MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON REVENUE

Eighty-Third Session
February 27, 2025

The Committee on Revenue was called to order by Chair Shea M. Backus at 4:04 p.m. on Thursday, February 27, 2025, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 1 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, 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/83rd2025.

COMMITTEE MEMBERS PRESENT:

Assemblymember Shea M. Backus, Chair
Assemblymember Venicia Considine, Vice Chair
Assemblymember Reuben D'Silva
Assemblymember Tanya P. Flanagan
Assemblymember Danielle Gallant
Assemblymember Heather Goulding
Assemblymember Ken Gray
Assemblymember Gregory T. Hafen II
Assemblymember Duy Nguyen
Assemblymember PK O'Neill
Assemblymember Erica P. Roth

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblymember Sandra Jauregui, Assembly District No. 41
Assemblymember Daniele Monroe-Moreno, Assembly District No. 1

STAFF MEMBERS PRESENT:

Michael Nakamoto, Chief Principal Deputy Fiscal Analyst
Susanna Powers, Deputy Fiscal Analyst
Bryan Fernley, Committee Counsel
Kathryn Dodge, Committee Manager
Gina Hall, Committee Secretary
Cheryl Williams, Committee Assistant

OTHERS PRESENT:

David O'Reilly, Chief Executive Officer, Howard Hughes Holdings Inc.
Michael Morgenthal, Senior Vice President and Controller, Worldwide Production Finance, Sony Pictures Entertainment
Simon Robinson, Chief Operating Officer, Warner Brothers Discovery Studios
Guy S. Hobbs, President and Managing Director, Hobbs, Ong & Associates, Inc.
Matt Walker, Director, Community and Government Relations, Howard Hughes Holdings Inc.
Trae Jordan, Senior Analyst, Public Financial Management, Philadelphia, Pennsylvania
Vince Saavedra, Executive Secretary-Treasurer, Southern Nevada Building Trades Union
Danny Thompson, representing IBEW Local 396 and IBEW Local Union 1245
Rob Benner, Executive Secretary Treasurer, Building & Construction Trades Council of Northern Nevada
Michael Brady, Private Citizen, Reno, Nevada
Ciara Byrne, Co-Founder and Chief Executive Officer, Green Our Planet
Evan Louie, Community Leader, Community Advisory Committee, Summerlin Production Studios
Edward Goodrich, Political Director, International Alliance of Theatrical Stage Employees, Local 363
Catherine Francisco, Founder and President, AAPI Chamber of Commerce of Southern Nevada
Gi Yun, Dean, Reynolds School of Journalism, Center for Advanced Media Studies, University of Nevada, Reno
Jay Torres, Founder and Chief Executive Officer, Collectivo Inc.
Tommy Blitsch, Secretary-Treasurer, Teamsters Local 631
Faith Nault, Private Citizen, Las Vegas, Nevada
William C. Horne, representing Goodwill Industries of Southern Nevada
Wesley Harper, Director, Government Affairs, City of North Las Vegas
Ronald Young, Political Action Committee Head, International Brotherhood of Electrical Workers Local 357
Jimmy Schwarz, Organizer, Iron Workers Union Local 433
Ann Barnett, Chief Executive Officer, Nevada Contractors Association
Jason Soto, Chief Executive Officer, Vision Vegas

Deborah Richards, Private Citizen, Las Vegas, Nevada
Prashant Shah, Chief Financial Officer, B.H. Productions Inc., Las Vegas, Nevada
Beverly Williams, Secretary-Treasurer, Southern Nevada Central Labor Council
Pablo Leos, Private Citizen, Las Vegas, Nevada
Emily Shaw, Private Citizen, Las Vegas, Nevada
Eymhy Gateley, Business Representative-Organizer, Teamsters Local 14
Kim Renee, President, Nevada Local Board, Nevada SAG-AFTRA
Peter Guzman, President, Latin Chamber of Commerce, Las Vegas, Nevada
Brandon Morris, Business Representative, Carpenters Union Local 1977
Colleen Jones, Private Citizen, Las Vegas, Nevada
Sy Naoum, representing Laborer's International Union of North America Local 872
Freddy Viszneki, Private Citizen, Las Vegas, Nevada
Sam Dugan, Executive Director, Northern Nevada National Electrical Contractors Association
Robert Diaz, representing Sheetmetal Workers SMART Local 88
Leslie West, Private Citizen, Sacramento, California
Crystal Slaughter, Training Director, Teamsters Local 631
Warren Hardy, representing Associated Builders and Contractors, Nevada Chapter
Alexander Marks, representing Nevada State Education Association
Kaylyn Kardavani, representing New Day Nevada
Robert J. Munson, representing Nevada State Education Association
Tessyn Opferman, representing Nevada Women's Lobby
Serena Evans, Policy Director, Nevada Coalition to End Domestic and Sexual Violence
Brian Wallace, Vice President, Nevada State Education Association
Ed Uehling, Private Citizen, Las Vegas, Nevada
Wiselet Rouzard, Deputy State Director, Americans for Prosperity
John Tsarpalas, President, Nevada Policy Research Institute
Renaldo Barrera, Owner, Extreme Lighting & Grip, Las Vegas, Nevada
Shelbie Swartz, Executive Director, Battle Born Progress
Kerri Finn, Clinical Aide, Pioneer Academy; and President, Carson Educational Support Association
Terri Shuman, Private Citizen, Las Vegas, Nevada
Valerie Thomason, Private Citizen, Las Vegas, Nevada
Vicki Kreidel, President, National Education Association of Southern Nevada
Susan Kaiser, Private Citizen
Andrea Kelly, President, Humboldt County Support Staff Organization, National State Education Affiliate
Phil Kaiser, Private Citizen
Erica Nungaray, Private Citizen, Las Vegas, Nevada
Stephanie Cruz, Private Citizen
Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada
Cameron "CH" Miller, President and Chief Executive Officer, Urban Chamber of Commerce, Las Vegas, Nevada
John Vellardita, Executive Director, Clark County Education Association
Patricia Charlton, Chancellor, Nevada System of Higher Education

Constance Brooks, Vice President, Government & Community Engagement, University of Nevada, Las Vegas
Clarissa Cota, Vice President, External Relations and Campus Operations, College of Southern Nevada
Christopher F. Boeres, Private Citizen, Las Vegas, Nevada

Chair Backus:
[Roll was taken, and Committee rules and protocol were reviewed.] We have a pretty large bill that many people are very passionate about. I want to lay some ground rules for this evening, so we are not here all night. I have an amazing staff who work incredibly hard, but I think it is important we respect how many hours they have to put in tonight; while also ensuring we hear in-depth support, opposition, and neutral testimony about the bill in front of us. My goal is to have us out by 7 p.m. This may involve starting with the presentation, then support testimony here in Carson City, going down to Las Vegas, and then the phone line. If I feel like that is running too long and is going to cut into an opportunity for those opposing the bill to testify, I will cut us off and if time permits at the end we will circle back. We appreciate everybody's opinions regarding this bill. I will open the hearing for Assembly Bill 238 and welcome our presenters.

Assembly Bill 238: Enacts the Nevada Studio Infrastructure Jobs and Workforce Training Act. (BDR S-63)

Assemblymember Sandra Jauregui, Assembly District No. 41:
Thank you for the opportunity to present Assembly Bill 238, the Nevada Studio Infrastructure Jobs and Workforce Training Act, better known as the Summerlin Studios. I am here today before you to highlight the significant economic and employment benefits this bill will bring to Nevada. At its core, A.B. 238 is about investing in Nevada's future, creating opportunities for hardworking Nevadans, growing and diversifying our economy, and establishing a long-term sustainable industry that will benefit our community for decades. The numbers speak for themselves: 19,000 good paying union construction jobs, nearly 18,000 permanent jobs, and an additional $3 billion in annual economic activity, and let me be clear, no tax credit can be earned in this biennium. In fact, more than a billion and a half dollars will be invested and thousands of construction jobs created before a single dollar is earned in tax credit.

Since I was first elected, we have talked about diversifying our economy, and this session we have a real opportunity to do just that—creating careers that will support Nevada families, strengthen our middle class, and shift Nevada's economy away from the boom-and-bust cycle that has defined us since our very beginning as a state. One of the reasons I am excited about this bill is the partnership with Howard Hughes Holdings Inc., Sony Pictures Entertainment, and Warner Brothers Discovery.

First, Howard Hughes has helped build southern Nevada over the last 75 years. They have been civic leaders in helping conserve and protect public and tribal lands, while also building the homes and growing the economy of southern Nevada. They have demonstrated what it means to be a good community partner and have helped shape the future of southern Nevada in a

responsible way. I see Sony in the same vein as Howard Hughes, a company that treats its employees well and will become a part of our community. When I was touring their existing studios, I talked to union members in different departments and different fields, and what kept coming up was how they have been able to build a 15-, 20-, and 30-year career at these studios that allowed them to buy homes, put their kids through school, build a better life, and create generational wealth for their families. Sony is recognized as an industry leader, not just in the quality of their productions, but in their interactions and intentional efforts to build a workforce that is passionate, diverse, and ethical. That is exactly the type of industry leaders we need more of in Nevada, and I am excited to have them start calling Nevada home.

Finally, I am excited to welcome Warner Brothers Discovery to this partnership. Two of the world's major film and television studios are partnering in a joint venture to build a global hub for media production right here in Nevada. Warner Brothers is bringing their own unique culture and voice to this project, amplifying the voices of global storytellers to reflect audiences from around the world. They are making deep investments in Nevada, with a commitment to cultivate Nevada artists and the next generation of global industry leaders. I am excited to welcome them to Nevada so they can build on their strong legacy while also doing good as members of our community.

The construction of Summerlin Production Studios and associated projects alone represent nearly $2 billion in capital investments—all private dollars. This means thousands of skilled tradespeople, electricians, carpenters, ironworkers, and laborers will be employed in the immediate future, building state-of-the-art film studio facilities right here in Nevada. These are high quality union jobs with fair wages and fair benefits, ensuring the men and women building these studios can provide for their families and contribute to our local economy. Once these studios are operational, they will serve as an economic engine supporting nearly 18,000 permanent jobs in film and television production, technology, hospitality, and small business services. These jobs will span across industries, from set designers and camera operators to caterers, security personnel, and local vendors supplying goods and services.

Assembly Bill 238 puts Nevadan's first in line for these opportunities, with workforce training programs and commitments to higher education in the north and the south, designed to equip our residents with the skills needed to thrive in this new growing industry. Beyond direct job creation, this bill will drive economic growth through increased spending in local communities. When productions come to Nevada, they spend money locally on lodging, restaurants, transportation, and retail. The ripple effect of this industry expansion will benefit small businesses, strengthen local economies, and generate additional tax revenue to support public services. Critically, A.B. 238 is structured to provide long-term benefits for the state. The transferable tax credit program is performance based, meaning no tax credits are issued until the required investment and jobs benchmarks are met. This is a smart, strategic approach, that mandates accountability while making Nevada an attractive destination for major film and television productions.

Assembly Bill 238 is a game changer for Nevada. It is a bold step towards economic diversification, job creation, and industry growth. By supporting this bill we are investing in our workforce, creating thousands of well-paying jobs, and securing a prosperous future for our state. I will now turn it over to my cosponsor, our Speaker Pro Tempore, Assemblymember Daniele Monroe-Moreno.

Assemblymember Monroe-Moreno, Assembly District No. 1:
Thank you for the opportunity to speak to you today in support of A.B. 238, the Nevada Studio Infrastructure Jobs and Workforce Training Act. I am here to emphasize the critical role this legislation will play in diversifying Nevada's economy so new job opportunities are available, first and foremost, to Nevadans. Nevada's economy has long relied on a few key industries; gaming, tourism, hospitality, and mining. While these industries are vital to our state, we have seen firsthand how economic downturns and global disruptions put tens of thousands of Nevadans out of work overnight.

Assembly Bill 238 presents a historic opportunity to change the trajectory by establishing a brand-new sustainable studio industry right here in Nevada, which will couple with the entertainment industry we already have here, one that will have created long-term, high-paying jobs and provide economic stability beyond our traditional sectors. By developing the Summerlin Production Studios project and enhancing Nevada's film tax credit program A.B. 238 will position Nevada as a premier destination for film and television production. This is an industry that generates billions of dollars nationwide and with a favorable climate, strategic location, and talented workforce, Nevada is primed to capture a significant share of this market. This is not just about bringing in big name productions, it is about creating a full-fledged studio ecosystem where everything from the production, postproduction, visual effects, set design, and costume design happen right here in our state. More importantly, this bill does not just create jobs; it requires many of them go to Nevadans.

Assembly Bill 238 has some of the strongest local hiring and workforce diversity requirements we have ever seen in an economic development initiative. Production companies that benefit from the tax credit program must hire at least 50 percent of their below the line workforce from Nevada residents. In addition, these companies must submit a comprehensive workforce plan that prioritizes training, hiring, and providing opportunities for underrepresented groups, including women, people of color, the LGBTQ community, formally incarcerated, the disabled Nevadans, veterans, and our active service members. This commitment to local hiring is further reinforced by the Nevada partners vocational training studio. It is a key component of this initiative.

With an $8 million investment, the studio will train Nevadans in film production skills and build a workforce that is ready to meet the demands of this growing industry. This is not just about bringing jobs to Nevada. It is about creating a pipeline; a pipeline of talent that will allow Nevadans to build lasting careers in film and media. Beyond job creation, the economic chain reaction of this new industry will be substantial. Local businesses, restaurants, equipment rental companies, set designers, and transportation services will all benefit from the increased economic activity. Additionally, a $6 million investment will be made in small businesses

throughout the Clark County Redevelopment Agency, delivering benefits so local entrepreneurs and small business owners share in the economic growth this industry will bring. We are building into this legislation, and through partnership agreements, curriculum and apprenticeship programs for kindergarten through grade 12 (K-12) and higher education students, including a 10,000 to 15,000 square foot facility at University of Nevada, Las Vegas (UNLV), with millions in a dedicated funding stream and guaranteed internships for those students.

I am very excited that we are not only creating tens of thousands of new careers with this bill, we are also building a pipeline for the next generation of talent. This is a real-world example of why we have been working so hard and adding the arts back into the STEM [science, technology, engineering, and mathematics] curriculum in our schools. Nevada artists and writers will be creating the future of the film industry, and because of these initiatives built into this bill, and what we have done investing in education over the past several sessions, the next Denzel Washington may very well come from Nevada's students.

Assembly Bill 238 is a forward-thinking strategic investment in Nevada's future. It ensures our state will not only compete in this lucrative film and television industry, but also set a national standard for local hiring, diversity, and workforce development. We have a rare opportunity to reshape our economy, strengthen our middle class, and build a new industry that will benefit Nevadans for generations to come. I urge you to support A.B. 238 and help Nevada take a bold step forward for economic diversification, equity, and job creation, and make what we already know—Nevada is the gold star when it comes to entertainment, but when it comes to the film industry and media, we will be the gold star here in the Silver State.

[A video was shown, Exhibit C. Exhibit D was also submitted.]

Assemblymember Jauregui:
I would now like to invite David O'Reilly with Howard Hughes, Michael Morgenthal with Sony Pictures Entertainment, and Simon Robinson with Warner Brothers, to give brief remarks.

David O'Reilly, Chief Executive Officer, Howard Hughes Holdings Inc.:
I am pleased to have this opportunity to speak in support of A.B. 238 and present a new shared vision for the Summerlin Studios, a project that is transformational both for the state of Nevada, and the film industry worldwide.

Since the first Nevada Film Studio Infrastructure Act was presented in May 2023, Howard Hughes has been engaged in an ongoing dialogue with policymakers, industry representatives, and community leaders determined to work together to create a bill that best benefits all of Nevada. Through much hard work, and perhaps a lot more listening, this process has yielded a thoughtful, creative solution and resulted in a first of its kind partnership, bringing Sony Pictures Entertainment and Warner Brothers Discovery together with Howard Hughes, demonstrating an even stronger level of commitment to investing in our future. This two-year

plus collaborative process has culminated in the bill before you today. The benefits it will bring to the citizens of Nevada are significant: the creation of a more diverse economy and well-paying jobs; the support of education and vocational training; the generation of economic activity; and increased tax revenue.

The proposed project is expected to create and sustain 19,000 jobs during construction and over 17,600 jobs per year upon completion, injecting $2.85 billion of projected economic impact during construction and $3 billion of value into the economy annually upon stabilization. Right from the start we will be putting 19,000 people to work. It is going to have a meaningful impact on our unemployment rate and the economy, and the benefits will keep growing as the studios open; from all the jobs created and all the people who will be living, shopping, and raising their families here as they build thriving careers in Nevada's film industry. There has been no other project that I have seen that creates so many jobs and drives the economy as much as this one does. The average salary for a production employee is $113,000, plus pension and benefits, which is nearly double Nevada's average salary, and these jobs will be part of an industry that diversifies and adds much needed resiliency to the Nevada economy. When I think about the times we have lived through—the pandemic and the global financial crisis when we unfortunately saw the lights on the Strip dim—the studio business and content creation were consistently resilient as people continued to consume content, whether at home or in the theater. I think what separates us apart, A.B. 238 stands truly apart in my mind because this is a trust me proposal, not a show me proposal.

Here we are. We have the land, and the project is ready to go. We will have the Summerlin Studios built, the jobs created, and the significant content produced before the state invests a single cent. We are putting our money where our mouth is. We are putting our money in the dirt and on the screen, investing billions in Nevada's future to deliver the studio, the jobs, and the content all before any credits are issued. We have worked hard to ensure this bill and the Summerlin Studios will be a success. It will have the required infrastructure, world-class content creation, and strong partnership behind it; a first of its kind joint venture that presents a unique generational opportunity for Nevada.

A quick minute on Howard Hughes. We are an $8.9 billion publicly traded company; $9 billion as of today—it was a good day in the NYSE [New York Stock Exchange]—with over $900 million of liquidity, $600 million of cash, and $300 million of undrawn facilities fully available to invest tomorrow. We are one of the country's leading community builders known for our ability to master plan and deliver innovative, large-scale communities or small cities, projects that span tens of thousands of acres and unfold over decades.

I describe Howard Hughes as a community builder and not a developer. I think it is an important distinction. When people hear developer, they think of a company that shows up, buys land, builds a building, sells it, and moves on. At Howard Hughes, we are very different. We create, build, and live in our inclusive sustainable communities, and we stay for generations. We remain an integral part of these neighborhoods, a partner who actively participates, ensuring its long-term growth. I think the selection of Summerlin for this project reflects our community's infrastructure, amenities, safety, and community development

expertise that is unrivaled in the state. Today, Summerlin encompasses 22,500 acres, is home to 127,000 residents, three dozen schools, 200 miles of hiking and biking trails, a thriving downtown Summerlin with the Las Vegas Ballpark, and downtown Summerlin, which over the past several years has attracted more visitors than Disneyland in California.

The addition of Summerlin Studios to our community will bring a new 31-acre world-class production facility that will anchor a 100-acre mixed-use commercial village where we are going to be building retail, hotel, and ancillary office space that will support the studio and our residents. We have been the stewards of Summerlin for over 40 years and will remain involved to ensure success for another 100 years. Why? It is not a project to us. Our employees live and work in southern Nevada. Our employee's children go to school in Summerlin. We live here, we play here. This is our home. Our company and our employees personal and professional success is inextricably linked to the growth of our state. I cannot wait for the day when I can pull into the Summerlin Studios lot, see it lit up, producing incredible content, but more importantly, to see it brightening our future and providing the thousands of jobs and the economic growth that will improve the lives of our residents for decades to come. Our company has always taken a long-term, generational view on the development of our communities, and we believe this bill delivers exactly that.

I will conclude by thanking you on behalf of all the employees at Howard Hughes and Summerlin, and across the country, for the opportunity to speak in support of A.B. 238, in support of its investment in our neighbors and friends, and in support of a more diverse, resilient, and dynamic future for Nevada.

Michael Morgenthal, Senior Vice President and Controller, Worldwide Production Finance, Sony Pictures Entertainment:

Sony Pictures' global operations encompass motion picture and television production acquisition, distribution, exhibition, television networks, thematic streaming services, and operation of studio facilities and production companies around the world. We also own and operate Alamo Drafthouse [Cinema], the seventh largest theater chain in North America. Sony Pictures has earned a strong reputation among American consumers. In a 2024 Axios Harris Poll listing the 100 highest profile companies in the U.S., Sony ranked fourth among the companies with the best reputation. Sony was also named one of the world's most ethical companies for the sixth consecutive year by the Ethisphere Institute, a global leader in advancing ethical business practices.

At Sony Pictures, we see a tremendous potential in the Silver State as a film and television (TV) production hub. We appreciate southern Nevada's proximity to Los Angeles, where so many motion picture producers, content creators, and distributors are located. Sony Pictures recognizes there is already a large pool of talented people working in Nevada on trade shows, live stage entertainment, and concert productions who have transferable skills and expertise in key areas like lighting, cinematography, sound, carpentry production, design, wardrobe, and transportation. We believe our productions can hit the ground running by growing this pool of skilled union labor. There are also many students, the next generation, who are looking to work and thrive in the entertainment industry. They want to stay in Nevada, their home state, to

launch and grow their careers. I would also like to highlight something Mr. O'Reilly said; the average production worker employed on films and series produced by the major studios earns $113,000 per year, plus health and pension benefits. In Nevada, we expect to find a group of talented crews ready to receive our sector's specialized union training and be ready to work on large-scale film and TV productions.

You do not need me to tell you about Nevada's striking mix of iconic natural- and human-made wonders that will provide a wonderful backdrop for storytellers. And of course, there is Las Vegas, the entertainment capital of the world, a city where talent will want to be. That is why I am so excited to testify on behalf of Sony Pictures Entertainment, to express our strong support for Assemblymember Jauregui's and Assemblymember Monroe-Moreno's visionary A.B. 238, the Nevada Studio Infrastructure Jobs and Workforce Development Act. This important legislation will provide Nevada's production incentive program with stability and competitiveness necessary for the investment of hundreds of millions of dollars in the permanent studio infrastructure that is critical to standing up a new film and TV industry in Nevada. This bill will result in hundreds of millions of dollars of direct annual production spending on labor with businesses across the state, creating significant well-paying jobs at a time when the Silver State is experiencing high unemployment. We believe this bill will be a boost for Nevada businesses, a boost for Nevada tourism, and a boost for efforts to diversify Nevada's economy, making the state less vulnerable to economic downturns by standing up a new industry that is recession resistant.

In 1995, I was living in Nevada, working in production accounting on a film called Casino. Thirty years later I am excited to be back in Nevada, working with our partners on this important effort to modernize the state's production incentive, and to set the foundation for the construction of a state-of-the-art studio facility. This bill, with a competitive credit allocation, will position Nevada to succeed in attracting film and television production jobs, an investment that will be felt throughout the state's economy.

Simon Robinson, Chief Operating Officer, Warner Brothers Discovery Studios:
I am particularly pleased today to be seated next to our new partners from Sony Pictures Entertainment and Howard Hughes Holdings Inc. You have heard from David O'Reilly and Michael Morgenthal, their strategic vision, and I would like to take a few minutes to explain our perspective on this.

As you heard yesterday, we announced our partnership in support of A.B. 238. I would first like to commend Assemblymember Jauregui for her work on this bill and acknowledge others who have enabled us to become part of this important measure. With the Committee's indulgence, I would like to take a few minutes to introduce Warner Brothers and the reasoning behind our profound interest in partnering in Summerlin Studios, and our strong desire to do business and build a home in the state of Nevada.

Warner Brothers Discovery Studios is a leading global media and entertainment company. We create and distribute the world's most differentiated and complete portfolio of branded content across film, streaming, and television. Available in more than 220 countries and territories, and

50 languages, our content inspires, informs, and entertains audiences throughout the world with its iconic brands and products, including the Discovery Channel, CNN, TNT, HBO, HGTV, Food Network, Warner Brothers Motion Picture Group, Warner Brothers Television, and not forgetting our growing global streaming product MAX.

While we are a global company, when we land somewhere and make a home somewhere, we embed ourselves in the local community and we strive to be strong corporate citizens and a dependable neighbor. Simply stated, our plan is to bring large-scale film and TV productions here, and to transform Nevada into a globally renowned production hub. In doing so, we are committed to three core principles: consistent production, large scale production, and local engagement. These pillars are essential for driving economic diversification, workforce development, and educational opportunities for Nevadans everywhere. The bottom line is consistent production ensures a steady stream of projects, providing reliable employment and fostering a robust local economy. Large-scale production not only attracts significant investment, but also creates numerous job opportunities and local engagement. Underpinning all of it means collaborating with local talent, businesses, and educational institutions, creating a thriving ecosystem that benefits everyone.

We currently estimate at least 75 percent of our production content spend would go to Nevada-based suppliers. In addition to the economic diversification, our partnership is beneficial for education and workforce development. We are planning on partnering with educational institutions, which we believe is a partnership built for the future. We intend to collaborate with the Clark County School District (CCSD) and the other 16 school districts across the state, as well as all of the institutions of higher learning. We will work closely with the education community to inspire and train the next generation of storytellers. The heart of our workforce development ambitions is creating a place to go for in-career training and upskill opportunities, where Nevadans can find new ways to advance their careers, and where we will give students special access to industry leaders and top talent production resources, along with paid internship opportunities to provide real-world and on-set learning.

In the spirit of brevity, let me state the three fundamental reasons we want to be here in Nevada. First, Warner Brothers Discovery spends around $20 billion a year on content, so the financial commitment we will be making to the state is one we can easily meet. Second, we will fill the space we are building. Today in our studios in Burbank, California and Leavesden in the United Kingdom (UK), we do not have space to accommodate all of our productions, which means we need to shoot in other facilities. We would much rather be shooting our own content in our own spaces here in Nevada. This is important, because we will not just be operating with stages in Summerlin Studios, we will be fully occupying them too, and that occupancy is a keystone to unlocking success for Nevada.

Lastly, we have done this before; twice. Our Warner Brothers Studio lot in Burbank is owned, operated, and occupied. Recently we passed our one hundredth year anniversary. It is where some of our most iconic films and TV shows have been made; Casablanca, Rebel Without a Cause, Blade Runner, all the way through to Friends, E.R., and Big Bang Theory. At that facility, we are currently expanding by an additional 16 stages. In Leavesden in the UK, where

in 2010 we spent ten years making the Harry Potter films, we bought the site at the end of that period, upgraded the facilities, opened the making of the Harry Potter studio tour, and opened the studio to productions in 2012. It is now a world-class facility, and thanks to tax credits in the UK, we film many of our biggest blockbuster films and TV series like Barbie, The Batman, Game of Thrones, House of the Dragon, and of course the upcoming Harry Potter TV series that will be filmed by HBO. We are currently expanding that facility by a further ten stages.

To wrap up, I want to emphasize one more time the importance of our commitment, which will be vital for fostering economic growth, developing the workforce, and enhancing educational opportunities. Consistent production provides stability and growth. Large-scale production will bring significant investments and job opportunities, and underpinning all of it will be a local engagement, which will foster a thriving community and ecosystem. We believe this wholistic approach is essential for making our vision a reality and ensuring a long-term success for Summerlin Studios and the state of Nevada. On behalf of Warner Brothers Discovery, we urge you to support A.B. 238. My colleagues and I are happy to answer any questions at the appropriate time.

Assemblymember Jauregui:
We would now like to turn it over to Guy Hobbs with PFM [Public Financial Management] to go over an economic and fiscal presentation. We have Mr. Hobbs joining us on Zoom.

Guy S. Hobbs, President and Managing Director, Hobbs, Ong & Associates, Inc.:
I have served as the project coordinator for the development of the fiscal and economic impacts for the proposed project. With me today are my colleagues with Public Financial Management, Kevin Plenzler and Trae Jordan. Our role in this project was to take information provided to us by the developer, Howard Hughes, along with production spend information provided to us by both Sony and Warner Brothers Discovery, along with other industry data, and produce estimates of fiscal and economic impacts that are estimated to come about as a consequence of this project. You have heard reference to a lot of those numbers in the remarks that have been made up to this point. In putting all of this together, we used a number of different pieces of information, not the least of which is the project site plan, construction timelines, cost estimates, project components, spending estimates, and industry data, to produce some of the numbers that you will see today. For the fiscal impact part of this, we developed our own model that really leans on our understanding of the Nevada tax structure. For the economic impacts, we use the widely used and widely accepted IMPLAN model and database specifically for Nevada.

We were mindful throughout this process that our objective—and we had a number of conversations about this with Howard Hughes and the other members of your team—was we wanted the numbers we produced to be as realistic and reasonable as humanly possible. In other words, we tended to be very conservative, and we placed a premium on producing numbers that, given the data, should be considered quite realistic. I will ask Trae Jordan at this time to go ahead and bring up our presentation [Exhibit E]. I believe you all have our deck in front of you. I am not going to spend time on every page of this, but I will try to touch on certain highlights I think are important to consider as we go through this.

This first slide [Exhibit E] happens to be an executive summary right up front. What I am going to speak about, with respect to this slide, we will cover in a little more detail in slides to follow. As you all are undoubtedly aware, the proposal is for an aggregate film tax credit program of $120 million per year for 15 years; $95 million of that for the primary productions and an additional $25 million for independent productions. Because there is already a $10 million tax credit program in place in Nevada that would essentially go away. Our analysis uses a net of $110 million of tax credits a year, which you see in the second bullet point down. Again, our analysis focused on both the fiscal side and the economic side of this. We will hopefully point out some of those highlights, and the differences between the fiscal side and the economic side.

In summary, the fiscal impact part really deals with funds expended by the state, or made available by the state, for this program compared to tax revenues that are generated and returned to the state, or other units of government within the state; that is the fiscal side. The economic side focuses on things like job creation—you have heard that referred to a number of times today—economic output, generation of wages, and those sorts of things. We will go into both sides of that over the course of the next few slides, but in summary, the investment made by the state using the $110 million net tax credit over 15 years is $1.65 billion. The expected direct tax return to the state over that same period is $335 million, which represents a 20 percent return over that period. Now, when you combine that with local government revenue that will also be generated, so we are looking at it from an all-public revenue standpoint, state and local perspective, it is about a 46-cent return on each dollar, or a total of $755 million over the 15 years. Again, we are going to go into this in a little bit more detail, but I also want to touch on some of the economic impacts.

As was mentioned by Mr. O'Reilly, the total amount of jobs supported during the construction period, which is estimated to be a 7- to 8-year period, is nearly 19,000 jobs. More than 12,600 of those would be direct jobs during the construction phase, and the economic impact during the construction phase would total $2.87 billion. When all the different project elements are brought online, and the studios would be one of the first elements brought online, the economic impact at stabilization is over $3 billion per year. Direct jobs supported and stabilization are estimated to be in excess of 9,300, and a total of 17,680 supported jobs each year after stabilization is achieved. Looking at ratios, the gross economic return on investment—and we will have a couple of other ways to show you how we compute these ratios as we move through this deck—for every dollar spent, we expect an economic return on investment of nearly $25.

I want to talk a little bit more about fiscal impact and I will not get too far into the weeds. On the fiscal impact side, we evaluated a number of different revenue sources. We tried to focus only on what we consider to be the material or significant revenue sources. On the bottom bullet on this page, you will see other revenue sources such as business licenses, insurance premium taxes, those sorts of things, that we know will be impacted positively because of the project, but we did not include them in the analysis. We tried to focus on the key and principal revenue sources, including property tax, sales tax, modified business tax, commerce, tax, and transient lodging tax. On this side, under each one of those you see the beneficiaries of each of those tax sources.

This is a fairly busy looking schedule and the ones that follow are probably a little bit busier, but we wanted to give you a sense of some of the assumptions we use to produce these numbers. As I mentioned to you a bit earlier, to produce the fiscal impacts, we essentially created our own model. I have worked with the Nevada tax structure for over 40 years, which is astonishing to me, and it is something I continue to work with very closely, so we used our local knowledge and wherewithal to produce the fiscal impact analysis. One of the things I would like to mention, as an example of us trying to stay on the conservative, reasonable, and achievable side of things, is when we are looking at property tax, the way the state law reads for property tax, it uses the full cash value of the land, and added to that would be the replacement value of improvements, less 1.5 percent depreciation per year, so there is a lot of algebra going on there.

The thing I want to key in on here is the full cash value of the land part of it, and from discussions with Howard Hughes, and the fact they have parcels adjacent to this that they have in fact marketed recently, we know the market value of that land is about $2 million an acre. One of the questions we asked ourselves was, let us make sure the assessor's information is in alignment with what we believe the full cash value of the land to be, because that is the information that actually drives property tax bills. We noted that on a couple of parcels we sampled, the values being carried by the assessor's office are in the $800,000 range. We did not default to the full cash market value. We defaulted to the value we know the assessor is using to actually produce the valuation numbers that are multiplied by the tax rates, that then also produce the tax bills. We tried to give that level of attention to each one of the revenue areas that you see.

In your packet [Exhibit E], and we will not go over that here unless there is a desire to do so, there is a page for each one of these revenue sources; property, sales tax, and commerce. There is one on property tax, where we go into a little bit more detail. The same with sales tax and the same with other tax sources. That is just to provide you a bit more background and information and again, at any time we are more than happy to go into.

We calculate the actual fiscal return compared to the commitment on the part of the state, and as you can see on the right side of this slide, the film tax credit over the course of 15 years would be $110 million times 15 years equals $1.65 billion. The direct revenue back to the state from the taxes that we covered with you a little bit earlier, $335 million, is a 20 percent return on direct state investment. Going to the line below that, when you look at the total tax revenue generated by all public entities, including the county and other overlapping entities, that number moves up to $755 million, or a 46 percent return on the investment. If you look down below, you see that graphically portrayed in the bar charts at the bottom, where the light blue area would represent the total amount of the film tax credits, the dark area at the bottom would be the amount directly returned to the State General Fund and to the State Education Fund, and then the medium blue part of that represents the inclusion of local revenue, along with state revenue. It is interesting to note, and we put this down just by way of comparison, as the program runs and all of the assets are brought on in a stabilized way, and beyond the 15-year term, the numbers get a little bit better over time. This is the fiscal return on investment.

We will skip ahead to the economic return. We will skip the definitions as well but know in your packet are the definitions of a lot of the terms we may be using for this part but I thought we would move right to the summary. During the construction phase of the project, as has been mentioned, total output of $2.87 billion; total employment, including direct, indirect, and induced, of nearly 19,000 jobs, with 12,600 of those being direct; and labor income of $1.3 billion. The box you see below that looks at it on an annual average basis. Again, we have a 7 to 8 percent phased construction period, and if you look at it on an average per year basis, those are the numbers you see in the box below. You have cumulative in total on top, annual and average down below.

At stabilization, the expectation is, and this would be recurring—I think that is the important part of this—17,680 jobs supported with 9,300 of those being direct jobs, total labor income of $1.16 billion, and annual economic output in excess of $3.04 billion.

Included in the packet, we did a quick flyby in an attempt to highlight the industries that would be most affected on a direct, indirect, and induced basis, and you can certainly go back and look at those. We produced some of the return on investment (ROI) numbers looking at the economic output. The gross economic ROI takes the $1.65 billion, looks at the impacted stabilization, and the ROI is $24.66. I think the next one is the most appropriate one to focus on because it looks at the net state investment—this would be after the return of tax dollars to the state. Again, I think this is the more appropriate value to look at, it is nearly $31 per dollar invested by the state. If you look at it on a total tax revenue basis, this would include local governments as well. It drives it up to an excess of $45. I think that midpoint ratio is the ratio that should be focused upon. That very briefly covers a whole lot of detail that was put into producing the numbers that have been discussed today. We appreciate being here and appreciate your time.

Assemblymember Jauregui:
I would now like to walk the Committee through a section-by-section breakdown of the bill. I like to think of the bill in three different sections. The first section is the infrastructure portion, the second section being the noninfrastructure portion, and the third section being the account to provide grants for workforce development.

The first section, sections 1 through 16, establishes a program for film infrastructure transferable tax credits specifically tied to the Summerlin Production Studios project—what we call the infrastructure productions or those filmed at Summerlin Studios. Section 1 names the act. Section 2 provides legislative intent. Sections 3 through 8 provide definitions. Section 9 requires the Office of Economic Development, Office of the Governor (GOED) to enter into a development agreement with the lead participant of Summerlin Studios. This agreement will establish the criteria Summerlin Studios must achieve in order for production companies to become eligible for certain tax credits. The criteria includes, but is not limited to, a capital investment of at least $400 million, a $6 million contribution to the Clark County Redevelopment Agency to support the arts, cultural programs, and training for small businesses in the television and film industry, and a complete construction of the Nevada

Partners Vocational Training Studio. The Nevada Partners Vocational Training Studio will be a facility located in southern Nevada, developed with a capital investment of at least $8 million, and designed to train a workforce for film and television productions.

Section 10 authorizes eligible production companies located at Summerlin Studios to apply for film infrastructure transferable tax credits for qualified productions produced in whole, or in part, at Summerlin Studios. Section 10 also lists where the credits can be applied against, including the modified business tax, the insurance premium tax, a gaming licensing fee, or a combination of the three. Section 10 lists eligibility requirements for productions, including a minimum spend of $500,000, the requirement that the Nevada film logo be used, the requirement that at least 50 percent of the total principal photography days take place in Nevada, and achieves the requirement under section 12 for hiring Nevada residents, which must make up 50 percent or more of the below the line employees. Section 11 specifies qualified direct production expenses that can be used to calculate the tax credit amount. These include purchases and rentals from Nevada businesses, wages, and benefits for Nevada resident employees, and certain fees paid to producers. Section 12 sets the base tax credit at 30 percent for qualified direct production expenses. However, the credits can be reduced if the production company fails to meet certain criteria for employing Nevada residents or offering opportunities to traditionally underrepresented groups.

Section 13 provides the total amount of the film infrastructure transferable tax credits are capped at $95 million per fiscal year beginning on July 1, 2028. Please note, the original $80 million was increased by the conceptual amendment provided to the Committee [Exhibit F]. Section 13 also provides for carry-forward provisions, and most important the reduction in annual amount if credits are not approved. Section 13 states the $95 million authorized annually must be reduced by 50 percent if we use less than 50 percent of the tax credit in three consecutive fiscal years. That way we do not bind the state with tax credits on the books that are not being used.

Section 14 includes provisions for commencing principal photography and completing the qualified production. Section 15 addresses the production company's requirement of repaying credits under certain circumstances. For example, submitting false documents or fraud. Section 16 requires GOED to submit a report to the Governor and the Legislature concerning film infrastructure transferable tax credits.

Sections 17 through 25 is what I call the second portion. This makes changes to the existing program for transferable tax credits for film and establishes these credits as the noninfrastructure transferable tax credits. These are the productions not affiliated with Summerlin Studios, meaning films everywhere else in Nevada. Section 18 clarifies that digital media productions are qualified productions, but productions solely for social media are not. Section 19 makes criteria for eligibility for the noninfrastructure transferable tax credits mirror the requirements for film infrastructure transferable tax credits. It requires at least 50 total principal photography days take place in Nevada rather than requiring a certain percentage of direct production expenses to be incurred in the state. In addition, it requires a production company to have a workforce plan that establishes certain goals.

Section 21 increases the base amount of transferable tax credits from 15 percent to 30 percent of the qualified direct production expenses for applications submitted on or after July 1, 2028, and before July 1, 2043. This section also includes provisions governing reductions in the base if the production company does not meet criteria, such as not employing a certain amount of Nevada residents or offering opportunities to traditionally underrepresented groups, among other provisions. Section 23 increases the amount of noninfrastructure transferable tax credits available to $25 million per fiscal year from the current $10 million per fiscal year commencing on or after July 1, 2028, and before July 1, 2043. Section 25 requires GOED to submit a report to the Governor and Legislature concerning noninfrastructure transferable tax credits.

Sections 26 through 33 are what I call the third section of the bill. These establish a program to provide grants for workforce development in the film and media industry to ensure Nevadans have the job skills necessary to take advantage of these new opportunities. Section 31 creates the Account for Nevada Film, Media and Related Technology Education and Vocational Training. The Account is funded by 1 percent of all transferable tax credits issued to qualify the qualified productions, as well as direct legislative appropriations, gifts, grants, bequests and donations, and interest and income earned in the Account. This section also states 30 percent must be allocated to the Nevada Partners Vocational Training Studio. Section 32 establishes the Board for Nevada Film, Media and Related Technology Education and Vocational.

Section 33 requires the Board to establish the procedures for how people or entities apply for a grant of money from the Account and approve the applications for the grant. Grant recipients must adopt and implement a community benefits program, which includes, but is not limited to, a commitment to workforce diversity for underserved communities, minority groups and veterans, an explanation of actions and strategies implemented to promote workforce diversity; and goals and performance measures that will be used to gauge the success of the program. Lastly, GOED and the Nevada Tax Commission are each required to adopt regulations and implement provisions of this act.

Madam Chair, I would like to note a conceptual amendment was submitted [Exhibit F] which raises the infrastructure tax credit from $80 million to $95 million, and with your permission I would now like to call up Matt Walker, who is here, Guy Hobbs, who you just heard from for any fiscal questions, and Michael Morgenthal and Simon Robinson with the studios back to answer the bigger picture questions.

Chair Backus:
As those gentlemen are making their way back I want to give everyone an update. Since the presentation went about an hour long, we may be going past 7 p.m. I just want to give people a heads-up about that. We are still going to keep to the same format of starting with testimony in support after we ask questions. The other thing is, the questions are not going to go into the time, because we have a lot of people up here who do wish to ask questions this evening, because this is a pretty complicated bill. It is not what a lot of us do.

Assemblymember Gray:
What I want to address first is what will make this program more successful than the Georgia program. There has been a lot of stuff going back and forth, and I think they get 10 cents for every dollar of credit they got. How are you going to do business differently? How soon will the workforce of these production companies be a Nevada workforce and not a California workforce?

Matt Walker, Director, Community and Government Relations, Howard Hughes Holdings Inc.:
I will try to tackle your first question and then ask for help on the second one. To the first question, looking at the direct fiscal return in other states like Georgia, why is this a good investment for the state of Nevada? Over 40 states have film tax credit programs, and over 120 tax credit programs worldwide, and they are expanding them, not contracting them. When you look at the states that are expanding them, we are looking at California, Texas, Massachusetts; states that have high-paying, high-wage sectors in their economy they can lean on in different economic cycles, and they are still choosing, based on the immense benefits they are seeing and the spin they are seeing in their economy, to have bipartisan support for measures like this one. As an example, in Georgia, I believe there is $85 billion in annual output and it is broadly seen on a bipartisan basis as a critical component of the Georgia economy.

Simon Robinson:
I will take the second part of the question. The success of this proposal is really predicated on our ability to build a sustainable workforce, to work on productions as fast as possible. Hence our commitment to a wide range of educational opportunities, reskilling, and training opportunities. The thought that this would work if the workforce coming in were coming in from out of state, the math just does not work for anyone at that point. For it to work in Nevada, and for it to work for us, we need to build as quickly as possible. Now, the incentive does not kick in for a couple of years, the first biennium. That gives us time to work on building those workforces, training people, and getting people online as quickly as possible. From Warner Brothers perspective we have already begun work on that.

Assemblymember D'Silva:
I know this is not a fiscal committee, but can you explain the impact on the state's budget for this biennium vis-a-vis this bill?

Matt Walker:
I will say this is a shovel-ready project, and the economic benefits are going to begin immediately in terms of the economic output, construction, some of the things Guy Hobbs touched on in his presentation. The bill calls for monetization of those credits earned to be paused until July 1, 2028, so this will have no impact in terms of credits being monetized until the 2028-2029 fiscal year.

Assemblymember Flanagan:
The bill talks about jobs for Nevadans, and it also talks about below the line personnel and how that impacts the project. Can you talk about whether that could potentially affect Nevadans jobs because they are not considered essential jobs in a production space?

Michael Morgenthal:
The below the line jobs are typically a broad range, but just to give you a few highlights; electricians, wardrobe, hair and makeup, teamsters, caterers, and those jobs that we expect to hire local and develop Nevada careers. That is essential for the film productions. Every film has those positions and series, so we expect to find and train them through Nevada partners and the higher institutions of University of Nevada, Reno (UNR) and UNLV.

Assemblymember Flanagan:
Because they are tied to qualifying for the tax credits, and then it represents a portion of our population that gets employed, but then potentially cut, does it tie into the 19,000 jobs overall? That is a very high number of jobs. I just want to make sure I am getting a clear picture of where the 19,000 jobs overall come from.

Michael Morgenthal:
I will let Matt Walker answer the specifics of the direct production related jobs at the facility, but it is much lower than the 19,000. The 19,000 encompasses, I think, the direct and indirect.

Matt Walker:
Mr. Hobbs, could you please talk a little bit more about the direct versus indirect jobs?

Guy Hobbs:
The 19,000 jobs include the studio portion of the jobs, as well as the other amenities that will be on the project site, including office space, retail, and other investments that are made on the site. The 19,000 includes jobs for all parts. The packet [Exhibit E] breaks down the studio related jobs from the others. That might help answer that question.

Trae Jordan, Senior Analyst, Public Financial Management, Philadelphia, Pennsylvania:
I also want to clarify the 19,000 jobs will be directly from the construction portion of the project. Those jobs may be easier to be looked at on an annual average. The packet [Exhibit E] includes the construction economic impacts. The jobs that will be associated with this at stabilization of the whole project will be 17,680 jobs. These will be the jobs that are not construction jobs but associated with once the project is finished. The information in the packet looks at the direct jobs, the indirect jobs, and the induced jobs by different project components. The studios portion will have just under 6,000 direct jobs, with a total of 9,156 total jobs; direct, indirect, and induced; all from the studios, and then other project components will contribute to that total 17,000 jobs number.

Matt Walker:
I will just add, Assemblymember Flanagan, this is a much larger jobs number, especially on a recurring basis, than you would typically associate with other projects, or even other film projects. I think really the difference here is the commitment of studio partners, as well as entertainment-oriented development. The certainty that this tax program will be available to these production partners for a long period of time allows private investment from Howard Hughes and our partners to come in and make much more dense and higher investment in the ancillary commercial development. As a master plan developer, we are uniquely positioned to do that quickly and on a complimentary timeline. You really do get a project that is more than some of its parts and is true for the economic impact. That is also true for the employment.

Assemblymember Roth:
My question is in regard to the noninfrastructure credits and then the vocational appropriations, specifically how they impact the north and other rural counties. Many people know my mom was a scenic design artist and International Alliance of Theatric State Employees (IATSE) member for 25 years, and part of that time was here in Carson City. Some of her former colleagues are here. I experienced firsthand what happened when the industry moved out of the area, to the point that the production company she worked for shut down. My question is, can you dig in a little deeper on how this really impacts the populations outside of Clark County and what that looks like as far as the vocational and workforce, and then also actual productions outside of Clark County?

Matt Walker:
I am going to do my best to get the ball rolling on that one and then ask for some assistance from my colleagues. This will not require production to be contained within the walls of Summerlin Studios. As productions need to be on Mars or need to be in a wonderful, wooded area like Lake Tahoe, those productions are going to happen, and with $556 million in annual production spent, there is going to be a lot of activity from Boulder City to Ely happening. We are very excited about that, and when those productions come into town, we are very excited about the local spend, the local catering, and support for hotels that have been associated with that. You talked about what really matters, which is how are we investing in the careers of folks, progressing them, and making them ready for this opportunity, both in the north and south. That is going to be a critical piece of the success here. We have had great conversations and had a group from UNR out to the Culver City lot. We anticipate supporting programming there with equipment, career exposure, paid internship, both for folks who aspire to be filmmakers, but also the engineers, the accountants, all the folks who go into supporting and making this industry a success.

Lastly, the $25 million annually, made available for non-affiliated productions, is really a new concept for film tax credit programs that are infrastructure based, and we are extending the same 30 percent rate of incentive to folks who are not infrastructure partners with the state. We are really bullish on the fact that production companies who want to do business in northern

Nevada, specifically Reno, are going to develop maybe more limited infrastructure, but really activate that with some unique projects. Gentlemen, maybe you could add a little bit of color to that.

Simon Robinson:
Mr. Walker, I think you have answered that very eloquently, but just to pile on top from the studio's perspective, to confirm the commitment that we would expect to be shooting on locations throughout the state, not just within the Summerlin Studio itself. To that end, we are actually in the state at the moment, scouting locations for some things we are likely to start shooting before this bill is even put forward. On top of that, our commitment is to educational establishments throughout the state, north and south, to work equally to build the pipeline of workforce.

Chair Backus:
Before we go on to our next question, I want to provide a message to the Las Vegas location. After we get done with questioning and we start going into testimony in support, the only room we are going to be able to take testimony from is Room 1, but we can see all your wonderful faces in the overflow room. If you are someone here to cheer on other people, and you can rotate out and allow people who are planning to testify to come in Room 1, that would be great, or those watching, after we finish questions need to make their way to Room 1, and we will go to Las Vegas after Carson City.

Assemblymember Goulding:
There is a lot of information here, so I am sure it is going to take us days to digest. I have a couple of questions down in the weeds on pages 30 and 31 [of the bill]. On page 30 you talk about if the 50 percent threshold is not met, there is a 5 percent reduction in the eligibility of the tax credits. Can that be indexed? If only 5 percent of Nevadans were hired, would that still only be a 5 percent reduction?

Matt Walker:
I will do my best to answer that question, and then after some follow up with the film office about how they are envisioning enforcing this penalty structure, I will follow up with additional information. There is intended to be a plan filed with the state and as part of the audit produced for every picture greenlit in the state of Nevada. As part of the program, you will audit and provide your results in terms of how well you comply with your local higher plan. My understanding is, from the current language in the bill, it is a pass/fail test where you either made a good effort and succeeded or you failed, and the penalty would be in terms of reducing your eligible amount by 5 percent. I will phone a friend with the Film Office after this hearing, and I will make sure we are cleared up in the next couple days.

Assemblymember Goulding:
If you just barely miss it, that is significantly different than being off by a huge percent, so maybe the penalty might be different by how far off you were. I am also interested in how you calculate that. On page 31 of the bill, there is a section that talks about how that percentage is being calculated, and it is talking about the total salaries from Nevadans as the top line over

the total salaries. Why use the total salary amount instead of the numbers of employees, because it seems like what we are interested in making sure of is that it is 50 percent of the employees, not 50 percent of the dollars?

Matt Walker:
As a follow up to your previous question, not only is it a requirement of the bill to hire locally, it is 100 percent in the business interest to hire, train, and not pay travel costs associated with bringing folks in. We are 100 percent aligned that we want as many as possible in terms of Nevadans on the project. In terms of how you calculate the compliance with below the line, I think in my eighth or ninth session, sometimes you come up with a good idea that sounds great, and then you find out from other folks who are in the industry and actually applying these measures that maybe your great idea was not great. Here, the intent was to incentivize productions to invest in the career progression of below the line workers because you kind of vote with your feet, vote with your budget, and the best way to demonstrate that you value them and that they are progressing in their careers, you are paying them more. That being said, I think there were some unintended consequences with this approach and after some conversation with IATSE and other stakeholders, we are going to return to that count of folks who are on the productions, for simplicity's sake and to make it clear, but we will continue to exclude background actors from that calculation to ensure what folks may currently commonly think of as extras are not included in that count.

Assemblymember Nguyen:
I am very excited about the innovation piece of this proposal and for Nevada to diversify our economy, we are getting exposed to many possibilities. I see those possibilities in the language of the bill with the vocational training and education facility. I know my colleagues from the north have talked about the traditional university system, and I am glad you are working with those institutions, but what about vocational training for those folks who may not go through the higher education system, and they go through the vocational training process. Does your plan include training that would involve perhaps new technology in the industry? In terms of innovation, that is what we are excited about. Bringing new educational possibilities to Nevadans, and not just for folks in Las Vegas, but statewide Nevadans can gain a new skill set if they happen to not follow the traditional higher education models.

Matt Walker:
I am going to keep my answer brief so folks can chime in, but we are very bullish on the fact that investments in higher education across curriculum lines, to include the Howard Hughes School of Engineering at UNLV, as well as accounting and other specializations, are going to be great components and great partnerships. Below the line reskilling of our workforce is where we feel really confident Las Vegas is going to exceed expectations and come out of this initial, hopefully bill approval, like a rocket ship. Gentleman, can you talk a little bit about the upskilling and employment of folks below the line.

Simon Robinson:
It is a great question, Assemblymember, and it is vitally important to us to address all parts of the educational spectrum. A large number of the crews who work on our shows are not college educated. They come from vocational training. They cover a wide variety of backgrounds. Today, at Warner Brothers, both in Leavesden UK and in Burbank, we have a specific facility called CrewHQ, through which we intake people without college degrees, help train them for working on our sets and place them to work directly in production. It is part of our DNA, and it is part of what we do. The other end of your question around innovation, we work in industry that is constantly innovating. Almost every director I meet wanting to shoot a new movie is telling about some new lights or new camera he wants to use so we have to stay on the cutting edge of that, with the advent and the acceleration of artificial intelligence (AI) and the impact of that on VFX [visual effects]. We spend a lot of money on partnering with all sorts of people, both within higher education and outside of that, around innovation technology. We do exactly the same here.

Matt Walker:
I will just add that Nevada Partners and those training sites, post production, in addition to partnerships to expose folks to careers like Green Our Planet Studios, another great partner, is going to do a lot to get folks excited about those technology careers associated with this. For your district that is growing fast and growing in the technology sector, there is going to be a lot of green shoots and opportunity for synchronicity with, not just direct entertainment companies, but many others.

Assemblymember Nguyen:
Even though I represent southwest Las Vegas, I want to make sure this opportunity is available statewide, that folks here in northern Nevada can also access those vocational training opportunities and all Nevadans can participate. Hopefully, the projects will benefit and diversify our economy, not just in southern Nevada, but the entire state as well.

Assemblymember Hafen:
I want to get down into the weeds on how the incentives are going to work, going through the language. I know there is a conceptual amendment [Exhibit F]. I am looking at specifically how the incentives are going to work with the below the line cost. Currently, it looks like New York and Georgia offer incentives up to 30 percent of the below the line cost. New York is $700 million right now, yet California is only 20 percent of the below the line cost. I know they have a proposal in front of them right now to go to $750 million. I believe you discussed that. In looking at the Nevada proposal, it was not very clear to me exactly where the limitation was going to be on the incentives. Could you touch on what that percentage would be, or a dollar figure, however it is worked out in here?

Michael Morgenthal:
The program we have proposed would be for below the line and other categories above the line. That is what we feel is competitive to attract the productions and the difference between California, Georgia, and New York that you reference. We feel like we are proposing something that is going to fill these stages, create the jobs, and create the careers. There are no specific limitations to a specific category.

Assemblymember Hafen:
If I understand correctly, you are saying 100 percent, potentially, of the below the line cost, plus a portion of the above the line cost?

Matt Walker:
Just for clarification, 100 percent of the qualified expenditures, meaning expenditures that are taking place, spent at local restaurants, or paid to local Nevadans, whether they fall above the line or below the line, are qualified expenditures. Only 30 percent of the cost associated with those qualified expenditures is returned to the production company after their audit in the form of a film tax credit.

Assemblymember Hafen:
So, 30 percent comparable to Georgia and New York, but more than California?

Michael Morgenthal:
Yes. Comparable to Georgia.

Assemblymember Hafen:
In regard to Nevada's current Family and Medical Leave Act (FMLA) requirements under GOED, I know you talked about a lot of jobs. I think there was 17,000 to 18,000 construction jobs, 9,000 direct jobs, another 7,000 to 8,000 indirect or induced jobs. I am curious if these jobs will be subject to those FMLA requirements or if they are going to be classified as independent contractors and not subject to the FMLA requirements under GOED?

Matt Walker:
I would like to defer to staff as to their opinion of the imposition of this requirement to Nevada employees under this act.

Chair Backus:
I believe we have Legal on the line.

Bryan Fernley, Committee Counsel:
As drafted under the bill, there is not a requirement for leave to qualify for the credits. To qualify for the credits, there is no requirement to have any sort of leave policies. Whether those companies have those policies in place, I do not know, but under the bill they do not have to have those policies in place to qualify for credits.

Assemblymember Hafen:
Just so I can understand, this would be different than all the other tax abatements and credits we currently have on the books and would not be subject to the FMLA as drafted currently. Is that correct, Mr. Fernley?

Bryan Fernley:
Correct, to qualify for the credits. There is not a leave requirement to qualify for the credits. There are federal law requirements they would need to comply with, but to qualify for the credits, this does not have the provisions that require leave to qualify for credits.

Assemblymember Considine:
The Georgia transferable tax credits have been brought up, and there is no cap on those at all in Georgia. Then in California, in the last couple of days the Governor has upped the annual transferable tax credits to $750 million. The timing makes me wonder if there is a little gamesmanship going on between our states. Earlier you spoke about how many places are now doing these transferable tax credits or giving these tax abatements around the country and around the world. I do not remember how many states you said, but that brings me to my question. Once the annual allocation of tax credits is used for each fiscal year here, regardless of the number of productions that earn the credits, how do you intend on utilizing the studio site for the remainder of the fiscal year? If utilizing tax credits in multiple states means you use all those tax credits right away in our state, do you go to another state and use additional tax credits? What does that mean to the site? Even though other productions may not be eligible for credits, is that when you lease the space for those productions, or do you intend on creating productions in other states? If you are leasing those studios to other productions, since they are not the two main participants, I think the $25 million cap would be burned through really quickly, if I am correct.

Simon Robinson:
You are correct. Warner Brothers utilizes these incentive programs all around the world. Our annual spend of $20 billion on content, we process about $1 billion worth of tax incentives in a variety of jurisdictions. There is nowhere, outside of California or the UK, where we believe both the structure of the incentive and the location are sufficient for us to make a home, open a studio of our own, and build a sustainable ecosystem. It is not our expectation that there would be unused stage time. The way the model is built, and the way we are doing our production planning, is to fully satisfy the requirement. If there is a period between productions where a stage is empty, we would lease that to a third party, but I find that highly unlikely. Our facility in Burbank has 30-plus stages and 16 extended is fully occupied with our own productions today and is likely to be for the rest of the year.

Matt Walker:
I will just mention that a studio that blows through their entire annual allocation with a single movie and then goes dark is one that loses an immense amount of money. We are aligned with the state in wanting to keep these stages as full as possible throughout the year, and managing the cap is going to be a critical component of that. Additionally I will add specifically, because you mentioned in your question of $25 million being used for productions that are also utilizing

Summerlin Studios, the intent is to create two separate pots of funds that would then have independent productions, whether they be at Paramount or a major studio that wants to do business in the state but does not want to do business with Summerlin Studios or a smaller independent production that just does not need studio space and they are participating in that. There is no intent to have an independent production company come into our studio to utilize that $25 million.

Assemblymember Considine:
On page 21 [of the bill], where it has added that any type of media production created solely for the purpose of posting the production on social media, the definition of social media right now could include YouTube. I also expect that definition of social media will expand over time. In the context of all of this, would that include animations that are made on YouTube, things that are made almost completely online are using a lot of postproduction, because I see that postproduction is included in here. Is that definition of social media going to expand as social media expands, and will that encompass this?

Simon Robinson:
When you think about the kind of stages and facilities we are building, it is highly unlikely they would be used to create short form content for social media. That would be unprofitable for everyone concerned, and in those areas post production for YouTube, Instagram, or Tik Tok is very different from post production in the TV and the film industry. I will defer to my colleagues about the language in the bill and definitions, but from a practical perspective, it would be highly unlikely we would be producing that kind of content in this facility.

Matt Walker:
Since the start of the film tax credit program in the state of Nevada, there have been some hallmarks of what a production of significance would be, because we want to drive employment, we want to drive high quality Nevada spend, and this is just an attempt to capture that new environment. We will work closely with the Film Office to make sure this meets where they see the industry and qualified spend going, but it is nothing more than just updating what a high-quality production of significance looks like, that is going to employ folks. We will certainly follow up as we have additional engagement from the Film Office.

Chair Backus:
On a high level, I want to understand how the tax credit applications are going to work, but first I want to start looking at section 10 of the bill, where it provides that a production company that is located at the Summerlin Production Studios project and that produces, in whole or in part, a qualified production at the project may, on or after October 1, 2025, apply to the Office for a certificate of eligibility for film infrastructure transferable tax credits. I am looking at that October 2025 date, and then understanding that it is not until 2029, I think it is going to kick in for the tax credits. I want to understand what is going to transpire during that period of time.

Matt Walker:
I will say it is indicative of the fact we are shovel ready and we are ready to get to work and bring production to the state of Nevada. The intent is for the Office to stand up the program and begin accepting applications under the program by October 1, 2025, whereas this will be kind of a rolling start in the first fiscal year. The credit authorization, the caps, and everything associated with that are all incurred and will be in place for the 2028-2029 fiscal year, and this is intended to be a rolling start. We think that is exciting because it lets us get an early start, and it also lets us get a rolling start and stand up some of these job training programs and work out some of those issues for maximum impact. We think it is a feature, not a bug, that there are two disparate timelines, and we are committed to making sure nobody is monetizing credits in this biennium.

Chair Backus:
So, then you get the applications. I am assuming work is being produced. What I am trying to understand is when the film is being made, obviously it seems on the back end that the credits are being determined because there is a lot of information that has to be turned over. Are we going to start to see productions, even though the facility would not be completed during that time, so in the second half of 2028, credits would actually be utilized?

Matt Walker:
I am going to bring in our finance expert who does a much better job with the numbers than I do. Mr. Morgenthal, could you expand on that question?

Michael Morgenthal:
Typically, if you have a four-to-six-month preproduction period, we would have the application filed, you would have four and six months of preproduction. You could have up to a year or more of production and post production before we record all our cost. Then we would submit those to a third-party auditor which would take several months to verify all those expenses, then submit that to the Film Office for us to answer any questions they might have, and only then would we be certified that we could start applying those credits against the transferable mechanism.

Chair Backus:
Just to make it easy, so we anticipate that film productions would occur before, if they meet all the requirements, on our books financially, we will see the tax credits as early as what year?

Matt Walker:
Fiscal year 2028-2029. That being said, I think the timeline Mr. Morgenthal laid out and the timelines in the bill, mean there is a significant amount of predictability. These do not just pop up in terms of, Oh my gosh, this is $4 million for this particular production. From the inception of the application process, the state is already getting information about how many credits are anticipated, what the budget is, where the location is, when we think we are going to wrap up principal photography, and what revenue stream you might be looking to monetize. It should be a more predictable program.

Chair Backus:
In looking at the bill, I am trying to understand who the applicant is. It sounds to me that the applicant is the production company. Is that different than the partnership? I am assuming the project may lease to a third-party production company. I am trying to understand who the production company is.

Michael Morgenthal:
The production company can be a Sony-owned entity, or a Warner Brothers Discovery-owned entity, but it could also be if there is space available as the program allows for third parties to come and use those infrastructure credits as well.

Chair Backus:
One of the things I was concerned about, because under *Nevada Revised Statutes* 363B.119, subsection 3, Nevada provides credits for scholarship organizations, and they are hit on a first come first serve basis. In my mind, when I am thinking about these credits, let us say we get a qualifying $360 million project in one project, if it met all the requirements, it could absorb all those credits right from the start. Is that what you intend to do for the production studio and, if not, how are you going to spread those credits about?

Matt Walker:
I will get the ball rolling on this one and then phone a friend. I will just say there is no intent to blow through the budget from a Summerlin Studios perspective. That is not a good business model. Secondly, that is a flaw of the current program, and not only is it not a competitive credit, and a very limited amount of credits that are available, but it is also a first come first serve. If I am planning a production that is 18 months out, I cannot really know with certainty that those credits are going to be available for me, to the amount I want to come in and make the big investment for a high-quality production. We are directly addressing that by having a capped environment with sequestered credits eligible to be earned by productions at Summerlin Studios, but that dynamic of first come first serve is still going to continue in the unaffiliated bucket of funds that are managed by GOED, and that will be something we continue to engage with community members who are already doing filming in Las Vegas, as well as the Film Office, to see if there are any ways to enhance the predictability and access to the market.

Chair Backus:
Changing directions, one of my other big concerns is Nevada's workforce development, and that we really are using Nevadans to be working on these productions. I know we do have the best people, from being able to put up studios in an expedited fashion and all that good stuff. But when I look at this bill it looks like there is really no explicit protections to hire Nevada residents. Rather, you are required to put a plan in place, and one of the parts of the plan, I believe it is in section 10, talks about hiring a diverse Nevada workforce, including geographic Nevadans, but then when I look at other sections of the bill it appears they could get credited for non-residents and it says Nevadans, or others in Nevada, through the payroll calculation. Finally, in a provision regarding the reductions of the 30 percent as the penalty if the workforce does not meet the 50 percent of Nevadans [workforce requirement], then there

is the 5 percent penalty. My concern would be if a production company comes in, takes the 25 percent credit because they do not meet the standard of hiring Nevadans; does that 5 percent go away off the top or could it just roll over to another production company so we then have multiple production companies that could use an out-of-state workforce and just use the 25 percent credit? I am trying to reconcile that in the bill in my mind, because obviously we want to invest in Nevada residents working on these projects.

Matt Walker:
Absolutely. I am going to speak to the components of the bill and then ask my friends at Warner Brothers to expand a little bit on your question as well. We have two requirements. One of those is at least 50 percent of below the line workers need to be Nevadans, and as I mentioned in response to Assemblymember Goulding's question, we are going to be bringing an amendment to further clarify that section. Additionally, there is a requirement that we are extending opportunities to Nevadans that otherwise may not be connected with this new economic opportunity. That includes a wide range of folks from our LGBTQ+ community to veterans to formally incarcerated folks. We think that is a lot of opportunity for success, but it is also a meaningful requirement that we make meaningful community partnerships, and we activate those community partnerships in a way that builds careers. From a business perspective, maybe Mr. Robinson could expand on your question just a little bit?

Simon Robinson:
As a matter of practicality, filming a movie or show here in Nevada, to get the tax credit, and then shipping in 50 to 75 percent of the workforce does not make economic sense for us. Part of what is attractive to us about this is we believe we can build a sustainable workforce here and our intention and hope is that a significantly higher number of the workforce working on the shows are Nevadans. That is what we do in the UK. That is what we do in California. Most of the people who work on our sets in Leavesden, and the lot, I think live within about 15 miles of the studio. Practically, from our perspective, we have no worry at all committing to this level of local workforce and we would expect the number to be considerably higher.

Chair Backus:
I appreciate that, and just for the record it was section 10, subsection 3, paragraph (e) and 19 that pertained to the plan. It was section 12, subsection 2, paragraph (a) that pertained to the 5 percent reduction aspect. I look forward to an amendment that clears that up.

I served in 2020, when we had a financial crisis in the state of Nevada, where we had to go in and basically cut resources. One of my concerns is if in the future, and we have a large number of credits on the books that may be taken, is there any protections in place in a situation like that? I guess it could be up to 120 plus half of that would be like about $180 million in tax credits on the books. I just want to figure out if we had some sort of plan in that kind of situation.

Matt Walker:
This is an important question. I think my first session we came in with a 54 percent General Fund budget shortfall, and that is the type of situation Nevada can find itself in when folks stop traveling, and they are not able to do the activity that drives our economy. That is why we think not only should we go in eyes wide open and make sure this is a fiscally responsible bill, but it is also why it is urgently needed. We have some components of the bill currently that say if we are not utilizing the credit fully, that it is going to start to draw down over time. In that case, if we hit a recessionary cycle, if this is not something pumping out jobs and spend, it is something we have already started to draw down the credits, but it is also something we probably want to keep going. It is kind of a trope, but it happens to be proven out by the data from the Great Depression to the Great Recession to COVID-19, that production spend and production employment is very steady and continues to increase over time. In fact, I think household spend on entertainment increases in those periods in a way that is really unique. This is another leg on the fiscal and economic stool for Nevada and we feel strongly that recessionary periods are the case for doing this. That being said, we are long-term partners with the state and as with other long-term partners of the state, when there is a problem, and as community builders we feel that problem in many unique ways, we are going to come to the table, and we are going to help solve it.

Chair Backus:
My last question, with respect to the investment and return, and this may be a question for Mr. Hobbs, is according to his data there is going to be a 20-cent revenue back to the state on a dollar that the state has invested, and then it looks like to goes up to 46 cents that is inclusive. I would estimate that is 26 cents the county would benefit from. The county is essentially going to benefit in revenue of 26 cents on each dollar that the state is investing through tax credits on this project. Has there been any discussions in involving the county and investing in this project as well?

Matt Walker:
It sounds like nobody wanted to take that one so I will. It is a good question. I would say this is unique in that we are not looking for any local development incentives or abatement of local tax revenues that have been associated with previous economic development projects. In fact, there is a specific prohibition in the bill that ensures we do not try to take advantage of any of those local abatement programs. We are proud of the money that is going to be returned for those goods and services that are so essential to our community in southern Nevada. In terms of creative ways to slice it, it is really important the program be predictable and it follow a set path that can be understood by the industry so we can attract the big major productions. A more creative structure that tries to create a tax district or combine local and state revenues, as it becomes foreign to the industry, can have a significant chilling effect.

Michael Morgenthal:
To elaborate on what Mr. Walker said, we are going to be spending hundreds of millions of dollars a year, and we need to know the reliability of collecting the credits is there. That is why we think this bill proposes over the 15 years the ability to put the investment into the facility, as well as standing up and having production for that period. If that stability was not there, it makes it difficult for us to commit to that.

Assemblymember O'Neill:
I have got to say, it sounds exciting, and I have great faith in the two bill sponsors that they can work on some of the issues, but I have a couple of questions. We have had conversations already from my colleagues talking about Georgia issues. You have said 40 other states are doing this. California is looking at raising their credits to $750 million. It sounds like the industry you are involved in is quite fluid, depending on who is given the best offer. I understand the studio has stopped construction down in Las Vegas. I am from northern Nevada, so I do not go by it, but as I understand it has stopped construction. What guarantees do we have you will stay committed to Nevada without having to increase our transferable tax credits or something else to keep you?

Matt Walker:
I am going to call our CEO, David O'Reilly, up to speak to our ongoing commitment. I think what is unique here is having two big five studio production partners invested in the sticks and bricks, and I think that creates a stickiness that is really unique. Mr. O'Reilly, could you please expand on that?

David O'Reilly:
I think Mr. Walker is exactly right. The three of us at this table are putting our money into building the infrastructure. If we do not stay over the 15-year period, if they do not stay over the 15-year period filming, that money is essentially thrown out the window. To be blunt, and I am often accused of being direct and blunt, I am not here to build a studio. Howard Hughes is not making any profitability in building a studio. Our profitability is in the 17,000 jobs that are created, of folks who will be buying homes, sending their kids to school, shopping in downtown Summerlin, and enjoying everything Nevada has to offer. That is the benefit. These two companies here have agreed to write checks side-by-side with Howard Hughes to build the studio and sign long term 15-year commitments in the studio. They would not be signing those leases, and they would not be writing the checks if they were not going to be here for the 15 years.

Nevada has an incredibly embedded advantage over Georgia, New York, New Jersey, Louisiana, Vancouver, Calgary, Australia, and Dubai; its proximity to Los Angeles and its talented, highly synergistic workforce, that exists here already. For those reasons, and I will ask Mr. Morgenthal and Mr. Robinson, if they were to ask any major movie star, producer, or director where they want to film, and their options are all those states listed above, their first choice every day of the week, and twice on Sunday, would be Nevada. The proximity of those

folks to be able to get home to their families on the weekends, that they could not do filming in Australia, gives us such a competitive advantage over all those other programs, that we are highly confident we are going to keep these studios filled for the entirety of this bill.

Assemblymember O'Neill:
Just to clarify, the information forwarded to me that construction has stopped pending this bill's passage is incorrect.

Matt Walker:
There has been no beginning to the construction of the facility. We are shovel ready. We are entitled, so that may be a portion of the confusion. We have already gone through the Clark County entitlement process, and we are ready to get started right away, maybe even yesterday, but there has been no actual construction started or paused. We are going to go gangbusters should we be fortunate enough to see this bill pass.

Assemblymember O'Neill:
So, it is dependent upon the bill passage?

David O'Reilly:
One hundred percent. Without a bill passage there are no tenants in the studio. Without tenants in their studio there is no studio to build. If there is no studio to build there is no adjacent retail, there are no adjacent hotels, there are no adjacent office buildings. All of that billion eight that we are going to put into the ground is dependent on this.

Assemblymember O'Neill:
Not coming from the south and seeing operations directly, I have to depend upon other people's information, so I appreciate the information. As a northerner I have been involved with three major industries coming to Nevada, asking for some very large tax abatements, and they have all said we will supply and do things for the north, from building a training camp, to playing games, to attracting other industries. One of them has been successful. The other two that went down south, Clark County had skin in the game. They raised taxes for them, and they have been very beneficial. I am trying to find, besides the education, as I said, I have been told several things, but I am looking more definitively about how this is benefiting northern Nevada; my constituents, the people in rural Nevada and throughout, besides just Clark County. Have you approached Clark County, Las Vegas, to have them put skin in the game too on this?

Matt Walker:
I will start first with our commitments and partnerships in the northern part of the state. We see immense opportunity for UNR. We are very bullish on their vision for northern Nevada infrastructure and training. That is going to happen. We are committed and will stop by your office and chat a little bit more about what has been committed to in terms of providing equipment, career exposure, paid internships, and other job opportunities. We are very bullish on the fact that this is going to be a boom for many parts of the state. We are also uniquely positioned, as opposed to a professional sports team perhaps, in that we need a strong market

in the north and in the rural parts of the state to do all of the filming that is anticipated with $556 million in annual production spend. Without a significant and robust pipeline of talent ready to fill those opportunities in other parts of the state where the filming needs to take place, to get the creative vision that is encapsulated for that production, we are going to fail, and we do not intend on failing. We have great partners you are going to hear from in testimony if I can keep my answers shorter. We hope that assuages your concerns, but we will definitely stop by and spend more time with you.

Assemblymember O'Neill:
What about Las Vegas? You left that part out.

Matt Walker:
There is no contemplation in this bill of local abatements or incentives. In fact, there is a prohibition on us seeking local abatements and incentives for those. I think one of the things I did not mention in my previous answer is local revenue sources are often entangled with requirements, bond covenants, shared among other local governments in the case of CTX [consolidated tax], so it would be quite the challenge to take the film tax credit structure and apply those to local government revenues. But again, we are happy to stop by and spend more time with you on that, and I certainly understand the thought.

Assemblymember O'Neill:
I look forward to having you stop by.

Assemblymember Gallant:
Mr. Walker, something you have said to one of the Chair's questions about how you continually keep employment steady right throughout the production, but recently we all experienced the writers' strike, which really brought your industry to its knees. I like to be an optimist, but in this position sometimes you have to be a pessimist. Las Vegas tends to get hit harder during recessions than most communities, most cities, most states, and just economic downturn, and then we have a harder time and a longer time to recover. What would that look like, worst case scenario, with a writer's strike that really brings production to its knees. Let us say you have six months of production, you have earned your entire transferable credits, you have sold them, but then we have six months of nothing. What is going to protect Nevada and Las Vegas from a doom and gloom situation like that?

Matt Walker:
That is what is unique here. When COVID-19 shut down football games, the bonds associated with Allegiant Stadium, that bill was still due. We are very fortunate there were some smart financial planners associated with that project and there was enough to cover those payments. In the case that activity draws down to zero, production spend draws down to zero, employment draws down to zero, the state's commitment draws down to zero, and that is what is really unique about the risk profile of this project. It is $1.8 billion in private funding for the opportunity to earn a certain amount of production credits over time, should we be able to demonstrate we are spending and employing the way we anticipate. In the case we are not, not only are we not receiving any incommensurate benefit but, in fact, over time as we under

employ folks, or underperform, the credit itself allocated for the facility draws down, but there has been a lot of churn at news. Mr. Robinson, can you talk a little bit about how that has impacted your business?

Simon Robinson:
I think Mr. Walker answered the question very well, but to double down on his answer, remember any credit the industry is due back is happening a long time after the money has already been spent and the investment has been made in Nevada.

To get to your question, if there is a strike then we are not able to spend any money so no further liability is going to accrue. To address the prospect of a strike, what happened in 2023 was very unfortunate for the industry. We are a unionized industry. We run a union lot in Hollywood. This would be a union lot, and we would be bound by the negotiation agreements with those unions. They are negotiated on three-year cycles. The deals will be up again soon. I think everyone agrees it is not in anyone's interests—writers, directors, or actors—for there to be another strike. As an industry, we are very focused on making sure that does not happen again. If it did happen, we would not be accruing a tax benefit because we would not be spending any money.

Matt Walker:
I will just add, only 50 percent of the unused allocation would roll over from one year to the other, so what would not be the result is a continued accrual, and in the case of a yearlong or multiyear stoppage, a mass amount of credits would all of a sudden go. Mr. Morgenthal, could you add how you see your studio coming out of the strike?

Michael Morgenthal:
Just to touch on one part of your question, which was how quickly we came back right after the strike ended. We were ready to roll the next day, as far as having everybody back in place and ready to start back up that spin. We obviously cannot control union strikes but as soon as they are over, we are back to work.

Assemblymember Gallant:
In terms of just the return, I am curious how many customers you lost throughout that process? Honestly, I was one of them. I stopped watching television and went back to reading. I am wondering if you saw a dip just because of that.

Simon Robinson:
The most obvious impact was on theatrical business because there were no movies. In the TV business there was a larger stockpile of content and the streamers, in particular, were going overseas to get content made, so the content flow for them did not dry up as effectively. Impact on audiences was not that big, outside of a theatrical community where there was a big downturn, which has picked up again relatively quickly.

Chair Backus:
I was trying to keep questions just to an hour or so. We do have some other questions, if you do not mind, that we will send your way to be answered. I will allow four more questions, but it is going to be a fire around for my colleagues on this side to ask, so if you can keep it really short, and we would be happy if you wanted to supplement them.

Assemblymember Gray:
This question revolves around workforce. I am not going to throw any hand grenades, maybe a firecracker. In some of the letters we have gotten we have been told employment lasts for up to 23 days on average. I went and did my own research and found that to not really be the case. It is south of the year, somewhere between 30 days in a year. What happens to those employees when production wraps? Do they go on unemployment? Does the union take care of them? The other thing I want to touch on quickly, same situation, Assemblymember Monroe-Moreno had mentioned that active-duty troops, military troops—which there is a large base down there—were a target of employment and also, having been a retired Air Force guy, I am wondering how that works?

Matt Walker:
Mr. Robinson, do you want to touch briefly on that, then I will follow up with the components of the bill?

Simon Robinson:
What will make this a success for us is the workforce we build up around the studio. Understand, they get sustainable employment. The minute they roll off an eight-episode TV season, they know that in two- or three-weeks' time, there is a movie starting they can be assigned to. That is how we work in the UK, that is how we work in Hollywood, and that is how we would expect it to work here. Someone working for us, who is plugged into our production community, could expect to have continual employment moving between different productions. We have had people who have worked on the lot for 25 years, on numerous productions, and that is what we would expect to build here too.

Matt Walker:
I will just add that year-round employment—but many employers over that period is one of the reasons when you go to the Culver City lot you see a credit union specifically set up for those folks, because they do understand it is steady employment and high wages. But you are going to fill up your LinkedIn profile pretty quickly with the various productions that are going to employ you over the course of those years. It is also true in certain cases we have met folks from Wheel of Fortune and Jeopardy who have never clocked in anywhere but Wheel of Fortune and Jeopardy in their decades long, generations long career, and that is really exciting to see as part of this industry. In terms of active service members, I think there is an intent to participate in some DOD [Department of Defense] programs that allow for paid placement at the end of service, and we intend to fully engage with Nellis [Air Force Base] and other partners as full partners in this process.

Assemblymember Gray:
To clarify, veterans and former military members then? [Mr. Walker indicated yes.]

Assemblymember D'Silva:
You know I am a school teacher during my day job, and I will tell you one thing, the kiddos are talking about this bill. This bill and the TikTok ban, but that is a whole other level of government. To ask an education question, I know you have dabbled around the issue here through other questions asked by my colleagues, what is your real commitment to partnering with the totality of the education system in the state—with UNR, UNLV, College of Southern Nevada (CSN), Nevada State universities, and the other institutions we have here, specifically our K-12 systems. Are there any concrete plans in regard to partnering with our school districts, our teacher unions, our education advocacy organizations, so on and so forth?

Simon Robinson:
I will speak to Warner Brothers and the current activity we engage in, then pass it on to my colleagues. On the lots in Hollywood and Leavesden, we are highly connected to the local K-12 education system. We have classes come on to the lot. For me, one of the most exciting things is watching the kids come on. We share with them the range of jobs, the kind of things they could be interested in, and a whole new world opens up for them, because when you are 13 or 14 you do not know all the jobs involved in TV production or in filmmaking. We are very active in both of those communities, and we expect to continue to do exactly the same here.

Matt Walker:
I will add from a master plan perspective, K-12 education is an absolutely critical component of what we do, and we intend to further invest with CCSD, not just in current programming. I believe my colleagues were just at the Las Vegas Academy this week. But, also in future partnerships, whether that is after school training and career connectivity through the Clark County facility that we envision or by making land available for free for a purpose-built school of choice, public school of choice. There are limitless possibilities in terms of partnership with public schools and it just happens to be what we have done for a very long time and we want that to continue.

Assemblymember D'Silva:
What about our higher education system, our universities? What kind of concrete partnerships are we looking at developing there?

Simon Robinson:
We are wide open and in conversations with all of the higher education institutions across the state. I know the bill and the work that has been done already contemplates some varied things. In addition, we would look to create a training facility in partnership with higher education that gives their students access to classes, access to work on productions, mentorships, internships, and work closely with faculty to develop those things.

Assemblymember Flanagan:
Is there any intention to talk about actual funding, like a percentage or an amount, or how it would support K-12 based on our Commission on School Funding here in Nevada; and what we are trying to accomplish?

Matt Walker:
There is a mechanism in this bill that would require every production that earns credits to chip back a percentage of those credits into an Education Training Account. Not only are our education stakeholders from across the state represented on the panel, who gets to determine where those grant funds go, but also in terms of the eligibility criteria. We are talking about career programs and arts programs at K-12, public charters, higher education institutions, as well as labor partnerships that exist between those education providers. We are very bullish on the fact that it is self-sustaining. We are also very bullish that we are getting in the game early and a lot of programs have come back and done this later, once they have a mature program. The fact we are starting from day one is something we are really excited about.

Assemblymember Flanagan:
I appreciate that. I am also wondering if we can talk at some point about per-pupil funding or if there is any way it is going to play into that. That is what I am really asking.

Matt Walker:
Yes. We have a chair of that committee on the line in Guy Hobbs. As a community builder this is something that is very important to us as well.

Assemblymember Considine:
There was a question from my colleague from Assembly District No. 40 earlier about the commitment, and the response on the 15 years. You had mentioned specifically the number one reason why Nevada is really great for this is its proximity to LA, the ability to go home at night, and the 15-year commitment. I am assuming the first two are mostly for the above the line folks. On the 15-year commitment my question has popped up that at the end of the 15 years, will the studio still operate but under the current $10 million a year transferable tax credits?

Matt Walker:
Under the current construct of the bill, the existing statute, in terms of the $10 million program that I believe is 15 percent, snaps back into place and this program would sunset. For full transparency, we have reporting mechanisms in place to collect the data in great detail and segregate it by independent productions, productions at Summerlin Studios, and other ways to slice and dice the data, because we hope in 15 years we come back to this body and ask for an extension and strengthening of the program. We also hope you will have all of the data at your fingertips to know that it is absolutely the right investment for our state, where we should be expanding our investment, and where, if any particular sectors within the production industry are underperforming, you might want to draw down or deemphasize.

Assemblymember O'Neill:
I was thinking about Tesla and Interstate 80, and those issues, even the Allegiant Stadium traffic. Again, I do not know Las Vegas well enough, but who is going to be responsible for any road expansion, sewer, water, et cetera? I know you will get permits when you build, but there are still the roads. They do not have to be permitted necessarily. Who is going to be responsible for all that?

David O'Reilly:
Howard Hughes Holdings. As the master developer of the 22,500 acres of Summerlin, we have sized the roads, we have sized the electric, and we have sized the sewer in anticipation of a development of this size on that land. Everything is in place already.

Matt Walker:
In addition to that, in terms of economic diversification and opportunities, this is a very land efficient and very water efficient way to diversify our economy. This is essentially an infill project within a master plan that has already been studied, and not only have we delivered on that road infrastructure and traffic safety infrastructure our CEO mentioned, but we have also delivered on Clark County's Fire Station 35 that is right down the road, the medical infrastructure in terms of primary care and emergency response are right down the road, and a $21 million Las Vegas Metropolitan Police Substation is going to serve this facility and neighboring residents. It is part of what we do.

Chair Backus:
With that, we will conclude our questions for this hearing. I appreciate your willingness to answer some of our questions we will send offline. At this time, I will open the hearing for testimony in support of A.B. 238. We are going to start here in Carson City. I just want to remind people in Las Vegas this would probably be a good time to get up, move around, and stretch your legs. If you are planning to give testimony tonight in Las Vegas, after we get done with Carson City support, you can make your way over to Room 1.

Vince Saavedra, Executive Secretary-Treasurer, Southern Nevada Building Trades Union:
I am before you representing 19 of the 20 construction unions that have the most highly skilled trained workforce in the construction industry. I want to point out and recognize all my brothers and sisters in the south that support this bill. I am going to ask you all, if you are supporting this, to expedite some of the process, to please stand up and show Carson City who is there in support of this bill. [Many people stood up in Las Vegas.] As you can see there are a lot, and in the overflow room as well. Thank you, brothers and sisters, for hanging tough down there.

With that said, I also want to thank Howard Hughes, Sony, and Warner Brothers for signing a project labor agreement on this job that ensures Nevada's workforce will be building this project. We are going to put the community to work in its community, so thank you very much for that opportunity, for trusting us with such a hard project.

Nevada currently faces the highest unemployment rate in the nation, with families struggling to make ends meet. I want to touch a little bit on that, and what that does to the construction workers mental health and substance abuse. When unemployment goes up, so does that. A small statistic here—which is very scary and I think it is not talked about enough in the construction industry—for every one death on the job site, six construction workers commit suicide. To my brothers and sisters who are there in southern Nevada, if you need help, please ask for it. You are not alone.

This legislation is not just about bringing the film industry to Nevada. It is about creating real jobs for our people. Expanding this program means that thousands of union jobs, permanent careers, expanding apprenticeship opportunities, and a chance to diversify our economy. This project will directly benefit local workers for all 20 construction unions and boost small business that supports the production crews. This is more than an investment in film. It is an investment in Nevada and Nevada's working families. I want the Committee to take this opportunity and grow the industry that trains our workforce and shows the world that Nevada is ready to lead.

Danny Thompson, representing IBEW Local 396 and IBEW Local Union 1245:
You have heard a lot of good numbers; 19,000 construction jobs and 18,000 permanent jobs after that. Those are very positive numbers. I want to give you a negative number, 5.7 percent—the highest unemployment rate in the United States today, and that is the state of Nevada. I would submit to you that you can change that number simply by voting for this bill, putting those people to work at good paying jobs. Not just jobs, these positions are careers. These are not people who are going to be on Medicaid or welfare. They have insurance. They make really good wages. They have retirement, and they can take care of themselves. This is truly a step in the right direction, and you can truly impact that negative number by passing this bill, and we urge you to support it.

Rob Benner, Executive Secretary Treasurer, Building & Construction Trades Council of Northern Nevada:
We are here to stand in support of this bill. I do not think people realize how connected construction is between northern and southern Nevada. Our members go back and forth, depending on where the work is. Right now, because of the acts of what this Legislature has done over the past decade or two, we have diversified our economy enough in northern Nevada where construction has been steadier. Right now, we do have the work, and we have a lot of men and women from Las Vegas working on our projects right now, but that is not always going to be the case. There could be a time when we slow down and Las Vegas has the work, and our working men and women will go down to Las Vegas. There is a direct connection between jobs here in the north and there in the south. We need to make sure we provide Las Vegas the diversification we have provided for our workers in the north.

Michael Brady, Private Citizen, Reno, Nevada:
I am a second-generation union member of Laborers Local 169 and a proud member of the Pyramid Lake Paiute Tribe. I am here today representing Laborers Local 169 to express our support for A.B. 238. Assembly Bill 238 represents a transformative opportunity for the state

of Nevada and its residents. The industry that this bill fosters is not merely an economic venture, it is a catalyst for comprehensive progress. At its core, this new industry is a powerful engine for workforce development. It has the potential to generate thousands of much needed jobs across a spectrum of skill levels, from entry level positions that provide crucial on-the-job training to specialized roles that demand advanced expertise. These are not just jobs, these are pathways to stable careers, financial security, and personal fulfillment. The economic benefits of this new industry are undeniable. It will attract investment, stimulate local businesses, and generate tax revenue that can be used to fund essential public services such as education, health care, and infrastructure. Moreover, it will contribute to the revitalization of communities, creating a sense of optimism and hope for the future [read from Exhibit G].

In conclusion, A.B. 238 is a visionary piece of legislation that will usher in a new era of prosperity, opportunity, and progress for Nevada. It is a testament to our state's commitment to innovation, inclusivity, and sustainable development.

I want to have our members here in support to stand as a sign of solidarity. [Numerous individuals stood.]

Chair Backus:
I know there are two rooms in Las Vegas. Could you do a split screen, because I told everyone who is not speaking to go to the other room as well.

Michael Brady:
On behalf of Laborers Local 169, I urge you to lend your full support to A.B. 238. By doing so, you will be investing in the future of our state and its people. Thank you for your time and consideration.

Ciara Byrne, Co-Founder and Chief Executive Officer, Green Our Planet:
I arrived in the United States in 1993 from Dublin with $1,000 and a dream to be a filmmaker, a dream that led me to run a film production company and make hundreds of hours of documentaries for PBS, National Geographic, BBC, and the Discovery Channel. Today, as the co-founder and CEO of Green Our Planet, I lead a Nevada nonprofit that operates the nation's largest school garden and hydroponics program, serving 400 Nevada schools, libraries, and community organizations in 16 of the 17 Nevada counties.

My partner, Kim MacQuarrie, is a four-time Emmy award winning filmmaker from Las Vegas, and the CEO of Green Our Planet Studios, our sister company. Under his leadership, his team has produced over 500 award-winning educational videos and curricula available to every Nevada teacher and student. Together we envisioned connecting Nevada students to the planet through the fusion of film, technology, and hands-on learning in gardens and hydroponic laboratories. Every year, we ask students all across Nevada—north, south, and rural—what they want to be when they grow up, and their number one answer for the past five years has been a storyteller, whether as a YouTuber or creative innovator using technology and media.

Assembly Bill 238 presents an incredible opportunity for their dreams to become a reality. But what I really want to share with you today, and let you know, is we are in the midst of a technological revolution in education. States are racing to integrate technology, AI, and film to create the most impactful learning experience for the next generation. Nevada can and should lead the charge. Imagine if Sony and Warner Brothers Discovery partner with Green Our Planet and Green Our Planet Studios, working alongside Nevada teachers to harness the power of AI and storytelling in classrooms. Imagine a Nevada where innovative educators, major film studios, and cutting-edge technology converge to transform every classroom into a dynamic studio of creativity and learning. By supporting A.B. 238 you will empower our students to become storytellers, innovators, and leaders; pioneering a new era where the fusion of film, AI, and hands-on learning redefines education. Let us seize this moment to position Nevada as a global benchmark for educational excellence and inspire generations to dream bigger.

Evan Louie, Community Leader, Community Advisory Committee, Summerlin Production Studios:

I am here to testify in support of A.B. 238. In the 17 years I have lived in Nevada, I have always heard our Legislature talk about the need to diversify our economy and attract new industry segments. Yet, we all know during COVID-19 our hospitality-dependent economy gave us the highest unemployment rate in the United States, skyrocketing to 30.6 percent in April 2020, well above any other state and over double the national average. We are recognized as one of the fastest-growing economies, but according to a U.S. News ranking, Nevada is first in the nation in terms of joblessness, with a 5.7 percent unemployment rate. Enter in Howard Hughes, Sony Pictures Entertainment, and Warner Brothers, who are committing $100 million a year for the next ten years with 50 percent of the below line workers being local here in Nevada. As you heard earlier from the CEO, David Riley, he is committing to invest $8 million to build vocational schools to train grips, lighting, electricians, and carpenters locally here in Nevada. They are making commitments to earn the tax credits after thousands of jobs and economic development have come from construction and filming.

I spent a significant amount of time meeting with Hollywood executives from the President of the Academy of Motion Pictures, Arts and Sciences; Hollywood producers; Amazon Studios; NBC Universal; William Morris Entertainment; Sony; Warner Brothers; and several other stakeholders, and attended the first American film market conference in Las Vegas for film distribution recently and have been a part of the APFE or Asian Pacific Filmmakers Experience at the Sundance Film Festival. In my conversations with producers, directors, studios, screenwriters, entertainment organizations, and talent, they have communicated not only support for building Hollywood 2.0 in Nevada, but how studios and productions make decisions on their film and shooting locations based on these film tax credits. With the projected economic impact, as mentioned by Assemblymember Jauregui, of $3 billion, 19,000 construction jobs, and creating professional opportunities with the average income of $113,000, let us see our economy flourish together by adding tens of thousands of jobs, reducing our high unemployment rate, and skilling our workforce in a new industry by supporting A.B. 238.

Edward Goodrich, Political Director, International Alliance of Theatrical Stage Employees, Local 363:

I am not going to talk that much about Las Vegas. We support A.B. 238. We see the bill bringing positive growth to the north and rural areas. We are committing to do everything we can to make this legislation a success for northern Nevada. Realistically, this legislation creates an industry as substantial to the state as the current main industries of mining, transportation, and gaming. A new industry, centered in the entertainment mecca of the world, benefits northern Nevada.

The entertainment industry is a hotbed of current innovation on the cutting edge of technology. We have computer generated graphics, CBI [content-based instruction], AI, visual arts, and the ceiling is the imagination. The industry's presence encourages a higher education so we can compete within the world to get these things done. Our industry is the first that has agreements in place regarding ethical use of AI in imagery and audio. We are the leader in this area. I see the north's contribution as a second unit production. Now, not to let you know a dirty secret or anything, but a whole lot of productions have second units, and they go around town. Look out the cafeteria window. That is a good place for a second unit production. That is where we are going to fill in the blanks between the studios, and for that you need trucks, cameras, equipment, construction, housing, catering, production facilities, and most of all people to work them. That is what we have.

Yes, we need training. We need training funds to help us get caught up with the south, but we have been promised by the stakeholders that those will be available. Money spent on location filming properly allocated can be a great benefit to the state, to Battle Mountain, to Elko, to Winnemucca, not just Reno. We go all over the state. It is a great opportunity, and I see a great opportunity for growth. We do not need a studio right away up north—we got that. To address Assemblymember Gray's question about employment, I have been freelance for about 15 years. It is called freelance—the unions have a mechanism to put one person from a job; hey, this one is opening up next week or the next day; boom, it is done.

Catherine Francisco, Founder and President, AAPI Chamber of Commerce of Southern Nevada:

I am here today in support of A.B. 238. The purpose of the Community Advisory Committee is to guide the procurement process and vendor selection, including developing disadvantaged business enterprise and small business pipelines. As an organization dedicated to advancing the economic interest of Asian American, Native Hawaiian, and Pacific Islander (AANHPI) communities we recognize the critical importance of policies that promote equitable opportunities for all businesses. This legislation is a crucial step toward ensuring AANHPI voices are not only represented, but they have greater access to economic opportunities through contracting and procurement within the entertainment industry.

Assembly Bill 238 expands access to contracting and procurement opportunities for small businesses within the AANHPI community. It provides a pathway to greater economic opportunities for entrepreneurs in production, marketing, catering, and other more services. This bill aligns with one of the missions of the AAPI Chamber of Commerce, and that is to

ensure businesses within our community can compete on a level playing field, contribute to the state's economy, promote entrepreneurship, and create jobs for future generations. When AANHPI talent and businesses are given equitable access to opportunities, we all benefit. We strongly urge your support for A.B. 238 and look forward to its passage, which will create a brighter and more inclusive future for all businesses in Nevada.

Gi Yun, Dean, Reynolds School of Journalism, Center for Advanced Media Studies, University of Nevada, Reno:
I had the privilege of visiting the Sony Studio in November, and thanks to Howard Hughes and Sony, I had a fantastic experience talking to the experienced workers there. When I came back to Reno and I talked to some of my students about my experience, they were so excited about the experience I had. Also, to be honest, we have been producing fantastic students who have a job and studios in Hollywood during the past 20 or more years. One of them works at Netflix and another one works at Sky Dance. We want to place our students in more studios like Sony and Warner Brothers This bill will potentially help us place our students in those high paying jobs. Therefore, I would like to support this bill and continue discussing the further amendments if possible. Thank you, and I support this bill.

Jay Torres, Founder and Chief Executive Officer, Collectivo Inc.:
Collectivo is a service-disabled veteran and Latino owned production company based in Las Vegas. While I am a part-time resident, my family has lived here full-time since the eighties, with roots going back to the fifties. My wife was raised right here in Carson City, so my ties to Las Vegas and Nevada run deep. My career in film and television has spanned decades, directing Desperate Housewives and Alias, serving as executive producer for Mr. Mom with MGM and Voodoo, and started my career editing music videos for Aerosmith, Scorpions, and MC Hammer, which have amassed over three billion views. Quality storytelling has always been an important component for my career. I have worked with major studios, networks, and streamers, but my greatest passion now is ensuring Nevada becomes a significant player in film and television, because when my dad asked me to move here full-time, I had to tell him I could not because there was no real TV or film industry in Las Vegas.

I have spent my career telling stories and now I am working to build an industry here in Nevada that creates real jobs and economic opportunities. As co-chair of the Directors Guild of America Latino Committee and a member of the Directors Guild of America political action committee, one of our greatest challenges is runaway production outside of the United States because of tax incentives. Studios are investing in production infrastructure right now as far away as Ireland and Spain, and this bill could stem runaway production and bring it to Nevada. Las Vegas has the potential to become a mecca for film and television production.

At the American Film Market in Las Vegas last year, I moderated a panel discussing the McKinsey report revealing an $18 billion opportunity sitting beneath the surface waiting to be mined because of lack of Latino-themed stories. Nevada knows how to mine resources and turn them into economic power because of its business-friendly approach. The same principle applies here. If we invest in the right infrastructure, we can extract that $18 billion and turn it

into jobs, revenue, and a thriving film economy. I support this bill because it is a step in the right direction, knowing it can get better, but we must ensure that indie [independent] filmmakers, as well as small veteran and diverse owned companies like Collectivo, have a clear and defined path to benefit from it. We need to safeguard and guarantee local businesses and ensure they are not locked out of the opportunities this bill creates. This is not just about tax credits. It is about making sure Nevada's economy and workforce benefit in a meaningful way. It is about building an exclusive industry and creating jobs.

Tommy Blitsch, Secretary-Treasurer, Teamsters Local 631:
I am the principal officer of Teamsters Local 631 in Las Vegas, Nevada. Teamsters Local 631 represents over 7,000 members in southern Nevada covering various industries, including the movie industry. We are in support of A.B. 238. If this entire project is passed and approved, my members would benefit from receiving work during the construction of the project, as my members work in the construction industry; and when the project is completed, as the teamsters represent in the movie industry, the drivers of vehicles, from shuttle buses to big rig trucks. I, too, got to visit the Sony facility in southern California at the beginning of this year. I was impressed with the type of workplace environment they provided their employees, on their campuses, and I am sure this will be the same—medical centers, dentists on campus, childcare on campus. I can say I represent some members at some pretty powerful rich companies. They do not treat their employees like these studios do. Their commitment to the community, during our interviews with them, I thought went well-and-above any type of presentations I have ever been a part of when people ask for our support on bills.

Things that are important to me—I am a 48-year resident of Nevada, I have a grandchild in Nevada, and I have children in Nevada. Their presentation on what they wanted to do for the school districts, for UNLV, where I am an alumni, and UNR, I was impressed. I hope this bill is approved. I would also like to commend the Committee today on their questions and answers. Doing your due diligence is absolutely critical when making a decision like this. Some things that I did not even think of, an Assemblymember brought up military veterans and active military. I have a son who is active military. Honestly, during my questions and talking to these studios and production companies, I did not even think about something like that. I think that shows we have a Legislature in Nevada that cares about everyone.

I heard conversation about northern Nevada. My father is retired and lives in Ely. I believe Mr. Walker, during his presentation, brought up they would be doing projects in the town of Ely. I visit Ely. My family visits Ely. I think a project going on there would be a great stimulus for their economy, and other small towns in Nevada. I would like to commend all of you for your questions. I thought they were very good. I thought they covered things that even some of us did not think of. Thank you for your time and for your consideration. Thank you for considering all of Nevadans when deciding what you are going to do with this.

Chair Backus:
For the purpose of moving directions, we will take the last three who are at the table and then we are going to go to Las Vegas.

Faith Nault, Private Citizen, Las Vegas, Nevada:
Thank you for this opportunity to speak. I am a filmmaker and a proud UNLV alumni. I am proudly standing in support of A.B. 238. I am a born and raised Las Vegas child and my father is also born and raised [in Las Vegas], and that is a point of pride for both of us. I love Las Vegas, but I am often told that with my film degree, I will have a much better time and luck moving to LA, New York, or Atlanta. I know many talented fellow alumni and graduates are either already there in these places or planning to move there. I want nothing more than to be on movie sets, working on a sound stage, or even running errands for productions, because I like doing that sometimes. My ultimate dream though is to direct, but I cannot even work toward that goal without the opportunities this bill can help create. Opportunity is the key to this bill. With this bill, not one, but two major studios are promising to create those opportunities and invest in Nevada's economy and to invest in my future.

Just thinking I might finally be able to live my dreams, and in my own backyard no less, brings me so much excitement. It is not just my own, but so many film students and alumni who are just waiting for this exciting opportunity. The place I have grown up in and I love deeply deserves a new set of lights, not just the ones on the Strip, but ones that include lights, camera, action. I urge your support for this bill, the bill of opportunity, A.B. 238.

William C. Horne, representing Goodwill Industries of Southern Nevada:
Goodwill Career Centers provide free services, which include coaching, training, and placement with local employers and growing industries. Goodwill is in support of new industries in southern Nevada, and should the film industry find a home in Nevada, Goodwill is ready and able to provide workforce through its stagehand program. Now if you have been to a live event, such as sporting events, music festivals or the like, you have enjoyed that entertainment because of stagehands. Goodwill also has the ability to create a training program in areas the industry would find beneficial, that they do not currently provide in their stagehand program. By working with these film industries, we can provide job opportunities for these citizens of our state who go through Goodwill in seeking training for job opportunities, and for those reasons, Goodwill Industries of Southern Nevada supports A.B. 238.

Chair Backus:
I feel bad for the two gentleman who joined the table. We are going to finish with our last person and then we are going to go to Las Vegas.

Wesley Harper, Director, Government Affairs, City of North Las Vegas:
We appreciate all the hard work done by Assemblymembers Monroe-Moreno and Jauregui to bring this bill forward, including the stakeholders who are putting this opportunity before Nevada. We think this is a solid bill, good for Nevada, therefore good for the City of North Las Vegas. Thank you for allowing my statement of support.

Chair Backus:
With that, we are going to go down to Las Vegas and thank you folks for being ready to go. If we could start with Mr. Young, that would be great.

Ronald Young, Political Action Committee Head, International Brotherhood of Electrical Workers Local 357:
I represent IBEW Local 357 in southern Nevada and the 4,200 members we have there. We think this bill can really change the landscape of Nevada in such a positive way, creating opportunities of change and lifetime employment. With that, I urge you to support this bill.

Jimmy Schwarz, Organizer, Iron Workers Union Local 433:
I proudly represent the men and women of the Ironworkers Local 433 here in Las Vegas. Some of them are here today. What you do not see are the hundreds of our members working away from their homes, separated from their spouses and children. They are missing birthdays, anniversaries, and other important moments with their families because of Nevada's high unemployment rates. Today, I am not only asking you to support A.B. 238, but for you to bring your citizens, my brothers and sisters, home.

Ann Barnett, Chief Executive Officer, Nevada Contractors Association:
I am in support of A.B. 238. The development of film infrastructure will not only diversify our state's economy, but also generate significant construction projects benefiting local contractors, small and diverse contractors, suppliers, and provide thousands of great paying jobs. Investing in workforce development and infrastructure aligns with our commitment to building a strong economy and we ask that you support A.B. 238.

Jason Soto, Chief Executive Officer, Vision Vegas:
I am a proud Las Vegas native. In 2022, my team and I actually launched Nevada's first virtual production film studio under the brand Vu Technologies, earning recognition from Senator Edgar Flores, local unions, the LVCVA [Las Vegas Convention and Visitors Authority], the Latin Chamber, and the Nevada Film Office for our investment in film and TV infrastructure in Nevada. What this did was attract top film studios, global ad agencies, content creators, and local filmmakers, leading to top feature films, commercials, and documentaries being filmed right here in the state of Nevada. We also prioritize education by partnering with UNLV College of Fine Arts Film School to create a workforce development program and a virtual production studio right on campus. Now, through my new organization Vision Vegas, we plan to invest over $30 million in new studio infrastructure to further grow and support Nevada's film and TV industry.

I strongly support A.B. 238, which offers a forward-thinking film tax incentive program to support and attract Sony Pictures and Warner Brothers Discovery, and many new industries supporting businesses in Nevada. I urge the State Assembly to pass A.B. 238 and seize this opportunity to transform our economy and create a competitive edge for Nevada. By supporting this bill, you are investing in job creation, workforce development, business growth, and the thriving creative industry that will benefit all Nevadans for generations to come [read from Exhibit H].

Deborah Richards, Private Citizen, Las Vegas, Nevada:
I am an independent director and producer. I have lived in Nevada for 26 years. In 2013, while at the College of Southern Nevada, I won four Southwest Production Emmys, and have since directed over 200 national TV commercials and two Vegas Centric feature films, all here in the state. My next feature film has a $3.5 million budget, and it is scheduled to shoot next year. My team and I are looking at locations like Louisiana and West Virginia because of our fiduciary responsibility to our investors to mitigate risk by taking advantage of out-of-state tax incentives. What is worse, to qualify for these out-of-state tax incentives, we have to hire the majority of our workforce out of state. I am just one of many rising star filmmakers in the state of Nevada who have entire teams and crews of Nevada residents who would benefit from our millions of dollars spent here. There is no logistical reason why we cannot shoot my next film in rural Nevada, and that is why I support this bill.

Prashant Shah, Chief Financial Officer, B.H. Productions Inc., Las Vegas, Nevada:
I am a producer, director, and resident of Las Vegas. I am here in support of A.B. 238. Under my company, Bollywood Hollywood Productions, I have created thousands of jobs through my films and television productions right here in Nevada. However, I have created hundreds of thousands of jobs in other locations that have offered better rebates and incentives. I am also managing partner and director of the London Twickenham Productions Film Studio. Between the U.S. and the UK, we have hired several experienced locals and students from local universities. Do not forget there are more than eight billion devices worldwide and they all need content. The content creators of Nevada need to work with studios within the state, creating opportunities for our own experienced talents and students to work and be able to work in their home state of Nevada after completing graduation. I do not have to go to other states or London to produce if I can produce content in my backyard in Nevada, and creating economic impacts. Home Means Nevada and Nevada is the entertainment capital of the world and needs to approve A.B. 238. Do not wait. The time will never be right.

Beverly Williams, Secretary-Treasurer, Southern Nevada Central Labor Council:
I am a member of Teamsters Local 986. I strongly urge the Committee to support A.B. 238. This bill is going to provide thousands of jobs for Nevadans and will be a great asset to Nevada's economy. Diversifying our economy and creating more jobs will benefit our community, and these jobs will remain in Las Vegas. My coworkers, Tim Vera, Mike Magnani, and Anthony Buckner, are also in support of A.B. 238. Thank you for your support of A.B. 238.

Pablo Leos, Private Citizen, Las Vegas, Nevada:
I am a 30-year member of Local 797, Operative Plasterers' and Cement Masons' [International Association]. I live here in Las Vegas. I strongly support A.B. 238, the Nevada Studio Infrastructure Jobs and Workforce Training Act. This bill will provide more than 10,000 union construction jobs with guaranteed fair wages, benefits, and safety protections under the project labor agreement. As a local resident, this project means good jobs close to home, working in my own community, reduced commute times, and ensures the money earned stays in the local economy. This bill is a win for Nevada workers, our economy, and the future of our industry. I urge your support for A.B. 238.

Emily Shaw, Private Citizen, Las Vegas, Nevada:
I am an actress living in Nevada. Right now, actors like me have to fly out for work, including day trips to LA just for a shoot. I am hoping that this bill would change that, allowing studios to film here, and giving local actors, crew, and creatives more opportunities to work without leaving home. By investing in our film industry, we are not just attracting major productions, we are building a sustainable ecosystem that supports local artists, strengthens our economy, and keeps Nevada talent in Nevada. I urge you to support this bill.

Eymhy Gateley, Business Representative-Organizer, Teamsters Local 14:
I am a member of the Teamsters Local 14. I strongly urge the committee to support A.B. 238. Diversifying our economy and creating more jobs here in Las Vegas will be so beneficial to our entire community. We know these jobs will remain here in Las Vegas, creating an economy lift to Nevadans.

Kim Renee, President, Nevada Local Board, Nevada SAG-AFTRA:
I am the president of the Nevada SAG-AFTRA. We support the bill, A.B. 238 [Exhibit I].

Peter Guzman, President, Latin Chamber of Commerce, Las Vegas, Nevada:
I am going to move away from my talking points because I want to respect the men and women standing behind me, and there are many. What I want to say is iconic brands like Sony and Warner Bros, the thought of them coming to our community and building something so spectacular as a studio is exciting enough, but I want to talk about Howard Hughes as well. Howard Hughes is not only a publicly traded company, but it is our company. It is Las Vegas. I cannot imagine looking back and not having Howard Hughes and Summerlin and all the construction they have created, and the incredible neighborhoods they have created. To now see the three iconic brands come together to build in our community and put men and women back to work in high-paying jobs, I do not see what we are waiting for. I am asking you to start construction immediately.

Brandon Morris, Business Representative, Carpenters Union Local 1977:
I am here in support of A.B. 238. Our local workforce has been at a standstill in recent years with no big projects taking place. We have had large-scale events that have come and gone to the community but has not bolstered our workers. This is a project that can have workers employed within 60 days. The opportunity to have a hand in the growth of a new industry and to help with the diversification of our economy in Nevada is monumental. The project has the ability to create over 18,000 good paying jobs for the members of our community. These are jobs that provide good benefits, such as health care and pensions, for workers to live and retire in dignity. The communities involved understand how important the world class citizens of our workforce are in this community and the success it will bring. There is a possibility this is a once in a lifetime opportunity and I believe we as a community will benefit greatly.

Colleen Jones, Private Citizen, Las Vegas, Nevada:
My respect goes out to all of you. I am here because of my daughter, Joyce Elizabeth Jones. She told me about the meeting today. She is in the Screen Actors Guild and has worked in movies almost 20 years. She is Miss Photogenic for Miss USA 2024. I am here respectfully to

let all of you know I am a person who has worked in movies for 45 years as an extra. I could have been SAG, but it was not profitable enough to be paying union dues because it was not the advantageous economy for the movie business being here.

My mother, Stacy King, did the groundbreakings for the MGM Hotel with Mr. Kirk Kerkorian who was a close friend of ours, and Cary Grant was there, and also Raquel Welch at the time; the original MGM Grand where the Horseshoe Hotel now stands. I have lived here 60 years. This would be advantageous to hire all the talent possible who is here, who have moved here from California and all over the world, to be in motion pictures. We need this A.B. 238 to go through and all of you, my heart goes out to all of you because there are people who have been here since the beginning of time, have waited for this opportunity and privilege to arise, that are no longer here to speak out, my cousin Tony Curtis and Mr. Kirk Kerkorian, the biggest in the entire industry of casinos. I hope these people in heaven can see all of you today and your hearts go out to them and all of the famous people who have resided here as we are the entertainment capital of the world, number one. The movie industry came here to represent Las Vegas, Nevada, to help the casino industry, and look at what a beautiful profitable entertainment capital we have. We have evolved into sports. We have evolved into everything of mentionable possible. Please, my heart goes out to all of you as a mother. My son, Warren Jones, worked on movies for Mr. Kirk Kerkorian. He is now in the Air Force. We have children who are stars. I have three generations here. I moved here from Beverly Hills, California. I hope you understand I have been waiting 60 years for this day to happen. God bless you.

Sy Naoum, representing Laborer's International Union of North America Local 872:
I am here on behalf of the Laborers Local 872 with over 40 members standing here behind me and lined up out the door. I am also here speaking on behalf of our business manager, our secretary treasurer, labor leader, and labor champion, Mr. Tommy White. Assembly Bill 238 is more than just a movie studio. Assembly Bill 238 is a lifeline for a lot of people. Specifically, we will get into apprentices, where the project labor agreement addresses specific requirements for putting apprentices to work.

I went through the apprenticeship program myself and it gave me the opportunity to learn and earn at the same time. But why put union members to work? Union members are self-sustaining. We are contractor funded. We have a pension plan. We have medical care, dental care, and we are more than just people. This is more than just a movie studio. We are families. We are husbands. We are wives. We are children. This is more than just one construction job. This is giving people who are just getting into the construction industry a chance to learn and earn. With the presentation that was before you, and the packet you have in front of you, all the numbers are laid out; the numbers of workers on the jobs, so on and so forth, but it means more than just work. There will be fewer people on unemployment. There will be fewer people who need assistance from the state and the cities for medical care. There will be fewer people who they need to use public transportation. They will be able to afford cars and buy homes, so this is more than just about one movie studio. With the utilization

of apprentices inside the Project Labor Agreement that has already been signed, Howard Hughes has made the commitment, Sony has made the commitment, and now Warner Brothers has made the commitment to our state. Now, we ask you to please approve A.B. 238.

Chair Backus:
I do not know how many more people are in line or sitting up there, but we will take one more person in Las Vegas, go to the phone lines for ten minutes, and then we are going to open it up to opposition at that point.

Freddy Viszneki, Private Citizen, Las Vegas:
I am a business agent of Local 433, a proud member of the southern Nevada building trades, a United States veteran, and a father. You guys have heard a lot today, so I am going to try to keep it brief. I want to piggyback on what our member, Jimmy Schwarz, said from our local. Every day when I leave the union hall, I wonder how I am going to bring my guys home from out of state because I have been there over my years. I have been 44 years as a union ironworker. Your baseball stadium—there are going to be jobs, like the Oakland A's. This thing here, eight years of work. It is going to give opportunity, not only to us union members, but to our eight-year-olds and nine-year-olds and their future here in Las Vegas. We need to change the culture of our kids going from high school out on the streets. We need to give them trades. We need to give them jobs. With that being said, I hope you take that into consideration above all. We talk about the below the line and stuff like that. We are all going to choose what we want to do in life. Some will be movie stars. I guess I am getting my opportunity right here. With that being said, the ironworkers of Las Vegas and throughout this country support this bill for all the right reasons.

Chair Backus:
Next, we will go to the phone lines for testimony in support of A.B. 238.

Sam Dugan, Executive Director, Northern Nevada National Electrical Contractors Association:
I am the Executive Director for the Northern Nevada Reno Division of the National Electrical Contractors Association. I support A.B. 238 and echo the sentiments that have been already stated. I hope to see northern Nevada benefit from a bill similar to this in the future.

Robert Diaz, representing Sheetmetal Workers SMART Local 88:
For the sake of time, I want to echo everyone who has been in support of the bill up to this point.

Leslie West, Private Citizen, Sacramento, California:
I am the granddaughter of the first registered field slave to run for the Senate of Utah out of Louisiana in 1966 and a political candidate for the Bay Area of California. As a proud Californian, I would like to support A.B. 238, understanding the importance of economic opportunity and smart policy making. With the rising cost of living and housing instability in California, many skilled professionals, families, and businesses are relocating to Nevada in search of stability. These individuals bring with them expertise in entertainment and technology, digital media, industries that have long made California an economic powerhouse.

Assembly Bill 238 positions Nevada to harness our migration by investing in film infrastructure, workforce training, and industry incentives that will generate thousands of well-paying jobs and stimulate local business growth. Unlike California, where overregulation has often hindered industry expansion, Nevada has the opportunity to embrace economic development without unnecessary barriers. Assembly Bill 238 is more than just a tax incentive program. It is a forward-thinking investment in a thriving inclusive workforce, and by prioritizing education, vocational training, and diversity, this bill ensures women, communities of color, and underrepresented groups have real pathways to success in Nevada's growing film and media industry. Nevada is at a turning point, and with A.B. 238, the state can seize this opportunity to become a national leader in entertainment and media production while strengthening its economy and workforce. I urge you all to support this critical legislation and help secure a future where creativity, business, and innovation thrive in Nevada [read from Exhibit J].

Crystal Slaughter, Training Director, Teamsters Local 631:
I am the Training Director for Teamsters 631 in Las Vegas, for both convention and construction training. This is near and dear to my heart. I was born and raised in Las Vegas and my dad was a part of the movies since the seventies and was also a teamster. I ask you and urge you to please approve this bill.

[Exhibit K was submitted but not discussed and is included as an exhibit for the hearing.]

Chair Backus:
As there are no further callers in support at this time we will go ahead and open testimony in opposition to A.B. 238. We will start here in Carson City.

Warren Hardy, representing Associated Builders and Contractors, Nevada Chapter:
It is not fun or easy to be here in opposition to a bill that has so much potential to be a great thing for the state of Nevada, and I will say I have been at the Legislature for every tax incentive we have talked about. I will say this, I am very proud of the Legislature and our Governors for getting it right. I think we do a really good job in these packages. My concern, and the reason I am here under the rules of the Committee in opposition, is there are two changes we would like to see potentially considered to the bill.

The first one was identified by the Chair early in the conversation with regard to being clearer on the hiring of local workers and what that means. I would encourage the Committee to ask good questions and really understand the difference between a local hire and a Nevada resident. I really think that type of thing ought to be included in the bill, very specifically to make sure we are actually hiring Nevada residents if we are going to make this kind of investment as taxpayers.

The second thing I would like to see included in the bill is some consideration to make sure the wonderful benefits this bill provides to construction workers applies to all Nevada construction workers. Associated Builders and Contractors represents the open shop, nonunion

contractor. In the last Bureau of Labor Statistics study, 85 to 90 percent of the construction industry chooses to work nonunion or open shop. The provisions of this bill ought to provide an equal opportunity for all of those.

There has been reference to the project labor agreement (PLA). I have not seen the PLA because it is an agreement between labor and the studios, which is their right; however, if we are going to spend taxpayer dollars, we need to ensure nonunion contractors are not put at a competitive disadvantage. There are applications, again I have not read the current one. There are PLAs that are fair and make sense. The Allegiant Stadium, for example, was a PLA that was fair to everybody. Historically, in Nevada, PLAs have put nonunion contractors at a significant disadvantage. That is problematic for this bill because there is so much talk and conversation about making sure we provide opportunities for women, minority, and veteran-owned businesses, and the fact of the matter is women, minority, and veteran-owned businesses work almost exclusively nonunion. They are not affiliated with the union.

I do not want to see those two things working at cross purposes. I look forward to working with the sponsors as this goes forward. Again, I am not always comfortable. This is potentially a great opportunity for the state of Nevada. We usually get it right and we would just like to make sure this includes all contractors who can benefit from this.

Alexander Marks, representing Nevada State Education Association:
At a time when our state budget uncertainty means education funding is increasing by only $2, and when the federal budget crisis threatens hundreds of millions of dollars in cuts to our education program, Carson City is now considering a Hollywood handout. We do not need Hollywood influencing our state any more than it already does. Clearly, we are already living in La La Land. Nearly two years ago we stood here opposing public funds for a stadium voucher to a billionaire baseball owner. Today we stand here again to oppose public money for a tinsel town tax break. This sequel is worse than the original. If there is any investment worse than a stadium, it is a handout for film studios.

Sadly, education advocates are usually only in this Committee to oppose handouts to billionaires and explain why we should keep public money and public services like schools. We must put schools over studios and Pass the Plan. This does not have to be a fantasy film. Unfortunately, the Commission on School Funding Plan has been dismissed by the Governor, turning Nevada's public education into a low budget drama with a cliffhanger every two years. Let us talk slashers. I am not talking Chucky; I am talking way scarier—an unelected billionaire working for the department of gutting education. Let us see what is playing in this political theater. Title 1 slashed, IDEA [Individuals with Disabilities Act] slashed, Pell grants slashed. Scary. Losing hundreds of millions of dollars our students, educators, and parents rely on would further exacerbate countless issues plaguing our public schools.

Let us be clear. Nevada education needs a blockbuster budget. Hollywood does not need to use Nevada's budget for its blockbusters. The motion picture association is not here this evening so I will provide a rating for the public [Exhibit L]. Assembly Bill 238 is rated F, requiring billionaire companies to build their own studios without public money. Strong misguided

priorities, including a poor use of public money, while we rank 48th in per-pupil funding, with the largest class sizes and highest educator vacancies in the country. We can ensure the sequel does not get made though. We can put schools over studios and write our own movie. Coming soon, Pass the Plan, starring you all as the heroes.

Kaylyn Kardavani, representing New Day Nevada:
At a time when critical needs remain unmet and our state budget faces uncertainty, we cannot afford to give away valuable resources, especially tax credits to massive corporations, not now and not in the future. We should not pursue programs that have failed in other states no matter how unique our state is. Imagine if we had a small business incentive program of this size, or scholarship fund to attract the best and brightest to our state. What would that do to our economy? The film industry should invest in Nevada because of our incredible workforce, diverse communities, and the undeniable value our state offers, not simply because we are giving them a large cash handout.

Robert J. Munson, representing Nevada State Education Association:
I am a teacher here in northern Nevada, in the classroom day in and day out. The Nevada State Education Association has been the voice of public education in the state of Nevada for over 125 years. We oppose A.B. 238, which would extend over $1.5 billion in tax giveaways to Hollywood studios over 15 years. Yesterday, we heard about the $2 budget increase that was proposed by the Governor. This is really a joke. It does not keep up with inflation. It does not keep up with budgets in our schools and our districts. We have called on the Governor and the Legislature to Pass the Plan offered by the Commission on School Funding to reach optimal education funding; to bring us to the national average. We are not asking to go all Hollywood and to be at the top of the country, we just want to be at the average at least in how we fund our schools.

The effects here are real. According to the Economic Forum's December projection, Nevada is estimated to lose $119 million in General Fund revenue to tax credits this year alone. That goes up to $143 million next year, assuming that the A's build their stadium. In the out year it rises to $157 million. Those are funds that otherwise could be going to important services, including our education system. Imagine taking away another $100 million a year. Tax credits and abatements like the ones we have given to Tesla and to other corporations have not given off the dividends they have been promising. Fully fund Nevada's public education to the national average. Reduce our class sizes from 35 to 40 students per class, which are some of the highest in the nation, and bring this bill to a close by defeating it.

Tessyn Opferman, representing Nevada Women's Lobby:
I am here on behalf of the Nevada Women's Lobby, representing women and families in our state. Tax incentives for the film industry have been presented here today as a way to drive economic growth. Sure, maybe that has worked in other states, but I do not think it has. Tax credits are no different from handing someone cash. We are handing a multibillion-dollar company a massive Nevada gift certificate, so they just do not have to pay the taxes they owe. Meanwhile, when working to build a balanced budget, this means we have to choose not to fund key programs that support Nevada families. Instead of a massive tax break, we could give

critical raises to teachers and state employees, help offset the increase in PERS [Public Employees Retirement System] contributions, support childcare programs, create a program for paid family medical leave, support and fund baby bonds, provide universal free lunch to students, support programs that serve victim survivors of domestic violence, fix our roads, fund public safety, and especially key right now, due to threats from the federal government, we can help protect Medicaid and fund key programs if they are cut. Passing a balanced budget is always the result of the legislative session, but this session, more than any other session I have worked, is consumed by our focus on the budget. We simply do not have the funding to be able to pass a tax break measure of this size. We all love a good movie, and rich and flashy is true Vegas style, but this year let us fund Nevada families. We urge you to oppose A.B. 238 and ask that you not move forward with this problematic tax incentive.

Serena Evans, Policy Director, Nevada Coalition to End Domestic and Sexual Violence:
Due to the uncertainty of federal funding, and the fact that domestic and sexual violence services are already chronically and profoundly underfunded in Nevada, we are in opposition to A.B. 238. Nevada ranks second in the nation for rates of domestic violence and fifth for rates of rape per capita. I believe it is no coincidence Nevada is also in the minority of states that do not provide any General Budget funding for domestic and sexual violence prevention and intervention programming. How can we as a state even entertain a conversation around millions in tax credits when we cannot even appropriately fund lifesaving services for our most vulnerable and impacted Nevadans with our current budget? Even more so, how can we consider a tax credit this large when there are looming changes in federal funding that we all anxiously brace for. Victims rely on lifesaving programs currently funded through the state budget, like SNAP [Supplemental Nutrition Assistance Program], Medicaid, housing assistance, and public education. These programs are already underfunded. How will they be impacted with changes in the state budget? Additionally, we have a substantial public health crisis on our hands with the astronomical rates of domestic and sexual violence in Nevada as is. I would be remiss if I did not acknowledge the abuse, harm, and harassment the entertainment industry is constantly and publicly called out for. Nevada cannot afford to see an increase in violence.

We believe there is a future where Nevada does not rank in the top states for these heinous crimes, but the reality of this dream is we need proper investments and financial support from our state to achieve this. If we keep handing out tax credits, we will never have the proper funding to sustain this, and harm will continue and increase. We welcome new business in Nevada, and we hope to see increased economic development. We firmly believe any business coming to or operating in Nevada should be committed to the health, safety, and overall success of our community. This means paying their fair share in taxes.

Brian Wallace, Vice President, Nevada State Education Association:
The Nevada State Education Association (NSEA) has been representing and has been the voice of all educators in the state of Nevada for 125 years. We oppose A.B. 238.

The Commission on School Funding has taken a professional and methodical approach to their mission. They have not recommended a film tax credit, or any other enticement of industry to improve the funding of our schools. That is likely because tax credits just do not generate the net revenue. This is particularly the case for film tax credits. Study after study shows that film tax credits, whether an existing industry or to lure studios or productions to a new location, cost more than they actually bring in. In California, the legislative analyst office found California had made 65 cents for every dollar spent on the film tax credits. An audit conducted for New York State's Department of Taxation and Finance found film tax incentives only produce 31 cents in direct and indirect revenue for every dollar spent. Meanwhile Georgia, mentioned several times this evening, has built a significant film industry with the lure of tax credits; however, they are only generating 19 cents of revenue; 19 cents for every dollar spent per the Georgia State University Fiscal Research Center.

Sadly, there has been a fundamental contradiction in the actions of Nevada leaders when it comes to properly funding public education and other vital state services as mentioned. While nearly every elected official claims to prioritize education, there is a competing record of corporate giveaways, from Tesla to the Raiders, to the A's, and now to the Hollywood billionaires who cost the state over a billion dollars, which costs our students. Immediately after the last session, the Governor convened a Special Session to ensure another billionaire, John Fisher of the A's, would receive another $380 million in public money that could easily have gone to every single student within the state instead of just a measly $2 as mentioned for this current biennium.

In response, NSEA launched Schools Over Stadiums. While we have not yet stopped those subsidies in the streets or in the courts, we have succeeded in generating a ridiculous amount of coverage, turning the tide of public opinion. In an Emerson College poll of likely Las Vegas voters in 2024, 52 percent opposed the use of public money for the construction of a baseball stadium. Only 32 percent showed any type of support. That is 20 points underwater. Now, with Schools Over Studios, NSEA is committed to continuing our efforts to make sure Nevada's priorities align with the people, and our students, and our schools, and our communities. We urge you in the strongest way possible to reject A.B. 238, and meanwhile hope that the revenue committee will give full consideration to revenue proposals that have been put forth by the commission of school funding. Please Pass the Plan. [Exhibit M was also submitted].

Chair Backus:
As there is no further testimony in opposition in Carson City, we will go to Las Vegas.

Ed Uehling, Private Citizen, Las Vegas, Nevada:
I have lived in Nevada since 1943. Growing up here in southern Nevada in a poor environment—it was literally a railroad town at that time of 10,000 people—I observed how people did their businesses and paid for it themselves. What a difference that is with today's hearing, where the richest people in the state and in the country come and tell us they are going to do all these wonderful things for us. It is all snake oil. They are not going to do these things for us. They are saying we are going to do all these wonderful things and all you have to do is pay us a billion and a half dollars, and you are supposed to believe that. Unfortunately, the

Legislature has been a believer of this sort of snake oil. You put out of business 10,000 small business people here in Clark County, who hosted visitors coming to the city, and handed their income over to the casinos. The state has totally changed since I grew up here in the forties and fifties where people paid for their own, and they did their own businesses. Now the rich people come and ask for the poor people to give them money. There is something terribly wrong with this approach. There are other ways of doing things. One obvious way is to increase the gaming tax. Here in Nevada, they only pay 6.75 percent. In all the rest of the world these casinos pay 50 percent, 40 percent, 30 percent; at least five times what they pay here in the state of Nevada. If they want to get their $1.5 billion, they can easily get it from the wealthy people, not from the taxpayers, as you are being asked to force this on us, to pay $1.5 billion to the richest people in the state. No.

Wiselet Rouzard, Deputy State Director, Americans for Prosperity:
On behalf of thousands of our activists, hard workers who cannot be here because they are probably cooking dinner or taking their kids to bed, getting ready for school the next day, and the business owners, whether they are small or large who cannot be here today because they are running their businesses without tax credits, we would like to urge you to oppose A.B. 238.

The Americans for Prosperity (AFP) strives to create an economy that works for all, empowering people to earn success and realize their potential. As such, AFP supports a neutral and impartial tax policy. This includes tax reforms that reduce burdens on Nevadans and Nevada businesses without picking winners and losers or favoring special interests in the tax code.

Assembly Bill 238 is not a neutral or an impartial tax policy. In fact, it is far from it. The tax credits would only benefit film and TV productions at the expense of every other Nevada industry. Second, the bill would only benefit film and TV productions that could commit to the spending, hiring, filming, and other requirements outlined in the bill, at the expense of who? The smaller or the startup production companies on the film projects. Third, A.B. 238 would only benefit workers and businesses in the Las Vegas area. As Assemblymember P.K. O'Neill outlined, where is this for northern Nevada, rural Nevada, and the people who are the heartbeat of Nevada. You see, these tax credits can only be obtained if the production centers are around the Summerlin Production Studios project. This is not a Nevada film tax credit. This is truly a special interest film tax credit, which serves a very small group of folks. As Americans for Prosperity, we raise the voices of all Nevadans and all businesses. Moreover, the film tax credits do not help state or local economies.

A 2018 study found states with film tax credit programs average a return on investment of just 27 cents per dollar. A study from New Mexico found the state's film tax credit generates 14 cents of economic growth to every $1 spent, while a study in Maryland found it only gave them 10 cents for every dollar they spent. We support the film tax industry. We support the individuals and the talent who help this industry thrive. We are willing to propose the removal of a Nevada film tax credit to ensure we work on regulatory parameters that lead to these types of fiscal impacts where tax credits have to be pursued. We want to support things like Assembly Bill 120, a REINS [Regulations from the Executive in Need of Scrutiny] Act, or

even a regulatory sandbox proposal where new innovative ideas can actually come to the state with their dime, ensuring they support all businesses and local talent without the help of government picking winners and losers.

We appreciate the work of the bill sponsor, but we do think there are better solutions that have always played a key role in shaping Nevada to be a premier business friendly state across the country, and it was not done through tax credit. It was done through removing regulatory barriers that allowed innovations like Howard Hughes to come in and be an entrepreneur. We urge you to vote against A.B. 238 [Exhibit N].

John Tsarpalas, President, Nevada Policy Research Institute:
We are talking about $110 million per year in transferable tax credits, transferable tax credits that can be sold to other corporations. That is why it spells out it can be used for gaming, gaming licenses, and other taxes in this state. The reality is these will probably be sold to multiple gaming companies and insurance companies for about 85 to 90 cents on a dollar, so these will be coming back to be collected, $110 million a year starting in 2028-2029. That comes right off the top of the budget. Money, we do not have to solve our other problems. We listened earlier to Mr. Guy Hobbs, the economic consultant for the corporations, and we are going to get 20 cents back to the state on a dollar put in. On $165 billion spent over 15 years we should get back about $335 million. Why do we not do one of these deals every session and we will be absolutely bankrupt in 10 years. You cannot spend what you are not going to get back. I understand we need jobs. I understand it would be wonderful to have a movie industry here. Let them build it themselves. This is not economically sustainable for the taxpayers. We have lots of other problems. As was mentioned by a lot of people on the pro side, that now artificial intelligence is here. Well, are we building a studio that is about to become obsolete? What is it going to take to do a movie when artificial intelligence can probably do all this on one computer and in one office?

Let us think ahead. Let us think about true growth industries, not industries that are in transition. Let us think about how we can do this. One of the reasons this does not pay is we do not have a personal income tax. That is a good thing. That attracts businesses here. Let us keep it that way, but let us keep our money for our problems, our schools, our homeless. How about just basic infrastructure that are a function of the state. We hope you will remember the taxpayer here and remember the solvency of the state. If we have a downturn, this puts us in a bad, bad position. [Exhibit O was also submitted].

Renaldo Barrera, Owner, Extreme Lighting & Grip, Las Vegas, Nevada:
I have been in business for 19 years renting motion picture lighting, grip equipment, and trucks. I have also been a 728 Electrician in Hollywood and got my days and my card after I did the movie Casino. I was invited to go to Hollywood to work. Knowing how things work in Hollywood, and knowing how things work here, I would like to ask the gentlemen from Sony and Warner Brothers, what guarantees can you give the local businesses here on how you are going to conduct business with the local businesses? It has been the track record of Sony and Warner Brothers, and basically all the major studios in Hollywood, whereas when they come into town, they bring everything in; all the trucks, all the equipment, and 90 percent of their

crew. What guarantees can you provide for a local business, as well as the local studio electricians, on how many people they are going to use for a project, and how can you guarantee me the ability to work with the major studios, Sony and Warner Brothers. Can you guys speak to that for me, please? Are they in the room?

Chair Backus:
Sir, I apologize. We are doing testimony in opposition—

Renaldo Barrera:
I am in opposition.

Chair Backus:
Okay. It was a rhetorical question. I just want to make sure you were not waiting for me to answer.

Renaldo Barrera:
No, no, no. I am in opposition because of these issues, and I would like somebody from their side, or you guys, to decide how you are going to protect local businesses from these studios coming into town? I mean, there has to be some kind of structure to protect us.

Chair Backus:
Thank you, sir. You are just giving testimony, so I assume these questions right now are just out loud. I am not having people come up to respond.

Renaldo Barrera
All right then, I am opposed to this for these reasons, okay? I am opposed to this bill, A.B. 238, for the reasons I outlined just now.

Chair Backus:
Thank you so much.

Renaldo Barrera:
Okay. I guess that is it then, huh? Nobody is responding to anything. I do not know. Do you guys support Nevada business?

Chair Backus:
Thank you so much, sir. We are listening to everyone's opposition, but it is not a time where I am having the presenters come back up. We are just taking testimony in opposition at this time.

Renaldo Barrera:
Just so you guys know, about two years ago a motion picture came up and I ended up getting two lawyers and suing these people in New Mexico to get paid. There is no true regulatory agency here that protects Nevada business when it comes to film projects. Just so you know.

Chair Backus:
I believe that may have been our last speaker in Las Vegas. We will go to the phone lines. Is there anyone wishing to give testimony in opposition to A.B. 238 this evening?

Shelbie Swartz, Executive Director, Battle Born Progress:
We strongly oppose A.B. 238, which would give these corporate studios over $1.425 billion in tax credits while our state faces a $1.9 billion Medicaid shortfall that threatens health care for 300,000 of our most vulnerable residents. This is not just about numbers; it is about our values. It is about who we fight for in times of crisis, whether we stand with working families struggling to make ends meet or with billion-dollar corporations that will take what they can and leave when the money runs dry. If this is about job creation, with $1.425 billion we could put Nevadans to work to build over 110 elementary schools, almost 40 middle schools, or nearly 20 high schools and that no child is crammed into an overcrowded classroom. We could hire almost 33,000 teachers to give our students the education they deserve, or we could build over 12,385 homes for Nevada families and solve this housing crisis. Instead, this bill proposes we give that money to two corporations with deep pockets that do not have a real stake in our state's future. Other states have tried this, they have ended up cutting critical services just to foot the bill. We cannot afford to make the same mistake. What does it say about us as Nevadans if we prioritize tax breaks for Hollywood executives, while our own seniors, children, and families lose access to their health care. What does it say about your leadership if you bemoan the federal government for selling off our country to billionaires while turning around and doing the same thing here at home. This is not just a financial decision; it is a moral one. I urge you to reject A.B. 238 and put Nevada's people first. [Exhibit P was also submitted].

Kerri Finn, Clinical Aide, Pioneer Academy; and President, Carson Educational Support Association:
I am calling in today to express my strong opposition to A.B. 238 and urge you to prioritize the needs of Nevada students and educators above all else. With the Governor's Budget, increasing funding by only $2 per pupil, and the looming threat of significant federal education cuts, now is not the time to divert valuable resources to Hollywood. In 2023, Nevada made meaningful strides to invest in education; however, the funding increase for 2025 has been drastically reduced to just $2 per student. The bill before you today proposes to divert critical funds from classrooms, educator salaries, and student support services, funneling them into a billion-dollar tax giveaway to out-of-state corporations. Nevada cannot afford to continue prioritizing corporate tax breaks over the future of our children. Our educators are underpaid, our classrooms are under resourced, and our students deserve better. This bill threatens to undermine the progress we have made in providing quality education to every child in Nevada. I strongly urge you to reject this bill and instead support sustainable funding solutions, such as those outlined by the Commission on School Funding, which are designed to ensure Nevada schools have the necessary resources to succeed in the long term. Please stand with Nevada's students, educators, and families by voting no on A.B. 238. The future of our state depends on the investments we make in our children today. [Exhibit Q was also submitted].

Terri Shuman, Private Citizen, Las Vegas, Nevada:
I am a CCSD employee, along with being on the board of directors for NSEA. When I first tuned in tonight, all I heard about was tax credits for this and for that. I am not even going to pretend I know what a tax credit is used for, but I did understand the what if questions being asked. What if there is another writer's strike? What if this and what if that. What kind of deal is this if we cannot come up with answers before we are trying to get more money. I am asking tonight to agree with what Alex and Robert have already shared, and that the Governor has only allowed $2 per pupil spending. I am asking Governor Lombardo tonight, why does he not take that $2 per pupil funding and put it on the studios and see how far they get, and instead give us the money they want to give to the studios. Tonight, I am against A.B. 238 and we are asking for once Governor Lombardo come to our students' aid, and to our teachers' and support staff's aid, to give us what we need to make our students successful, so when they do grow up, maybe they can go to the studios, maybe they can get a job, maybe they can be successful, because in 2025, the Governor gave what they needed to share. Tonight, I am asking you to Pass the Plan, and that is give our students what they deserve.

Valerie Thomason, Private Citizen, Las Vegas, Nevada:
I am representing the Democratic Socialists of America. We are also opposing this bill and echoing a lot of what has been said. These film tax credits have been tried. Thirty-two individual states across the country collectively spent $25 billion on this exact same film tax credit scheme, and in every instance where they were tried, the state lost more money than what they got back, and when it ended, the film studio walked away and abandoned the state with that public money in their pockets.

Since this started over a decade ago, 13 states have now abolished their film tax credits. In one state, Louisiana, the cost of the tax credits got so high that it bankrupted their public universities. The framework of the support for this bill is false. This is not a jobs bill. This is not a jobs creating bill. This is a bill to take money from the working class and put our money into the parasitic pocket of the billionaire class. These transferable credits will not end up in construction workers hands. They are going to end up in Elon Musk's hand, Jeff Bezos' hand, the very men who are attacking the foundation of democracy in this country. This is a question about priorities, and we cannot in this moment prioritize the profits of the richest and wealthiest people in the world while the working class is facing a housing crisis, some of the worst schools in the country, no public transportation in this state, a worsening climate crisis we are not addressing, and wages and childcare that is not sustainable.

Vicki Kreidel, President, National Education Association of Southern Nevada:
I am a grades 1 to 5 reading teacher in the CCSD and the President of NSEA of southern Nevada. I am here to oppose A.B. 238 and ask why we are talking about another bill giving money to rich corporations, instead of a bill that addresses any one of the deep needs of my fellow Nevadans.

As a 22-year public school educator, I am used to needing things. In the CCSD we are facing a year unlike any other we have seen in at least a decade. Our schools here are dealing with deep cuts for next year, with most schools losing $750,000 to $1.8 million from their budget.

My school magnet in East Valley is losing $1.7 million. Because of that we are eliminating six classrooms. One of them is my reading skills center. There we teach reading in small groups all day, and due in part to the structures our reading center put into place, our school went from 1 to 3 stars in one year. However, due to our rapid growth, we have lost funding. Most of the support tools we created will be gone next year. We are surplusing five classroom teachers and eliminating most of our strategist positions. We will be operating on a skeleton crew but are expected to continue the growth we started last year. I can say that is likely impossible. There will be no extra money for anything. Once again, the burden will fall to the classroom teachers to try and supply everything we need. This is why when legislators give money to corporations and billionaires, it cuts deep. We know for certain Nevada's low funding is what drives our public schools to be ranked so low. Governor Lombardo has stated he wants to improve education in Nevada. I can assure you that this is not the way. You cannot improve academic results without increasing the state's investment in public education. Please Pass the Plan that is recommended by the Commission on School Funding, not A.B. 238.

Susan Kaiser, Private Citizen:
Our state has been engaged in a grand experiment for 20 years using our children's education as a guinea pig. The slow intravenous drip of public-school education funding is effectively starving their brains. For 20 years, we have entertained ideas from business, from STAR bonds to Opportunity Zones, and tax abatements to huge corporations like Tesla, Amazon, Apple, and more, all on the promise that increased jobs and revenue from sales tax would make up for more than the difference lost. The Governor and GOED have the power to renew these deals without legislative input. As a public-school educator, I am here to tell you this experiment is not working for our kids. They are trying to learn in the largest size classes in the nation. Sometimes our kids make do with long-term substitutes for the whole year due to teacher shortages. Their classrooms may not have the resources their teachers need to do their best work.

The Washoe County School District is the largest employer in Washoe County. We literally build the minds of our children for their future flourishing and the flourishing of our economy, yet our educator jobs are viewed as inconsequential. Our doctor, nurse, and educator shortages are self-inflicted wounds because our public schools are unable to deliver the basic foundational learning necessary for these highly skilled jobs. It is time to stop these handouts to billionaires and reject the newest act in A.B. 238. It is time to recognize we must solve our revenue stream problems ourselves. The first steps are outlined by the Commission on School Funding, to update our tax structure. It is time to Pass the Plan and resist A.B. 238 because Nevada's economics depends on it, literally.

Andrea Kelly, President, Humboldt County Support Staff Organization, National State Education Affiliate:
I am on the board of directors for NSEA, and I am the Humboldt County support staff organization president. I am here today in strong opposition to A.B. 238, a bill that proposes a billion-dollar tax giveaway to Hollywood. Nevada ranks 48th in per pupil funding. Nevada's education system is struggling. Our classrooms are overcrowded. Our educators are underpaid, and our schools lack the resources to provide students with the quality education they deserve.

Every dollar given away in corporate tax breaks is a dollar taken away from our children's future. This bill proposes handing over a billion-dollar tax giveaway to Hollywood studios while our schools and the people who keep them running are in crisis.

Right now, my coworkers are frantic wondering if they will have jobs next year. We are wondering how we will continue to feed the students who rely on us for free breakfast and lunch; sometimes the only meals they get in the day. We are wondering how much more we can endure as budget cuts force us to take second jobs just to make ends meet. Why are we moving our dedicated educators, support staff, and most importantly our students backwards. In a time when the cost of living far outweighs what we and our students' families are bringing home in paychecks, we should be investing in education, not handing out tax breaks to out-of-state film studios. What happened to putting students first. Instead of prioritizing their needs we are looking at burned-out employees, stretched thin by increased workloads and financial uncertainty. Hollywood studios do not need a billion-dollar handout; our students do. The state has a responsibility to prioritize the needs of its people over the profits of out-of-state corporations. Tax giveaways do not fund schools, they drain the very resources we need to invest in them. Instead of subsidizing wealthy studios, we urge this Committee to pass the revenue plan proposed by the Commission on School Funding, a plan that ensures sustainable long-term investment in our public schools. We ask you to make the right choice. Fund schools now, not studios. We urge you to Pass the Plan.

Phil Kaiser, Private Citizen:
I rise in opposition to A.B. 238. I listened to much of the testimony in favor that talked about $3 billion in economic impact, including construction, economic diversification, cooperation with educational institutions, and on and on. I feel I am in Groundhogs Day, Carson City. Every time we have a legislative session people come forward from the business community and they ask for tax abatements, tax incentives, or tax credits, with Tesla at $41.3 billion, the Raiders Stadium at $750 million, and the A's stadium at $380 million, and this, which would increase the tax credits from $10 million to $100 million, over 15 years that is a billion dollars. This is not going to help our economy to the extent that we need to help our economy in funding our schools. We are near the bottom of the nation in per pupil funding and near the top of the nation in class size. We need to raise revenues that will go into our schools.

Erica Nungaray, Private Citizen, Las Vegas, Nevada:
I oppose A.B. 238. I am a support professional for the CCSD, and I am the ESP [Educational Support Professional] At-Large for NSEA. It is frustrating to see our state prioritize tax breaks for the wealthy industries, while our public schools remain underfunded. If we approached education funding with the same urgency as we do for film industries, credit for stadium deals, Nevada would not rank at the bottom in education. The film industry already benefits from Nevada's lack of a state income tax, yet we are considering giving them even more at the potential expense of our students. We just heard in their presentation they are ready to move forward and the project will be set before Nevada invests a single cent. They also stated they would not have to travel to sets around the world because they would have a large enough studio to build everything they need right here. Think of all the money they will be saving. They do not need our tax credits. We need education funding.

Although this project will bring a lot of union jobs, it will come at the cost of the union worker's own children. By giving the film industry tax credits, we are not prioritizing the future of our own children. Yes, our students want to participate in technology and industry, but they should not have to bet on their education. Let us leave the gambling to the casinos. You cannot build a studio without the basic educational foundations; reading, writing, and mathematics, all of which are essential to building this project. We need to invest in those foundations first. Our priority should be education first.

Stephanie Cruz, Private Citizen:
I want to implore our Legislature to oppose this bill. I think our Assemblymembers, although well intentioned, paint a rather naive and unrealistic picture of what this bill would do to Nevadans. Warner Brothers is largely known for union busting and shelving projects for tax write offs, as well as market manipulation to maintain animator wages low. These are parasitic corporations we should not be inviting, let alone funding. The last time we gave tax benefits to a California corporation to build in Nevada it destabilized the housing market for northern Nevada, and not only that, the jobs we were promised did not go to Nevadans, but instead went to out-of-state Californians who sold their properties in their home state and then bought entire blocks of housing to rent back to Nevadans at triple the price. This bill will only benefit Californians trying to flee their state because of high state taxes. Again, we must oppose this bill.

Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada:
I oppose this bill for a number of reasons. First of all, I do believe we should diversify our economy, but all this does is it picks winners and losers. Look, this taxi ride I just had, on my wages we pay a lot of taxes. Ok, here is the thing. We keep hearing we got to raise more taxes for schools, but yet we are favoring others. Our tax structure in Nevada, along with the gaming taxes, is very, very regressive. Here is the thing, when you look at these high-capacity arterial roads, who is going to pay for that infrastructure. What about all the upgrades to Flamingo and Hualapai, and all these other routes? I just came from a business convention, IBS [International Builders' Show]. There was a lot of starter homes. We should give the tax credits to those small businesses who are going to help at least the employees.

Here is the thing, where have these tax credits worked across the country. We also hear about the fact that people want to move away from California, high taxes, high cost of living, but how do we know we are not going to bring these policies here to Las Vegas, here in Nevada? Think about it. Now, I have a YouTube channel. I make a lot of videos, and I would certainly like to work with the sponsor, but the last time I saw the sponsor last month she was just walking away from me outside of a town hall. Well, that explains everything. But other than that, hey, why pick winners and losers, why not expand to other similar businesses at least that are related to the movie industry. But other than that, thank you so much for my time and wish me luck. It is very busy out there.

[Exhibit R was submitted but not discussed and is included as an exhibit of the hearing.]

Chair Backus:
I believe that was our last caller. We will go back to Carson City for anybody wishing to give testimony in neutral to A.B. 238.

Cameron "CH" Miller, President and Chief Executive Officer, Urban Chamber of Commerce, Las Vegas, Nevada:
On behalf of our organization and members, we are excited about A.B. 238 and what it means for the economic development and smart diversification of our state's economy. This bill presents a tremendous opportunity for our members and the business community at large to expand and grow their businesses. It not only supports existing businesses, but also creates new avenues for aspiring entrepreneurs. We sincerely thank the bill's sponsors, Majority Leader Assemblymember Sandra Jauregui and Speaker Pro Tempore Assemblymember Daniele Monroe-Moreno for their forward thinking in keeping this particular bill alive.

Now, while we are generally supportive of the bill, based on the rules of the house, our testimony must fall into the neutral lane. We are confident we are on the right track, and as we know, just based on testimony today, there are changes coming, so we hope to be able to support those and look forward to working with our legislators, the bill sponsors, and our industry partners to ensure small businesses are at the forefront of getting an opportunity with this bill.

On a personal note, as a former member of this body, a native to Nevada, and one of the few people in this conversation who has a background in film and television production, I have a unique understanding of the needs of our state, our community, the legislative process, and the industry. I am very encouraged to see that the bill language shaped by my many conversations with the Sony and Hughes team in the previous session, and now Warner Brothers that has come to the team, a lot of those things have largely remained intact. Things like the training facility at Nevada Partners or the ongoing funding for the community benefits and training and workforce development programming mentioned, the inclusion of diversity metrics for both below the line and above the line crew, as well as an increase in the non-affiliated bucket, which gives me a great deal of joy, as that is the world that I come from, independent film productions. It is going to give them a greater bite at the apple.

Look, we are off to a tremendous start, and I am grateful these key elements have been preserved. As someone who has supported a family through the film industry, led businesses within the industry, and who has also been in your seat weighing the fiscal future of our state on its shoulders, listening to the opposition, I say to you in as neutral as I can say it, we have to get this right, but we have to make it happen. It is important we give our residents, we give Nevadans, we give our children—I have a one and a half-year-old—we give them the opportunity to have a recession resistant career that is high paying, we give families an opportunity to get as much work as quickly as possible for as long as possible, making as much money as possible in this time of uncertainty when we do not know what is actually going to happen in the future based on what is going on at the federal level. We have to give them a tool and an option to be successful on their own terms and I believe this bill does that. As neutral as I can be, until we get it perfectly perfect.

Chair Backus:
We will go to Las Vegas for those wishing to give testimony in neutral.

John Vellardita, Executive Director, Clark County Education Association:
I feel compelled to go on the record to say a few things. We are here to speak in neutral. We represent 75 percent of all the educators in the state of Nevada. I want to make clear that nobody speaks for the Clark County Education Association (CCEA) represented employees than us. You know, for Nevada, economic development is not building a 7-Eleven on Main Street. When an industry comes and presents an opportunity, of course it is going to have its pros and cons, but from CCEA's perspective we can never dismiss or shut the door to economic development opportunities. For that reason, we are neutral and will be engaged in this discussion.

Chair Backus:
As there is no one left in Las Vegas for neutral testimony we will go to the phone lines. Is there anyone on the phone lines wishing to give testimony in neutral. [There was no one.]

I know there were a lot of people who came out this evening. We appreciate the long hours you have endured here. If you were unable to speak, I would encourage you to submit your testimony in writing. As I noted earlier, at the beginning of today's meeting, you can send that to our committee manager at asmrev@asm.state.nv.us. We will also circulate your written testimony to each of our members. I know it was a long evening, but we truly appreciate everyone who stuck it out with us. I was hoping we would get out at 7 p.m. but we are a little bit later. With that, I will invite the presenters back to the front for their closing comments, and anyone in Las Vegas who is joining them.

Assemblymember Monroe-Moreno:
We have with us in Las Vegas some of our partners on this bill who are education professionals in higher education. I am going to let them speak in our closing statements first.

Patricia Charlton, Chancellor, Nevada System of Higher Education:
At the Nevada System of Higher Education (NSHE), our primary mission is clear. We educate Nevadans in support of building the workforce for our state. We are supportive of your efforts to diversify our economy, and we appreciate Assemblymember Jauregui and Assemblymember Monroe-Moreno for bringing forward legislation that will do just that. We look forward to continuing the conversation with them and working to enhance the opportunities in this bill for our higher education institutions, our students, and our faculty to participate.

Constance Brooks, Vice President, Government & Community Engagement, University of Nevada, Las Vegas:
We thank you for your attention to this matter and we ask for your support of A.B. 238. On behalf of President Whitfield and the UNLV leadership, I would like to begin by thanking the bill's sponsors, Majority Leader Assemblymember Jauregui, Speaker Pro Tempore Assemblymember Monroe-Moreno, and others for their thoughtful consideration and outreach to the UNLV community.

With the understanding that UNLV has the only film school in the state, that means we are available for many fruitful partnerships. I also want to thank and acknowledge legislators who have supported film tax and its expansion throughout the years and prior legislative sessions. Then Senator Aaron Ford in the 2013 and 2015 Sessions, and Senator Roberta Lange and former Assemblymember CH Miller, whom we have heard from today, who has a background in movie production, as they have sponsored legislation from 2023 that has created the momentum for this very conversation today. I echo the comments of those who spoke before me. The expansion of film tax credits serves as an opportunistic mechanism for economic diversification, workforce development, educational partnerships, and targeted community engagement, all of which are central to the mission of UNLV.

We look forward to participating in ongoing discussions as the bill progresses. In particular, those that may yield the potential for more partnerships and learning opportunities for our students. We are grateful for the commitments of Warner Brothers Discovery, who are actively engaged in supporting the UNLV film school through paid internships and other efforts. It is evident they support and value UNLV. With this legislation, we see a myriad of opportunities for UNLV and our sister institutions within NSHE as well as our K-12 partners. I would be remiss if I did not thank the Dean of the College of Fine Arts at UNLV, Dr. Nancy Uscher, who is with me here today. I would like for her to stand. Due to time, she is unable to speak this evening. We thank you for your time.

Clarissa Cota, Vice President, External Relations and Campus Operations, College of Southern Nevada:
On behalf of the College of Southern Nevada and our President, Dr. William Kibler, we are here to state we are so excited about the diversification of our economy and the efforts to bring this new film industry to southern Nevada. Since 1971, CSN has grown to be one of the fifth largest colleges of its type in the country, serving over 30,000 students across three campuses and multiple sites. The College of Southern Nevada is ready to support this new film industry as we are very proud of our videography and film program at CSN, which constitutes with some of the most state-of-the-art programs of it is kind in the region.

Currently, we have about 481 students majoring in programs within the film industry. These students are preparing for real jobs in the film industry. The College of Southern Nevada is the largest producer of these college graduates in southern Nevada pursuing jobs known in the film industry as below the line positions. Below the line positions are skilled technicians and film industry practitioners who operate the cameras, design the sets, perfect the lighting, and edit the sound, among other things.

Since 2014, students in our program have been nominated for 105 Student [Production] Emmy Award nominations and have won a total of 57 student Emmy awards, the largest number of student Emmy awards in the state and region. Our graduates work nationwide, and it would be wonderful to see many more job opportunities for them right here in southern Nevada. The College of Southern Nevada is proud of our Emmy Award-winning film program, and we look forward to continuing to produce career ready graduates, ready for entry into this very exciting film industry.

Assemblymember Monroe-Moreno:
I just want to say thank you. It has been a very long evening with great dialogue. I appreciate the questions you all had. It can only help make this bill better. My colleague and I came into this building together in 2016 and we knew we were elected by our constituents to represent our districts, but we also knew we were here to represent the state of Nevada. We know that there has been tax credit legislation that has come through this building before. Oftentimes those projects were in northern Nevada, and we did not see the benefits in southern Nevada. When we started this conversation, and it did not start last week or six months ago, it started a few years ago, I was very much against tax credits, but very much for the industry. We had to get this legislation right for this state, and as a fiscal leader in this body the numbers had to be right for this state. I appreciate the fact you allowed us to have a hearing early in this session so we could have a very robust conversation. I did not want to have it at the end of the session where people felt it was rammed down their throats. This is important for our state.

We have heard from the union leaders, from business owners, from nonprofits, and from the talent we have in this state of what this would mean, but you have also heard from our partners in higher education. I am a mother of an educator, a special education teacher. I understand what is lacking in our classrooms. I also understand that we as a state have to look at other revenue drivers for our state. This is one of those revenue drivers, and when I say one, at some point we are going to have to grow up and have a real conversation about revenue, but this is one of the revenue drivers we can bring to our state that starts with our K-12 kids, giving them an opportunity they may not have had before. I am proud of this piece of legislation. I am proud of the work we have done. I am really proud of you guys for going through this tonight, so thank you. I think we got this right. The project will be based in Las Vegas, but the benefits will be throughout the state of Nevada.

Assemblymember Jauregui:
I want to thank our former colleague, CH Miller, who really shepherded this during the last legislative session and was the reason the bill looks the way it does, so I do want to start by thanking him. Over the course of this hearing, we have heard concerns that the film tax credit diverts resources away from education and health care. Let me be clear. This is a false narrative, a false choice. Assembly Bill 238 is not about taking money from one sector to fund another. It is about investing in Nevada's future, creating good paying jobs, and driving long-term economic growth that will ultimately strengthen our ability to fund these essential public services.

The facts speak for themselves. This legislation will generate nearly $3 billion in annual economic activity. It will create 19,000 union construction jobs and nearly 18,000 permanent jobs. The construction of Summerlin Production Studios alone represents $2 billion in private capital investment, not taxpayer dollars, private capital investment.

Once operational, these studios will serve as an economic engine, attracting new businesses, supporting local vendors, and increasing spending in our communities. For those concerned about education funding, 24 percent of the tax revenue generated will go directly to the State Education Fund. That is the fund that funds our per pupil funding. That is approximately $200 million. This is money that would not exist without this industry's presence. This bill is structured with accountability, so tax credits are performance based, meaning they are only issued when job creation and investment benchmarks are made.

Beyond the numbers, A.B. 238 is more than just about tax credits. It is about building a sustainable diversified economy. We have an opportunity to break free from our boom-bust cycle by establishing a long-term industry that provides stable, high-paying careers. Howard Hughes, Sony, and Warner Brothers have a proven track record of investing in workforce development and creating pathways for generational wealth. This is the kind of economic transformation we have been talking about for years. With A.B. 238, we have the opportunity to turn that vision into reality. I urge your support in making Nevada a global hub for film and television productions.

Chair Backus:
I appreciate the bill presenter's willingness to respond to some questions we may have following this hearing. With that, I will move to our next agenda item, which is public comment. I do want to make a comment that in case people are on the phone, this is the time to give public comment and not make any comments regarding A.B. 238. We will start in Carson City. Does anybody wish to give public comment here in Carson City. [There was no one.] We will go back to Las Vegas. Is there anyone in Las Vegas wishing to give public comment this evening?

Christopher F. Boeres, Private Citizen, Las Vegas, Nevada:
I really appreciate this opportunity to sit here and say my neutral comment or public comment. I had a nice thing prepared here [Exhibit S].

Chair Backus:
Remember this is public comment.

Christopher F. Boeres:
The public comment I want to make is to thank you, Chair Backus, and all the members of the 83rd Nevada Legislative Session for all the work you are doing on behalf of the people of Nevada. That is pretty much it.

Chair Backus:
Thank you. Do we have anyone on the phone lines wishing to give public comment?

Cyrus Hojjaty, Private Citizen, Las Vegas, Nevada:
I would like to say thank you so much for having this meeting and getting our voices heard. I do not mean to complain, but I did hear some applauses in the support testimony, and I was told once that applauses are not supposed to happen during meetings. I just want to make sure that things are fair, and regardless of what bills or whatever we have going forward, please represent all of us. Do not pick and choose. The majority of you actually do not do that and I appreciate that. Some of you have town halls every two weeks. You know what I am talking about. But again, all of our issues have to be addressed.

Let me give you an example. I was driving from the airport, heading to the Paris, and there is a median and flex lane in the middle and it should have been upgraded, it should have concrete barriers, it should have planters, and then some POS was driving in the opposite lane, in the wrong lane. He thought it was actually a flex lane, and guess what, I nearly hit him, and I honked at him, and this is the kind of challenges we have to go through every single day. Unbelievable, very frustrating. But hey, you know what, we are the ones who keep the state running revenue wise. My passengers and myself are paying taxes [lost phone connection] drivers, even limo drivers, we make more than teachers do when you include all the tips. But anyway, thank you so much. Sorry about my frustration. It was just hectic out there.

Leslie West, Private Citizen, Sacramento, California:
I am a political candidate for the state of California. I just want to say thank you for welcoming myself and my family to the state of Nevada during a housing crisis in the state of California. This is the only place where me and my daughter were really able to stabilize. You guys are doing a great job, as far as just diversifying and staying cohesive, you know. Collective efforts towards a collective goal, and it has truly inspired me to go back home and help figure out what is going on there. It is hard to live in the desert. I am from California. I am used to the water. It is something that I greatly miss, and I am not seeing Californians coming out here being able to progress in the ways that Nevadans have. I will say that I have learned so much from you guys individually; Assemblymember D'Silva, Senator Buck, you guys are truly an inspiration and keep up the good work. I am watching you.

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Chair Backus:
As there are no further callers on the line to provide public comment, that concludes our meeting tonight. I want to express my gratitude to everyone, including our staff this evening. I know it was a long night. We are adjourned [at 8:37 p.m.].

RESPECTFULLY SUBMITTED:

_____
Gina Hall
Committee Secretary

APPROVED BY:

_____
Assemblymember Shea M. Backus, Chair

DATE: _____

EXHIBITS

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 238	C	Regan Comis, representing Summerlin Development Management Company	Summerlin Studios video
A.B. 238	D	Regan Comis, representing Summerlin Development Management Company	Summerlin Studios brochure
A.B. 238	E	Guy S. Hobbs, President and Managing Director, Hobbs, Ong & Associates, Inc.	PowerPoint titled "Summerlin Studios – Fiscal and Economic Impact Analysis."
A.B. 238	F	Assemblymember Sandra Jauregui, Assembly District No. 41	Proposed amendment.
A.B. 238	G	Michael Brady, Private Citizen, Reno, Nevada	Testimony in support.
A.B. 238	H	Jason Soto, Chief Executive Officer, Vision Vegas	Letter in support.
A.B. 238	I	Kim Renee, President, Nevada Local Board, Nevada SAG-AFTRA	Email in support.
A.B. 238	J	Leslie West, Private Citizen, Sacramento, California	Letter in support
A.B. 238	K	Various individuals	Testimony, emails, and letters in support.
A.B. 238	L	Alexander Marks, representing Nevada State Education Association	Pass The Plan flier.
A.B. 238	M	Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association	Testimony in opposition.
A.B. 238	N	Ronnie Najarro, State Director, Americans for Prosperity; and Wiselet Rouzard, Deputy State Director, Americans for Prosperity	Testimony in opposition.
A.B. 238	O	John Tsarpalas, President, Nevada Policy Research Institute	Testimony in opposition
A.B. 238	P	Shelbie Swartz, Executive Director, Battle Born Progress	Testimony in opposition
A.B. 238	Q	Kerri Finn, Clinical Aide, Pioneer Academy; and President, Carson Educational Support Association	Letter in opposition

A.B. 238	R	Eddie Diaz, Strategic Director, The LIBRE Initiative Nevada	Letter in opposition
A.B. 238	S	Christopher F. Boeres, Private Citizen, Las Vegas, Nevada	Public Comment