

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Eighth Session  
May 25, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 8:05 a.m. on Monday, May 25, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/78th2015](http://www.leg.state.nv.us/App/NELIS/REL/78th2015). In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Paul Anderson, Chair  
Assemblyman John Hambrick, Vice Chair  
Assemblyman Derek Armstrong  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Irene Bustamante Adams  
Assemblywoman Maggie Carlton  
Assemblywoman Jill Dickman  
Assemblyman Chris Edwards  
Assemblyman Pat Hickey  
Assemblywoman Marilyn K. Kirkpatrick  
Assemblyman Randy Kirner  
Assemblyman James Oscarson  
Assemblyman Michael C. Sprinkle  
Assemblywoman Heidi Swank  
Assemblywoman Robin L. Titus

**GUEST LEGISLATORS PRESENT:**

Assemblyman Jim Wheeler, Assembly District No. 39

Minutes ID: 1350



**STAFF MEMBERS PRESENT:**

Cindy Jones, Assembly Fiscal Analyst  
Stephanie Day, Principal Deputy Fiscal Analyst  
Barbara Williams, Committee Secretary  
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll and a quorum was present. Hearing no reply to his call for public comment, Chair Anderson opened the hearing on Assembly Bill 249 (1st Reprint).

**Assembly Bill 249 (1st Reprint): Makes various changes relating to collective bargaining. (BDR 23-521)**

Assemblyman Jim Wheeler, Assembly District No. 39, presented Assembly Bill (A.B.) 249 (1st Reprint). He said the bill was presented to, and thoroughly vetted by, the Assembly Committee on Government Affairs. He appeared before the Assembly Committee on Ways and Means to request the fiscal note be removed, because he did not believe it was needed.

Assemblyman Wheeler said that the main purpose of the bill was to provide transparency and financial stability for the counties in the state. The bill defined legislatively what arbitrators and fact-finders could consider when negotiating a collective bargaining contract. The bill also required a 21-day notice to the public before contract negotiations were completed to give the public time to provide feedback.

Chair Anderson asked for testimony in support of A.B. 249 (R1).

Mary Walker, representing Carson City, Douglas, Lyon, and Storey Counties, said the counties supported A.B. 249 (R1) because it provided greater transparency and put sound fiscal policy into the collective bargaining process. The bill had been amended to address the concerns of the unions. The bill inserted a requirement of finding by the chief executive officer, fact-finder, or arbitrator regarding a local government's financial sustainability in granting salaries and monetary benefits and provided for a three-month general fund balance or 25 percent of expenditures to be excluded from collective bargaining. Additionally, A.B. 249 (R1) required the chief executive officer of the local government to report on whether the agreement was financially sustainable, meaning that the local government employer had the financial ability to pay compensation or monetary benefits in a given amount during the term of the agreement or for three years, whichever was longer. Even though union

contracts were frequently negotiated one year at a time, the contracts typically included increases in salary and benefits that were ongoing.

Ms. Walker said salaries and benefits comprised approximately 75 to 85 percent of local government operating expenditures. Fact-finders and arbitrators were prohibited in A.B. 249 (R1) from considering any nonrecurring revenue or nonrecurring transfers in determining financial sustainability. Additionally, fact-finders could not consider money reserved to pay current or future costs of health benefits for retired employees. She said unions could not expect to bargain for health benefits for retirees and then expect the money the local government set aside to pay for the benefits to be used for salaries and benefits of current employees. Local governments had to have the ability to fund the long-term costs. She thought the bill could be enacted with no fiscal effect on the state.

John Wagner, State Chairman, Independent American Party, said he supported A.B. 249 (R1) and believed it could save taxpayer money.

Chair Anderson called for testimony in opposition to A.B. 249 (R1).

Rusty McAllister, President, Professional Fire Fighters of Nevada, said that the fiscal note was appropriate. He expected the bill would result in a large increase in grievances filed with the Local Government Employee-Management Relations Board (EMRB), which would require additional resources. He believed local governments could use the bill to "hide" funds in a line item in their budget. Once a contract was settled, the government could pull the funds and use them elsewhere.

Ronald P. Dreher, representing the Peace Officers Research Association of Nevada, Washoe School Principals' Association, and the Washoe County Public Attorney's Association, said he was in opposition to A.B. 249 (R1) for the reasons already stated and that the bill required a fiscal note because of the likely increase in grievances filed with the EMRB. He said the Assembly and the Senate had passed Senate Bill 482 (1st Reprint) that provided for guaranteed increases in salary for specific elected county officials without examining financial sustainability, which he thought would violate A.B. 249 (R1).

Mike Ramirez, Director of Governmental Affairs, Las Vegas Police Protective Association Metro, Inc., echoed the previous objections and said he opposed A.B. 249 (R1).

Carla Fells, Washoe County Employees Association, said the employees she represented did not have final binding arbitration and were opposed to

A.B. 249 (R1). She believed there was a fiscal note to the bill, because the only way the employees could challenge the local government was to file a grievance with the EMRB.

Chair Anderson, hearing no response to his request for neutral testimony on A.B. 249 (R1), asked Assemblyman Wheeler whether he had any closing comments.

Assemblyman Wheeler believed that the bill addressed some of the county financing arrangements that had been mentioned in opposition testimony. He asked the Committee to remove the fiscal note attached to A.B. 249 (R1).

Chair Anderson closed the hearing on A.B. 249 (R1) and opened the hearing on Senate Bill 431 (R1).

**Senate Bill 431 (1st Reprint): Authorizes the Supreme Court of Nevada to enter into a long-term lease for office space in Clark County, which extends beyond the 2016-2017 biennium. (BDR S-1133)**

The Honorable James W. Hardesty, Chief Justice, Supreme Court, said that the Supreme Court had offices and a courtroom in the Regional Justice Center in Las Vegas. The space was leased in 2005 for 20 years, and the Court occupied 15,272 square feet on the 17th floor. The lease included base rent and common area maintenance (CAM) charges.

Justice Hardesty said a new facility was being constructed near the Lloyd D. George United States Courthouse. Senate Bill (S.B.) 431 (1st Reprint) provided the authority for the Supreme Court to enter into a new lease. There was space available of almost 24,000 square feet, which could accommodate both the Supreme Court offices and the new Court of Appeals offices. The new space would cost no more than the current lease until 2025, after which the cost would escalate. The new space would have the advantage of housing the Supreme Court and the Court of Appeals in its own building with space to house some additional attorneys and Administrative Office of the Courts staff. He said 65 percent of cases filed in the Supreme Court originated in Clark County, and the new office space would allow more oral arguments to be conducted in Clark County as a convenience to the parties and the attorneys.

Justice Hardesty referred to a comparison sheet in the supporting documentation for S.B. 431 (R1) ([Exhibit C](#)) and noted that the rent for the old space and the new space was identical except that parking and janitorial services would be included in the new lease. The net effect would be a savings of approximately \$500,000 over a nine-year period. The approval of early

termination of the lease on December 31, 2016, had been secured from the Clark County Commission. The contracts had been vetted by the Office of the Governor. He said the language of the bill was similar to the language that allowed the Court to enter into the lease at the Regional Justice Center.

Assemblywoman Kirkpatrick asked what would happen to the rent after the nine-year period during which it was capped.

Justice Hardesty said one benefit of the new lease would be that the Court would pay actual CAM charges rather than a percentage charge based on square footage that was currently being paid to the Regional Justice Center.

Assemblywoman Kirkpatrick asked whether the Court expected that the move to the new office space would be the last move for a while. She noted that the Supreme Court needed an extra appropriation in the current legislative session, and she hoped that it would be able to work within its budget for the upcoming biennium and into the future.

Chair Anderson asked about the expense of security at the new office space.

Justice Hardesty said that the Court currently had a contract with the Eighth Judicial District Court and paid for security separately from the lease expenses. The cost was approximately \$127,000 per year. He said the intent was to extend the contract and place the marshals in the new building, subject to satisfying any security concerns.

Chair Anderson asked whether the Chief Justice thought security expenses would increase because the Court would now be the only tenant in the building.

Justice Hardesty said the new building would be a single-entrance facility covered by two marshals, similar to the entrance security in the Supreme Court building in Carson City. There would be state-of-the-art electronic surveillance equipment installed.

Chair Anderson called for testimony in support of, in opposition to, or neutral on S.B. 431 (R1). Hearing none, he closed the hearing on S.B. 431 (R1) and opened the hearing on Assembly Bill 147.

**Assembly Bill 147: Revises provisions relating to transferable tax credits to attract film and other productions to Nevada. (BDR 32-503)**

Assemblywoman Maggie Carlton, Assembly District No. 14, presented Assembly Bill (A.B.) 147 to address a funding problem with the film tax credit.

During the 28th Special Session (2014), funding was redirected from the film tax credit toward the Tesla project tax credit.

[A six-minute video was shown explaining the film tax credit and the support it enjoyed from individuals working in the industry ([Exhibit D](#)).]

James Reid, President, JR Lighting, Inc., Las Vegas, Nevada, supported A.B. 147 because his was one of the many companies that earned its profit from the film industry. When the film tax credits were enacted, there had been a large increase in feature film and television work. In preparation for the incentive credits, JR Lighting spent \$540,000 in 2013 and \$245,000 in 2014 on new equipment, far more than its normal annual equipment expenditures. The purchases were made based on the experiences of other states where film credits were initiated. His company experienced a 31 percent increase in revenues directly resulting from incentivized projects. Because of the increased business, JR Lighting hired four new full-time employees and was able to provide increased pay bonuses. The company was planning a 133,000-square-foot building with sound stages for an additional investment of \$17 million. The new facility would create 50 full-time jobs, with the ability to hire an additional 150 individuals per day during production periods. JR Lighting and its employees paid taxes and spent most of their income in Nevada.

Joshua A. Cohen, Cohencidence Productions, said his company had its most profitable year after the introduction of the film tax credits, with a 50 percent increase in revenue. Two out of every five new dollars in revenue came from incentivized productions. He was in discussions with six new projects that were ready to apply for the credits when available and could start shooting as early as August 2015. He supported A.B. 147.

Assemblywoman Benitez-Thompson asked whether all of the dollars involved were transferable tax credits or whether some were merely abatements.

Mr. Cohen said there were no abatements in the film incentive program.

Assemblyman Edwards asked whether the bill would grant any tax credits in fiscal year (FY) 2015.

Assemblywoman Carlton said the bill would become effective July 1, 2015, and any transferable tax credit that was not approved would be carried forward and made available for approval during the following two fiscal years.

Assemblyman Edwards asked how much money a movie company could expect to make on a production.

Assemblywoman Carlton referred the Committee to spreadsheets entitled "Statistics" ([Exhibit E](#)). The economic effects included jobs, tourism revenue, state and local taxes, and payroll taxes.

Assemblywoman Kirkpatrick discussed the history of the bill. By 2010, most states had legislated some sort of film incentives, but Nevada had not. The Legislature in the 77th Session (2013) enacted a bipartisan transferable tax credit incentive. In the 28th Special Session (2014), half the tax credits for the film industry were redirected to the Tesla factory project.

Assemblywoman Kirkpatrick said that Nevada had many aspects that filmmakers desired, but without the tax credits, the filmmakers would come and take a picture of the Las Vegas sign, go back to Hollywood, and do the rest of the work on the film. With the tax credits, film companies stayed and completed the bulk of the project in the state.

Assemblywoman Kirkpatrick said there had been a lot of discussion in the previous session about how transferable tax credits worked, because they were a new concept for the state. Now it had become the way Nevada did business. Companies could use the transferable tax credit against the modified business tax, property tax, and business license fees, among others, although the tax credit could not be used for some specific taxes.

Assemblyman Oscarson asked for clarification on the "return on investment with tourism" figure of \$2.64.

Mr. Reid said Nevada had such a large tourism industry that the benefit from filmmaking was a smaller percentage than many other states, but he still calculated it at 0.5 percent. He expected the return on investment would increase in two years when a larger percentage of film spending would involve Nevada labor.

Assemblyman Sprinkle asked what projects Nevada might have lost when the \$10 million was diverted to the Tesla project and what the projections were for the future if the film incentive was fully funded.

Mr. Cohen said he understood there were 20 projects pending at the time the funding was redirected, but he did not know what specific projects might have been cancelled because of the removal of the credits. There were

approximately a dozen projects currently waiting to apply for the credits when they were made available. He anticipated one or two new projects each month.

Assemblyman Sprinkle said it was obvious that adding the \$10 million to the film tax credit incentive program would generate good jobs and a significant return on investment.

Mr. Reid said one show, "Sin City Saints," had filmed the first six episodes in Nevada last year. The producers were waiting for the incentives before shooting more, and if the incentives did not materialize, they would go elsewhere.

Assemblywoman Titus said she was not a proponent of tax credits. She believed that if Nevada had a fair tax policy, companies would choose to do business in the state without government choosing winners and losers. She wondered how the film industry was singled out to be one that received special tax incentives.

Assemblywoman Carlton said Nevada was unique because of profitable, regulated entities like gaming and prostitution. The state supported industries that might develop into major economic drivers.

Assemblywoman Kirkpatrick said she had never been a supporter of abatements, and it was critical to get a return on investment. When the recession hit, every other state was giving film industry incentives, and Nevada missed a growth opportunity. She believed that if policy could help strengthen an economic sector, it was the Legislature's job to support it and then hold the incentivized industry accountable. She also noted that liberal arts majors from Nevada's universities had few employment opportunities in the state, and the film industry was a good opportunity for many of them.

Mr. Cohen said that Ernst & Young had released a report in 2013 showing that the film industry had a 90 percent secondary effect. Looking at \$68 million in film production, incentivized with \$9.5 million of credits, the state was also realizing \$60 million in secondary industries. Nevada had several advantages, including the proximity of Las Vegas to Los Angeles. Crews and executives could get to the filming location in a four-hour drive or 45-minute flight. A star who worked on a television show five days a week could fly home every night if he or she chose.

Mr. Cohen stated that another advantage was that Las Vegas was the entertainment capital of the world. Many companies filmed parts of their productions there, but shot the bulk of a movie elsewhere. He cited a feature



film "Lay the Favorite," which was a \$20 million production. It was filmed in Las Vegas for five days and then in Louisiana for 25 days. The goal was to change that dynamic and incentivize companies to do the full production in Nevada. This was the reason that the incentive program required that 60 percent of a production be filmed in the state, with a \$500,000 minimum of in-state spending to qualify. In 2012, there were no full movies filmed in Nevada, but in 2014, there were six incentivized films and another four or five that were not incentivized.

Mr. Cohen added that graduates from the University of Nevada, Las Vegas and the University of Nevada, Reno were being trained in the film industry. He said it was important to develop the crew base, because Nevada had been a training ground. At one time, students learned their craft and once they were good enough to earn Los Angeles rates, they moved to Los Angeles or Louisiana. He was now seeing an opposite trend, with individuals moving back from California because they saw a future in the industry here. He referenced a petition to the Legislature, "Welcome to Fabulous Nevada Film Incentives" ([Exhibit F](#)), signed by 735 people who wanted film careers in Nevada and supported A.B. 147.

Assemblywoman Titus said she looked at the film industry as being "artificial" because it had no brick and mortar structures. The employees that were brought to the state in search of film work would need infrastructure, such as schools, police, and roads, and she believed the industry was not paying for those sorts of things.

Mr. Reid said his company owned one large building and was contemplating purchasing another. The film industry was somewhat fluid, by nature, but there would always be ancillary businesses that worked directly in the industry. The employees who worked in the film industry in Nevada were finally able to make a living at it, purchase homes, and settle in the state.

Mr. Cohen said that states like Louisiana and Georgia, which had introduced incentives earlier, now had some major filming facilities. When the short-term jobs started increasing, the investors would become interested in purchasing more studio space.

Chair Anderson asked for additional testimony in support of A.B. 147.

Chet Simmons, Top of Mind Solutions, Las Vegas, Nevada, said his company provided social media services to productions and businesses. The film incentive would allow him to expand his customer base beyond tourism and

grow a Nevada business with an office and workers interacting with the film companies. He supported A.B. 147.

Jason Miller, Silver State Production Services, Las Vegas, Nevada, said his company had worked on three films because of the tax credit. On each of the productions, he had hired between 60 and 100 local crew and watched the crewmembers further their careers as they gained skills and experience. All three of the films had been rewritten specifically for Nevada and would not have been made in Nevada without the tax incentives. In addition to creating jobs for Nevadans, the film industry workers who came from elsewhere had spent their per diems in casinos, hotels, bars, and restaurants and for taxis and dry cleaners. These individuals stayed in town for at least 25 days. He said his company had about five films waiting and ready to go as soon as there were dollars available for the tax credit.

Randy Soltero, representing the International Alliance of Theatrical Stage Employees, said he supported A.B. 147. He mentioned that there had been bipartisan support for the policy of film incentives in Senate Bill 94, which was on the Governor's desk. The stakeholders in the film industry in Nevada had been responsible for presenting the tax credits to the Legislature in the 77th Session (2013) and had maintained a broad coalition since then that met regularly to monitor and ensure that the industry was moving forward. He emphasized that Nevada securing series television like "Sin City Saints" in the first year of a tax incentive program was remarkable. Another series, "Monopoly Millionaires Club," was being shot on a new sound stage in Las Vegas. He urged the Committee to approve A.B. 147.

Fran Almaraz, representing the Teamsters Local 14, Teamsters Local 631, and Teamsters Local 986, said the film incentive program had provided work to many drivers who had been hit hard by the recession. She urged the Committee to support A.B. 147.

Chair Anderson asked for those in support of the bill in Las Vegas to stand. Most of the people in the room stood up.

Bryan Hoopes, High Sierra Video Productions, Incline Village, Nevada, said he had worked in the film industry for 25 years. He fully supported A.B. 147 and said it was critically needed to draw the film industry to Nevada.

Chair Anderson called for testimony in opposition to or neutral on A.B. 147. Hearing none, he asked Assemblywoman Carlton if she had any closing remarks.

Assemblywoman Carlton offered to answer any questions and was pleased to present A.B. 147, which would bring jobs and revenue to Nevada.

Chair Anderson closed the hearing on A.B. 147, and asked the Committee to do a work session on Senate Bill (S.B.) 431 (1st Reprint).

ASSEMBLYMAN ARMSTRONG MOVED TO SUSPEND RULE  
NO. 57 OF ASSEMBLY RESOLUTION 1.

ASSEMBLYMAN EDWARDS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson requested a motion on S.B. 431 (R1).

ASSEMBLYMAN EDWARDS MOVED TO DO PASS  
SENATE BILL 431 (1ST REPRINT).

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

Chair Anderson asked Assemblyman Edwards to present the floor statement on S.B. 431 (R1).

Chair Anderson opened the floor for public comment. Hearing none, he adjourned the meeting at 9:28 a.m.

RESPECTFULLY SUBMITTED:

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Barbara Williams  
Committee Secretary

APPROVED BY:

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Assemblyman Paul Anderson, Chair

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

**EXHIBITS**

**Committee Name:** Assembly Committee on Ways and Means

**Date:** May 25, 2015

**Time of Meeting:** 8:05 a.m.

<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
	A		Agenda
	B		Attendance Roster
S.B. 431	C	Supreme Court of Nevada	Supporting information for testimony in favor of S.B. 431
A.B. 147	D	Assemblywoman Carlton, Assembly District No. 14	Video
A.B. 147	E	Assemblywoman Carlton, Assembly District No. 14	Statistics in support of A.B. 147
A.B. 147	F	The Nevada Film & Television Community	"Welcome to Fabulous Nevada Film Incentives"-petition