

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

**Seventy-ninth Session  
May 26, 2017**

The Senate Committee on Revenue and Economic Development was called to order by Chair Julia Ratti at 5:46 p.m. on Friday, May 26, 2017, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Julia Ratti, Chair  
Senator Aaron D. Ford, Vice Chair  
Senator David R. Parks  
Senator Ben Kieckhefer  
Senator Heidi S. Gansert  
Senator Patricia Farley

**COMMITTEE MEMBERS ABSENT:**

Senator Michael Roberson (Excused)

**GUEST LEGISLATORS PRESENT:**

Assemblywoman Maggie Carlton, Assembly District No. 14

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Joe Reel, Deputy Fiscal Analyst  
Tina Nguyen, Committee Manager  
Lex Thompson, Committee Secretary  
Colleen Lennox, Committee Secretary

**OTHERS PRESENT:**

Randy Soltero, International Alliance of Theatrical Stage Employees and Moving  
Picture Technicians, Artists and Allied Crafts  
James "JR" Reid, JR Lighting, Inc.  
Alfredo Alonso, WME | IMG  
Michael Alonso, Caesars Entertainment  
Paul Moradkhan, Las Vegas Metro Chamber of Commerce  
Joshua Cohen, Nevada Camera and Lens, LLC; CohenCidence Productions, LLC  
Fran Almaraz, Teamsters Local 14; Local 631; Local 986  
Sam McMullen, Las Vegas Global Economic Alliance  
Kelly Crompton, City of Las Vegas  
Jason Miller, Silver State Productions

CHAIR RATTI:

I will open the hearing on Assembly Bill (A.B.) 492.

**ASSEMBLY BILL 492**: Revises provisions relating to transferable tax credits to attract film and other productions to Nevada. (BDR 32-1166)

ASSEMBLYWOMAN MAGGIE CARLTON (Assembly District No. 14):

I will present A.B. 492, which was introduced by the Assembly Committee on Ways and Means to address taxation and the transferrable tax credits for the film tax credit program. The hearing in the Assembly was extensive. There were videos, and the theme for the presentation was "Film Works."

The purpose behind this bill is to put extra dollars into the film tax credit program because film does work. We have seen it work, and the State is looking forward to more permanent jobs in film. In the *Executive Budget*, Governor Brian Sandoval included \$2.5 million in film tax credits, which is a great first step.

Assembly Bill 492 puts \$10 million in each year of the biennium toward film tax credits. The bill does not allow more than \$10 million to be used in the first year, but if the first \$10 million is not used, it can roll over to the second year and continue to roll forward each year afterwards. This bill is self-explanatory.

RANDY SOLTERO (International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts):

I want to talk about the history of Nevada's tax credit program. In 2013, Nevada joined many other states in allowing transferrable tax credits for production of the movie and television industry. At that time there were some movies, short productions and television shows that took advantage of that. They came in for three or four months and did a movie and created some good jobs, then they left and another would come along. You are going to hear what we are excited about today, which is the permanent jobs that are created as the industry evolves in Nevada.

You should have an executive summary in front of you ([Exhibit C](#)). Those are some numbers put together and cited by reliable sources. James "JR" Reid can quickly go through the summary and talk about the return on investment numbers and how impressive they are.

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

We are all touched by films, TV shows and the amount of time people spend looking at a screen. Nevada has been lagging in this field, and it is time for us to get back to competing against other states for our share of this important market. It is a clean, nonpolluting, job-creating industry that fits well with gaming and Nevada's image as the entertainment mecca.

Since 2001, the film industry has declined in our State from \$155 million yearly to \$73 million. That is caused by the incentives in other states, particularly in Canada, moving down into the United States through Louisiana, New Mexico and Georgia, and now California has a \$300 million film tax incentive. Incentives tend to bring out-of-state money into our market, creating local jobs and helping to diversify our economy. Incentives were so successful in most of these states that Georgia lawmakers decided to put it into their constitution so it could never be taken away.

The movie industry is nonpolluting and complimentary to gaming, advertising and spending by the crew members. In 2013, the tax credit pilot program created transferable tax credits that could be sold. In its short duration, the program was successful. Spending in the first year was \$8.5 million in incentives that created \$98 million worth of filming.

Last Session, the program was converted into a permanent program but was left unfunded. This Session, A.B. 492 seeks to fund the film tax credit at \$10 million annually and anticipates generation of over \$60 million in incentivized business for Nevada totaling more than \$100 million worth of filming.

Our greatest gain is in tourism. *The Hangover*, *Paul Blart: Mall Cop 2*, *Las Vegas* and *Jason Bourne* are just a few of the recent movies shot here, and all have helped tourism. Film industry is the only industry that advertises our State and reaches more people over a longer period of time, up to numbers of years. Based on our research, we found that equates to a 1 percent increase in tourism.

Regarding return on investment: tax revenues from crews, vendors and suppliers, as well as their employees, generate payroll taxes, real and personal property taxes, food, lodging and rental car taxes, sales and gasoline taxes, business licenses and fees, and tax revenue from gaming and tourism. In [Exhibit C](#), page 2, there are a spreadsheet that shows the impact of the pilot program and a chart that projects the anticipated effect of A.B. 492 through the year 2020. The major difference between the two is due to a sunset in the bill. We no longer would pay incentives to out-of-town, below-the-line labor. Now all that labor would be local labor, which would increase the amount of jobs in Nevada.

ALFREDO ALONSO (WME | IMG):

William Morris Endeavor is an entertainment, sports and fashion company with 6,000 employees globally, 250 of which are now in Nevada following the purchase of Ultimate Fighting Championship also known as UFC. Considering the company's new campus in Las Vegas, the investment in Nevada is significant and is expected to grow.

Senator Ford is responsible for the film tax credit. It has gone through various iterations, and WME | IMG sees the potential for permanent jobs. One of the most interesting things about the company is that it does not do only film or TV. It also does wraparound for sports and UFC. As you can imagine, a company this size, with the reach it has—not only with financiers, distributors, producers, directors and more—carries potential for WME | IMG to provide permanent, solid, good jobs that pay an average of \$35 to \$45 per hour and in many cases, higher.

MICHAEL ALONSO (Caesars Entertainment):

Caesar's will launch a 48,000-square-foot studio space in June, to be located behind Bally's in Las Vegas. It will be the largest soundstage in Nevada. Caesar's has made a significant investment to build this industry and is hopeful it can count on the State to join them in this mission. With these incentives in place, Caesar's expects to host the production of six shows per year which will average six to eight weeks of production each. Caesar's estimates in-state spending to be \$45 million.

The request for \$20 million in tax incentives over the 2-year period is right in line for what is needed. Caesar's is also expecting \$11.5 million in Nevada resident payroll to be generated from 94,500 workdays spread across 420 Nevada residents along with 12,150 room nights from tourists relative to these productions. A lot of the productions are game shows, which attract many tourists. Caesar's supports A.B. 492 and the dollar amount for the incentive.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

The Chamber has supported this idea for the last couple of Sessions and supports A.B. 492. The Chamber supports economic development, and the film industry is an area of growth we would like to see in Nevada. These are good-paying jobs, and we want to support workers in this industry.

JOSHUA COHEN (Nevada Camera and Lens, LLC; CohenCidence Productions, LLC):

Nevada Camera and Lens is a camera rental cooperative that started as a result of the film tax incentive. In 2014, which was the year of incentivized productions, I worked on three productions. During that time there was enough new business to incentivize six figures worth of expenditure for new rental equipment, rental of an office and expansion of payroll. There was a combined increase in revenue of 50 percent, and 2 out of every 5 of those dollars was from the incentivized productions, showing there was a lot of spillover business.

Since the loss of the funding to the incentive program, my business has flattened. When Nevada Camera and Lens did get funding this past winter to shoot a movie, it had to go out of state because it could not shoot the movie in Nevada.

Nevada Camera and Lens is now working with several producers who want to bring incentivized productions to the State. There are local areas waiting to act as film locations and a lot of people are waiting to apply as soon as that window opens. With the passage of this bill, I intend to invest more in the company and local areas as film locations.

I would like to address the tourism estimate of 1 percent mentioned by Mr. Reid. When we were doing our research, we looked at a dozen different locales affected by film tourism. The average tourism bump in those locales was 31.6 percent attributed to exposing a new area on screen. Nevada has such a large tourism base that we are not expecting a 31 percent increase from A.B. 492. When we look at a movie such as *The Hangover*, there was an 8 percent to 10 percent increase in Clark County and Las Vegas room nights and revenues. It is not a direct relationship, but we are all of the opinion that once A.B. 492 is passed and we see dozens of incentivized productions per year that expose Nevada on screen beyond the Las Vegas Strip, it will be a big boost to tourism and a big increase in companies moving to Nevada. People who see Nevada on screen now as children will later employ people and open up manufacturing facilities in 10 to 20 years. If those people view Nevada as a diverse place to live, they will set it in their minds that it is a good place to open their businesses.

FRAN ALMARAZ (Teamsters Local 14; Local 631; Local 986):

I would like to mirror everything that everybody else has said. The Teamsters support A.B. 492. The Teamsters have 300 drivers who work in that industry. When A.B. 492 passes, there will be more jobs available.

SAM MCMULLEN (Las Vegas Global Economic Alliance):

I represent the Las Vegas Global Economic Alliance (LVGEA), which is the economic development arm for Clark County. The LVGEA is extremely excited to be here and supports A.B. 492. Personally, I am happy to see this get to this place. This is a new day, and what you heard in testimony from Mr. A. Alonso and Mr. M. Alonso is about companies that will create permanent jobs in Nevada. This is a watershed change in terms of the evolution of the film tax credit program and that is important.

There is something else that increases our interest, and that is Jonas R. Peterson, Executive Director of LVGEA, who is the individual who helped Santa Clarita develop an enclave that pulled talent and companies from

farther south in California and moved them to Santa Clarita. Because of this involvement, he has expertise in building that to help Clark County and throughout the State. These are the kind of dollars that will help this type of project.

Taxes will not be taken away since they will be used to help companies in place with permanent jobs. Las Vegas Global Economic Alliance looks forward to turning its resources loose. The last time this came up in the Assembly, LVGEA was making contact with those companies and trying to do whatever they could to help.

KELLY CROMPTON (City of Las Vegas):

The City of Las Vegas supports A.B. 492. Economic development is important in the City of Las Vegas as it continues to grow. Assembly Bill 492 will create jobs and incentivize companies to come to the City of Las Vegas and the State.

JASON MILLER (Silver State Productions):

When Silver State Productions had the tax credit, it was able to produce three feature films in Nevada. There was a fourth scheduled; however, that changed when the tax credit was lost. That film was instead shot in Utah. The previous films each have a crew of about 100 people who work for 30 days of prep and 30 days of principal photography. The three movies filmed in Nevada created 180 days of great-paying jobs for local crews.

Recently, without the tax credit, Silver State produced a Chinese TV show which paid out about \$1.2 million in payroll to local crews. For locations, about \$400,000 was spent in local businesses. Gear was rented from local vendors for \$300,000, about 4,000 room nights were rented, \$150,000 was spent with local restaurants and caterers, etc. That is all good news; however, if the tax credit had been available, the shoot days would have been 100 days rather than 49 days. The impact is significant.

Our local crews are getting better every time there is a production, and they are staying and working hard. There is an unbelievable crew base in Las Vegas that can take on any feature that comes into town. Silver State has two features that are ready to shoot at the end of July and one that is ready shoot at the end of August. Unfortunately, without the tax credit both will be lost, the crews will be out of work and the movie shoot will be lost to other states.

MR. REID:

I would like to talk about my company, JR Lighting, and the impact the film incentive had on it.

JR Lighting saw a 40 percent increase in business from 2013 to 2014 due to the incentive. The company was able to hire two full-time employees. New equipment was purchased for \$600,000 to service the incentivized productions.

Then, JR Lighting lost it all. There was a 60 percent loss of business from 2014 to 2015, making it difficult to continue at the incentivized staff level. The company is looking to the future with expansion to a new building that is double the size and will allow competition for new incentivized productions. It will make the future solid for all the employees, customers and members of the film community. Permanent funding will give a chance to attract a television series, and rural locations will have a better chance to attract movies as time goes on.

MR. SOLTERO:

I have talked with many Legislators who are excited about the companies that want to build facilities in Nevada and expand the industry.

CHAIR RATTI:

I will close the hearing on A.B. 492 and open the work session on A.B. 492.

SENATOR FARLEY MOVED TO DO PASS A.B. 492.

SENATOR FORD SECONDED THE MOTION.

THE MOTION PASSED. (SENATORS GANSERT AND KIECKHEFER VOTED NO).

\* \* \* \* \*



Senate Committee on Revenue and Economic Development  
May 26, 2017  
Page 9

CHAIR RATTI:

With no public comment, this meeting is adjourned at 6:17 p.m.

RESPECTFULLY SUBMITTED:

---

Colleen Lennox,  
Committee Secretary

APPROVED BY:

---

Senator Julia Ratti, Chair

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

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	2		Attendance Roster
A.B. 492	C	5	James "JR" Reid / JR Lighting, Inc.	Nevada Film Tax Credit Program Executive Summary