures:

stating last year that states have performed evaluations of their own tax incentive programs have commonly found that despite positive anecdotal evidence that the companies put forward such programs now provide substantial return on investment and if economic development is the goal, other policy avenues might be more productive.

This proposal diverts precious resources away from more impactful public investments. The \$4 billion can be used over the next 20 years to upgrade our education infrastructure, expand mental health services or provide tax cuts for all Nevadans, all of which would provide more immediate intangible benefits to Nevadans.

We oppose S.B. 496.

TINA QUIGLEY (Las Vegas Global Economic Alliance):

We are tasked with fortifying our economy by attracting and growing companies that export services and experience and in doing so, import money into our region that creates jobs paying an average wage or higher than the State average wage so we are not draining our economy but instead are creating a prosperous economy; investing significant dollars in capital and equipment so we know they are here to stay; and diversifying our industry base to broaden our tax base and minimize volatility.

This industry and these projects do all that, but we are testifying in neutral today because we do need some time to review the economic impact studies and return on investment on the tax credits. We know the Legislature will be doing the same.

The Las Vegas Global Economic Alliance sees S.B. 496 as the start of a meaningful effort to build this important, attractive business sector. If done right, we know film production has proven to bring a range of economic benefits to a region, including jobs, increased tourism and the generation of local business activity. We certainly are supportive of these projects and look forward to learning more about the long-term economic impacts through the studies.

JEREMY RENNER:

The draft of this important legislation is awesome. I can attest that Nevada is a dream state in which to film. I have done it, and I am about to do it again soon. We have been busy in Washoe County in northern Nevada filming my show, *Rennervations*, about giving kids opportunities. Filming here is a giant opportunity. We found that for the last several years in northern Nevada and around Reno, the community has been welcoming and all agencies involved have been supportive. Nevada is an incredible state for business and celebrates a competitive and open marketplace, one of the reasons why I live here. I am enthusiastic about the possibility of diversifying my home State's economy and being a part of its future.

I am testifying in neutral today only because I am concerned about the exclusivity this proposed legislation gives to the southern part of the State. Additionally, I am concerned about the total control it may give to a few groups in a massive industry where there is a lot of growth and controlled workforces.

I have worked with several major media companies and studios over the last 30 years including Disney for *Marvel* and Paramount for *Mayor of Kingstown*, and a lot of producers and developers express interest in building and growing studios in locations in the northern part of the State as well when there is a tax incentive to do so. Rural areas in this region, including Washoe County, are ripe for opportunity in this industry. I would like to request an amendment to remove the 20-year exclusivity clause limiting the filming just to Las Vegas. We must allow for applications for more studio locations in other parts of Nevada. It is a big, beautiful State, with a lot of landscape to exploit, especially in the north.

I hope you will expand this amazing idea and include rural areas in northern Nevada. As a stalwart supporter of the community, it is my duty to shed light on this important issue and speak on behalf of the Washoe County that has less of a voice in the building and make sure it is not left out or overlooked by this opportunity.

SENATOR LANGE:

We have received a lot of information, and I look forward to having continued conversations in the future. I thank Birtcher Development, Howard Hughes and Sony and in particular UNLV for their partnership on this project because their investment in our community will help us to get a sustainable economy with great paying jobs into the future. We talk all the time about keeping our kids who go to college in Nevada. It is great to keep our film kids in Nevada and in these great jobs. I look forward to these projects creating a diverse workforce. I know they have already signed project labor agreements and look forward to keeping those jobs in Nevada and in union households.

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CHAIR NEAL:

I have three documents ([Exhibit I](#)) in support of S.B. 496, and I have two documents ([Exhibit J](#)) opposing S.B. 496

We will close the hearing on S.B. 496 and adjourn at 4:13 p.m.

RESPECTFULLY SUBMITTED:

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Connie Summers,  
Committee Secretary

APPROVED BY:

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Senator Dina Neal, 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. 496	C	4	Senator Roberta Lange	Nevada Film Office Video Link
S.B. 496	D	5	Brandon Birtcher / Birtcher Development LLC	Presentation
S.B. 496	E	17	Brandon Birtcher / Birtcher Development LLC	Las Vegas Media Campus Economic and Fiscal Benefits Analysis
S.B. 496	F	27	Michael Nakamoto	Film Tax Credit Proposal Tables
S.B. 496	G	47	Eric Preiss	Attention is the Asset Draft
S.B. 496	H	50	Jim DeGraffenreid / Nevada Republican National Committee	Written Testimony
S.B. 496	I	54	Senator Dina Neal	Letters in Support
S.B. 496	J	54	Senator Dina Neal	Letters in Opposition