

PROPOSED AMENDMENT

SENATE BILL 496

SUMMARY—Revises provisions relating to the film industry. (BDR S-1039)

DRAFT
Revised May 22, 2023

The following amendments are proposed to clarify and revise provisions under Senate Bill 496, as introduced:

1. **Definitions of “Las Vegas Media Campus Project” or “Zone 1” – Section 5**

Amend Section 5 to clarify that the Harry Reid Research and Technology Park is owned by the UNLV Research Foundation.

2. **Required Criteria for Development Agreement Between GOED and the Summerlin Production Studios Project – Section 10**

- a. **Subsection 1(b) – Technical description:** Remove references to a “*phase*” of development under sub-subparagraph (II) and to “*contiguous*” with regard to minimum number of acres that will be part of the Summerlin Production Studios Project under subparagraph (2).
- b. **Additional Capital Investment Requirement** – In addition to the capital investment set forth in (I) and (II) of subparagraph (1) of subsection 1(b), add an additional requirement as a new (III) for the Summerlin Production Studios Project to complete construction of a vocational training studio at a site owned by Nevada Partners Inc., which consists of a new capital investment in this State of at least \$8,000,000, by December 31, 2027, or an alternative site approved by the Southern Nevada Enterprise Community Board by December 31, 2029.

Related proposed amendments include:

- Revise the distribution of money allocated from the Account established under **section 30** of the bill to include a distribution to the new vocational training studio.
- Add a member to the Board created under **section 31** to oversee the Account who is appointed by the Governor from a nominee selected by the Southern Nevada Enterprise Community Board to represent the interests of the new vocational training studio.
- Add a definition and name of the new vocational training studio for purposes of referencing the studio under **sections 30 and 31** in NRS.

3. **Application Process for Film Infrastructure Transferable Tax Credits– Section 12**

- a. **Subsection 1 – Start Date for Applications from Zone 1:** Clarify that production companies located at the Las Vegas Media Campus Project (Zone 1) may submit applications to GOED for tax credits starting on the date on which the Project satisfies the initial requirements for capital investment.
- b. **Subsection 4(f) – Audit Deadline:** Extend the deadline for providing GOED with the required audit from 270 days to 365 days after completion and revise the possible extension time from 90 days to 180 days.
- c. **Subsection 7 – Final determination by GOED on Issuing Tax Credits:** Reduce time for GOED to make a final determination on whether a certificate of film infrastructure transferable tax credits will be issued from 60 business days to 45 business days after receipt of the audit.
- d. **Subsection 7 - Irrevocable declaration by Production Company:** Extend from 30 days to 90 days the time in which a production company must make an irrevocable decision on how the tax credits will be applied.

4. **Refund on MBT – Sections 12 (subsection 9) and 21 (subsection 8)**

Delete language in sections 12 (infrastructure transferable tax credits) and 21 (noninfrastructure transferable tax credits) authorizing a production company to obtain a refund on the MBT tax to the extent that the amount of credits exceeds its liability.

5. **Calculation of Qualified Direct Production Expenditures for Film Infrastructure Transferable Tax Credits – Section 13**
- Sections 13 and new 21.5 (amending NRS 360.7591) – Use of infrastructure and noninfrastructure tax credits for the same qualified production expenditures:** Under subsection 2(e) of each section, clarify that a production company cannot claim expenditures and costs that have been previously claimed as the basis for *either* film infrastructure transferable tax credits *or* for noninfrastructure transferable tax credits.
 - New subsection – Loan-out Companies:** Add a new subsection to **Section 13** to include payments made to loan out companies (“qualified entity”) as qualified direct production expenditures. A proposed definition for a “qualified entity” includes payroll service corporations and personal service corporations.
6. **GOED authority to reduce or withhold credits under certain circumstances for Film Infrastructure Transferable Tax Credits – Section 14**
- Subsection 4** – To provide clarity and more certainty for business operations, the amendment proposes to delete language authorizing such discretion to withhold “*until pending legal action in this State against a production company or involving a qualified production is resolved*” and to clarify that company must have “knowingly” submitted false documents.
7. **Calculation of amount of credit: Rate of inclusion of wages and salaries paid to nonresidents when calculating base amount of credit for Film Infrastructure Transferable Tax Credits – Section 15**
- Delete this section for purposes of film infrastructure transferable tax credits.
8. **Limitation on amount of film infrastructure transferable tax credits – Section 16**
- Subsection 2 – Increases based on Consumer Price Index:** Delete this subsection, which proposes annual increases in the total amount of film infrastructure transferable tax credits based on the Consumer Price Index starting in FY2031.
 - Subsection 4(b) – Expiration of tax credits issued to a production company:** Clarify that the 6-year expiration starts after the “calendar year” instead of “after the date on” which the tax credits are issued to facilitate business operations based on tax or “calendar” years.
 - Subsection 5 – Calculation of qualified expenditures based on compensation to producers and certain below-the line personnel:** Delete this subsection for purposes of film infrastructure transferable tax credits.
9. **Repayment of amount of credit required under certain circumstances for Film Infrastructure Transferable Tax Credits – Section 18**
- Add language to clarify circumstances under which repayment may be required when a production company “otherwise becomes ineligible” under subsection 1: Provide that production companies acting in good faith who do become ineligible through no direct fault of their own are not required subject to the forfeiture or repayment requirements. **OR** Allow a production company to demonstrate that reasonable cause exists for becoming ineligible for film infrastructure transferable tax credits before requiring repayment of the tax credits.
10. **Annual report by GOED to the Governor and the Legislature for Film Infrastructure Transferable Tax Credits – Section 19**
- Expand the reporting requirements set forth under Section 19 to include information regarding the number of independent (nonaffiliated) producers for qualified productions, demographic information of Nevada residents hired by production companies, and recommendations on how the program may be strengthened, including without limitation, how to encourage nonaffiliated and locally-led productions in Nevada.
11. **Calculation of amount of credit for Noninfrastructure Transferable Tax Credits: Base amount after July 1, 2043 – Section 22**
- Subsection 1 – Base amount after increase expires in 2043:** Clarify that the current base amount (15 percent) and the existing additional 5 percent for certain expenditures are reinstated on July 1, 2043.

Suggested language below is provided to illustrate the intent.

Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of **green bold underlining** is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

NOTE: Only sections from SB 496 (as introduced) that include proposed amendments are included in this document.

Sec. 5. “Las Vegas Media Campus Project” or “Zone 1” means a real estate development project undertaken by a business or group of businesses that is:

1. Located at the Harry Reid Research and Technology Park, ***which is owned by the UNLV Research Foundation.*** ~~on the University of Nevada, Las Vegas campus~~ and ***any*** land contiguous to, and including all land within, the Park; and
2. A development consisting of a site that integrates at one site various components for the production of qualified productions, including, without limitation, film and television production studios with multiples soundstages and support facilities, sites for the creation of content for qualified productions and the Nevada Media Lab.

NEW Sec. 9.5. – “Nevada Partners Vocational Training Studio” means a site constructed pursuant to sub-subparagraph (III) of subparagraph (I) of paragraph (b) of subsection 1 of section 10 to provide vocational training and education for the development of a trained workforce for the production of qualified productions in this State.

Sec. 10. 1. Not later than 120 days after July 1, 2023, the Office of Economic Development shall enter into a development agreement with:

- (a) The lead participant of the Las Vegas Media Campus Project, which is also known as Zone 1.
 1. The development agreement entered into pursuant to this paragraph:
 - (1) Except as otherwise provided in subsection 2, must require the Las Vegas Media Campus Project to make a total new capital investment in this State of:
 - (I) At least \$200,000,000, including the cost of any land acquired for the project and the cost equivalent of land subject to a ground lease, by December 31, 2027.
 - (II) At least a cumulative total, including the amount described in sub-subparagraph (I) of \$500,000,000 by December 31, 2029;
 - (2) Must establish the minimum amount of square feet of building space at the Las Vegas Media Campus Project to be used for the various components of the production of qualified productions and require the Las Vegas Media Campus Project to include within that space the Nevada Media Lab;
 - (3) Must establish the minimum number of acres of contiguous real property that will be a part of the Las Vegas Media Campus Project; and
 - (4) May include such other provisions, not inconsistent with law, concerning the development of the Las Vegas Media Campus Project and the issuance of film infrastructure transferable tax credits pursuant to sections 1 to 19, inclusive, of this act, as agreed to by the Office and the lead participant of the Las Vegas Media Campus Project.
 - (b) The lead participant of the Summerlin Production Studios Project, which is also known as Zone 2. The development agreement entered into pursuant to this paragraph must:
 - (1) Except as otherwise provided in subsection 2, require the Summerlin Production Studios Project to:
 - (I) Complete construction of a development for the production of qualified productions at the site of the Summerlin Production Studios Project, which consists of a new capital investment in this State of at least \$150,000,000, by December 31, 2027; ~~and~~
 - (II) Complete construction of ~~a second phase of~~ a development for the production of qualified productions at the site of the Summerlin Production Studios Project, which consists of a new capital investment

in this State of at least \$250,000,000 in addition to the new capital investment described in sub-subparagraph (I), resulting in a cumulative new capital investment in this State of \$400,000,000, by December 31, 2029; *and (III) Complete construction of the Nevada Partners Vocational Training Studio at a site owned by Nevada Partners Inc., which consists of a new capital investment in this State of at least \$8,000,000, by December 31, 2027, or, if such construction is not completed by December 31, 2027, complete construction of the Nevada Partners Vocational Training Studio, which consists of a cumulative new capital investment in this State of at least \$8,000,000 pursuant to this sub-paragraph, at a site approved by the Southern Nevada Enterprise Community Board by December 31, 2029;*

(2) Must establish the minimum amount of square feet of building space at the Summerlin Production Studios Project to be used for the various components of the production of qualified productions;

(3) Must establish the minimum number of acres of ~~contiguous~~ real property that will be a part of the Summerlin Production Studios Project; and

(4) May include such other provisions, not inconsistent with law, concerning the development of the Summerlin Production Studios Project and the issuance of film infrastructure transferable tax credits pursuant to sections 3 to 19, inclusive, of this act, as agreed to by the Office and the lead participant of the Summerlin Production Studios Project.

2. As the Executive Director of the Office deems necessary or advisable, the Executive Director may modify any requirement set forth in subparagraph (1) of paragraph (a) of subsection 1 or subparagraph (1) of paragraph (b) of subsection 1 by extending the date by which the capital investment set forth in those provisions must be made.

3. The Office shall not approve any abatement, partial abatement or exemption from taxes or any other incentive for economic development, other than film infrastructure transferable tax credits pursuant to sections 1 to 19, inclusive, of this act or noninfrastructure transferable tax credits pursuant to NRS 360.758 to 360.7598, inclusive, for a Project if that Project has entered into a development agreement with the Office pursuant to this section.

4. As used in this section, "Southern Nevada Enterprise Community Board" means the "Southern Nevada Enterprise Community Board" created pursuant to section 8 of chapter 407, Statutes of Nevada 2007.

Sec. 12. 1. Beginning on the date on which the Las Vegas Media Campus Project satisfies the criteria set forth in *sub-subparagraph (I) of subparagraph (I) of paragraph (a) of subsection 1 of* section 10 of this act, a production company that is located at the Las Vegas Media Campus Project and that produces, in whole or in part, a qualified production at the Las Vegas Media Campus Project, may apply to the Office of Economic Development for a certificate of eligibility for film infrastructure transferable tax credits for any qualified direct production expenditures. The film infrastructure transferable tax credits may be applied to:

- (a) Any tax imposed by chapters 363A and 363B of NRS;
- (b) The gaming license fees imposed by the provisions of NRS 463.370;
- (c) Any tax imposed by chapter 680B of NRS; or
- (d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).

2. Beginning at the time that the Summerlin Production Studios Projects executes a development agreement pursuant to section 10 of this act, 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 Summerlin Production Studios Project, may apply to the Office of Economic Development for a certificate of eligibility for film infrastructure transferable tax credits for any qualified direct production expenditures. The film infrastructure transferable tax credits may be applied to:

- (a) Any tax imposed by chapters 363A and 363B of NRS;
- (b) The gaming license fees imposed by the provisions of NRS 463.370;
- (c) Any tax imposed by chapter 680B of NRS; or
- (d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).

3. Except as otherwise provided in section 16 of this act, the Office shall approve an application for a certificate of eligibility for film infrastructure transferable tax credits if the Office finds that the production company is producing the qualified production, in whole or in part, at the Las Vegas Media Campus Project or the Summerlin Production Studios Project, as applicable, and the production company qualifies for the film infrastructure transferable tax credits pursuant to subsection 4. If the Office approves the application, the Office

shall calculate the estimated amount of the film infrastructure transferable tax credits pursuant to sections 14 ~~15~~ and 16 of this act.

4. To be eligible for film infrastructure transferable tax credits pursuant to this section, the lead participant, on behalf of the production company, must:

(a) Submit an application that meets the requirements of subsection 5;

(b) If the lead participant of the Project at which the production company is located has made an election pursuant to section 11 of this act that requires approval of the lead participant before a production company may apply for film infrastructure transferable tax credits, provide proof to the Office that the lead participant has approved the production company to be issued film infrastructure transferable tax credits for the qualified production for which the application is submitted;

(c) Provide proof to the Office that 70 percent or more of the funding for the qualified production has been obtained;

(d) Provide proof to the Office that at least 60 percent of the direct production expenditures for:

(1) Preproduction;

(2) Production; and

(3) If any direct production expenditures for postproduction will be incurred in this State, postproduction,

of the qualified production will be incurred in this State as qualified direct production expenditures;

(e) Provide proof to the Office that the applicant:

(1) Has in place a diversity plan that outlines specific goals for hiring minority persons and women, and for using vendors that are minority-owned business enterprises or woman-owned business enterprises; and

(2) Has met or made good-faith efforts to achieve the goals set forth in the diversity plan;

(f) Not later than ~~270~~ 365 days after the completion of principal photography of the qualified production or, if any direct production expenditures for postproduction will be incurred in this State, not later than ~~270~~ 365 days after the completion of postproduction, unless the Office agrees to extend this period by not more than ~~90~~ 180 days, provide the Office with an audit of the qualified production that includes an itemized report of qualified direct production expenditures which:

(1) Shows that the qualified production incurred qualified direct production expenditures of \$500,000 or more; and

(2) Is certified by an independent certified public accountant in this State who is approved by the Office;

(g) Pay the cost of the audit required by paragraph (f); and

(h) Enter into a written agreement with the Office that requires the production company to include:

(1) In the end screen credits of the qualified production:

(I) A logo of this State provided by the Office which indicates that the qualified production was filmed or otherwise produced in Nevada; and

(II) An acknowledgement that the qualified production was produced at the Project site;

or

(2) If the qualified production does not have end screen credits, another acknowledgement in the final version of the qualified production which indicates that the qualified production was:

(I) Filmed or otherwise produced in Nevada; and

(II) Produced at the Project site.

5. An application submitted pursuant to subsection 4 must contain:

(a) A script, storyboard or synopsis of the qualified production;

(b) The names of the production company, producer, director and proposed cast;

(c) An estimated timeline to complete the qualified production;

(d) A summary of the budgeted expenditures for the entire production, including projected expenditures to be incurred outside of Nevada;

(e) Details regarding the financing of the qualified production, including, without limitation, any information relating to a binding financing commitment, loan application, commitment letter or investment letter;

(f) An insurance certificate, binder or quote for general liability insurance of \$1,000,000 or more;

(g) The business address of the production company;

(h) The diversity plan of the production company;

(i) If the lead participant of the Project at which the production company is located has made an election pursuant to section 11 of this act that requires approval of the lead participant before a production company may apply for film infrastructure transferable tax credits, the lead participant has approved the production company to be issued film infrastructure transferable tax credits for the qualified production for which the application is submitted;

(j) Proof that the qualified production meets any applicable requirements relating to workers' compensation insurance; and

(k) Proof that the production company has secured all licenses and registrations required to do business in each location in this State at which the qualified production will be produced.

6. If the Office approves an application for a certificate of eligibility for film infrastructure transferable tax credits pursuant to this section, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to section 14 of this act to:

(a) The applicant;

(b) The Department of Taxation; and

(c) The Nevada Gaming Control Board.

7. Within ~~60~~ 45 business days after receipt of an audit provided by a production company pursuant to paragraph (f) of subsection 4 and any other accountings or other information required by the Office, the Office shall determine whether to certify the audit and make a final determination of whether a certificate of film infrastructure transferable tax credits will be issued. If the Office certifies the audit, determines that all other requirements for the film infrastructure transferable tax credits have been met and determines that a certificate of film infrastructure transferable tax credits will be issued, the Office shall notify the production company that the film infrastructure transferable tax credits will be issued. Within ~~30~~ 90 days after the receipt of the notice, the production company shall make an irrevocable declaration of the amount of film infrastructure transferable tax credits that will be applied to each fee or tax set forth in subsection 1 or 2, as applicable, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the production company a certificate of film infrastructure transferable tax credits in the amount approved by the Office for the fees or taxes included in the declaration of the production company. The production company shall notify the Office upon transferring any of the film infrastructure transferable tax credits. The Office shall notify the Department of Taxation and the Nevada Gaming Control Board of all film infrastructure transferable tax credits issued, segregated by each fee or tax set forth in subsection 1 or 2, as applicable, and the amount of any film infrastructure transferable tax credits transferred.

8. Within 30 days after receipt of the notice of the issuance of film infrastructure transferable tax credits, the Department of Taxation or, if the film infrastructure transferable tax credits will be applied to the gaming license fee imposed by the provisions of NRS 463.370, the Nevada Gaming Control Board shall notify the State Controller of the issuance of the film infrastructure transferable tax credits and the State Controller shall transfer an amount money equal to 10 percent of the amount of film infrastructure transferable tax credits issued to the production company to the Account for Nevada Film, Media and Technology Education and Vocational Training created by section 30 of this act. The amount of any film infrastructure transferable tax credits issued to a production company must be reduced by the amount of money transferred pursuant to this subsection to the Account for Nevada Film, Media and Technology Education and Vocational Training created by section 30 of this act.

9. If, pursuant to subsection 7, the Office issues a certificate of film infrastructure transferable tax credits to a production company, the production company may apply the film infrastructure transferable tax credits to the tax imposed by chapter 363B of NRS on the production company. The production company must claim such credits on the first return filed with the Department of Taxation pursuant to NRS 363B.110 after the issuance of the film infrastructure transferable tax credits. ~~[To the extent that the amount of film infrastructure transferable tax credits exceeds the amount of tax due for that period, the Department of Taxation shall issue to the production company a refund of the amount by which the amount of credits exceeds the amount of tax due.]~~

10. An applicant for film infrastructure transferable tax credits pursuant to this section shall, upon the request of the Executive Director of the Office, furnish the Executive Director with copies of all records necessary to verify that the applicant meets the requirements of subsection 4.

11. The Office:

(a) Shall adopt regulations prescribing:

- (1) Any additional qualified expenditures or production costs that may serve as the basis for film infrastructure transferable tax credits pursuant to section 13 of this act;
- (2) The application review process;
- (3) That a qualified production that receives a rating of NC-17 from the Motion Picture Association of America, or its successor organization, is not eligible for film infrastructure transferable tax credits;
- (4) That a qualified production, other than a qualified production which receives a rating from the Motion Picture Association of America, or its successor organization, is not eligible for film infrastructure transferable tax credits if it contains any material that is equivalent to material that would cause a qualified production rated by the Motion Picture Association of America, or its successor organization, to be rated NC-17; and
- (5) The requirements for notice pursuant to section 17 of this act; and
- (6) Any necessary provisions to ensure compliance with the requirements of paragraph (e) of subsection 4 relating to diversity plans and that are necessary to require that the diversity plan of an applicant reflects the diversity of this State.

(b) May adopt any other regulations that are necessary to ensure that the provisions of sections 1 to 19, inclusive, of this act are carried out in a manner that is reasonable and customary within the industry for the production of qualified productions.

12. The Nevada Tax Commission and the Nevada Gaming Commission:

(a) Shall adopt regulations prescribing the manner in which film infrastructure transferable tax credits will be administered.

(b) May adopt any other regulations that are necessary to carry out the provisions of sections 1 to 19, inclusive, of this act.

Sec. 13. 1. Except as otherwise provided in subsection 5, qualified ~~Qualified~~ direct production expenditures must be for purchases, rentals or leases of tangible personal property or services from a Nevada business during the period in which a qualified production is produced, must be customary and reasonable and must relate to:

- (a) Set construction and operation;
- (b) Wardrobe and makeup;
- (c) Photography, sound and lighting;
- (d) Filming, film processing and film editing;
- (e) The rental or leasing of facilities, equipment and vehicles;
- (f) Food and lodging;
- (g) Editing, sound mixing, special effects, visual effects and other postproduction services;
- (h) The payroll for Nevada residents or other personnel who provided services in this State;
- (i) Payment for goods or services provided by a Nevada business;
- (j) The design, construction, improvement or repair of property, infrastructure, equipment or a production or postproduction facility;
- (k) State and local government taxes to the extent not included as part of another cost reported pursuant to this section;
- (l) Fees paid to a producer who is a Nevada resident; and
- (m) Any other transaction, service or activity authorized in regulations adopted by the Office of Economic Development pursuant to section 12 of this act.

2. Except as otherwise provided in subsection 5, expenditures ~~Expenditures~~ and costs:

- (a) Related to:
 - (1) The acquisition, transfer or use of film infrastructure transferable tax credits;
 - (2) Marketing and distribution;
 - (3) Financing, depreciation and amortization;
 - (4) The payment of any profits as a result of the qualified production;
 - (5) The payment for the cost of the audit required by section 12 of this act; and
 - (6) The payment for any goods or services that are not directly attributable to the qualified production;
- (b) For which reimbursement is received, or for which reimbursement is reasonably expected to be received;

(c) Which are paid to a joint venturer or a parent, subsidiary or other affiliate of the production company, unless the amount paid represents the fair market value of the purchase, rental or lease of the property or services for which payment is made;

(d) Which provide a pass-through benefit to a person who is not a Nevada resident; or

(e) Which have been previously claimed as a basis for film infrastructure transferable tax credits or for noninfrastructure transferable tax credits under NRS 360.759,

↪ are not qualified direct production expenditures and are not eligible to serve as a basis for film infrastructure transferable tax credits issued pursuant to section 12 of this act.

3. If any tangible personal property is acquired by a Nevada business from a vendor outside this State for immediate resale, rental or lease to a production company that produces a qualified production, expenditures incurred by the production company for the purchase, rental or lease of the property are qualified direct production expenditures if:

(a) The Nevada business regularly deals in property of that kind;

(b) The expenditures are otherwise qualified direct production expenditures under the provisions of this section; and

(c) Not more than 50 percent of the property purchased, rented or leased by the production company for the qualified production is acquired and purchased, rented or leased in the manner described in this subsection. In making the calculation required by this paragraph, the cost of any property that remains an asset of the Nevada business after production of the qualified production has ended must not be included in the calculation as property purchased, rented or leased in the manner described in this subsection.

4. If any tangible personal property is acquired by the production company as an asset, the calculation of the costs of the tangible personal property that constitute a qualified direct production expenditure must be performed in the manner prescribed by the Office of Economic Development by regulation.

5. Qualified direct production expenditures include any payments made to a qualified entity for services performed in Nevada by qualified individuals. As used in this subsection:

(a) "Qualified entity" means a personal service corporation as defined in Section 269A(b)(1) of the Internal Revenue Code, a payroll services corporation, or any entity receiving qualified wages with respect to services performed by a qualified individual.

(b) "Qualified individual" means any individual who performs services during the production period in an activity related to the production of a qualified production. "Qualified individual" shall not include either of the following:

(1) Any individual related to the production company or an employee as described in subparagraph (A), (B), or (C) of Section 51(i)(1) of the Internal Revenue Code.

(2) Any 5-percent owner, as defined in Section 416(i)(1)(B) of the Internal Revenue Code, of the production company.

Sec. 14. 1. Except as otherwise provided in subsection 4 and ~~sections 15 and~~ 16 of this act, the base amount of film infrastructure transferable tax credits issued to an eligible production company pursuant to section 12 of this act must equal 30 percent of the qualified direct production expenditures.

2. Except as otherwise provided in subsections 3 and 4 and section 16 of this act, if the eligible production company submitted the application for the certificate of eligibility for film infrastructure transferable tax credits pursuant to section 12 of this act on or after that date that is 36 months after the date on which the applicable development agreement was executed pursuant to section 10 of this act, the base amount of film infrastructure transferable tax credits calculated pursuant to subsection 1 must be reduced by 2 percent of the qualified direct production expenditures if less than 50 percent of the below-the-line personnel of the qualified production are Nevada residents. A reduction in the amount of film infrastructure transferable tax credits pursuant to this subsection must not reduce the amount of money transferred pursuant to subsection 8 of section 12 of this act to the Account for Nevada Film, Media and Technology Education and Vocational Training created by section 30 of this act.

3. For the purposes of subsection 2:

(a) Except as otherwise provided in paragraph (b) of this subsection, the percentage of the below-the-line personnel who are Nevada residents must be determined by dividing the number of workdays worked by Nevada residents by the number of workdays worked by all below-the-line personnel.

(b) Any work performed by an extra must not be considered in determining the percentage of the below-

the-line personnel who are Nevada residents.

4. The Office may:

(a) Reduce the cumulative amount of film infrastructure transferable tax credits that are calculated pursuant to this section by an amount equal to any damages incurred by the State or any political subdivision of the State as a result of a qualified production that is produced in this State; or

(b) Withhold the film infrastructure transferable tax credits, in whole or in part:

~~[(1)] Until any pending legal action in this State against a production company or involving a qualified production is resolved;~~

~~[(2)] (1) If a production company violates any state or local law.~~

~~[(3)] (2) If a production company is found to have knowingly submitted any false statement, representation or certification in any document submitted for the purpose of obtaining film infrastructure transferable tax credits.~~

Sec. 15. (Deleted by amendment.)

~~[1. In calculating the base amount of film infrastructure transferable tax credits pursuant to subsection 1 of section 14 of this act:~~

~~(a) Wages and salaries, including fringe benefits, paid to above-the-line personnel who are not Nevada residents must be included in the calculation at a rate of 12 percent.~~

~~(b) Wages and salaries, including fringe benefits, paid to below-the-line personnel who are not Nevada residents must not be included in the calculation.~~

~~2. As used in this section, “fringe benefits” means employee expenses paid by an employer for the use of a person’s services, including, without limitation, payments made to a governmental entity, union dues, health insurance premiums, payments to a pension plan and payments for workers’ compensation insurance.]~~

Sec. 16. 1. Except as otherwise provided in this section, the Executive Director of the Office shall not approve any application for film infrastructure transferable tax credits submitted pursuant to section 12 of this act if:

(a) For an application submitted by a production company located at the Las Vegas Media Campus Project:

(1) On or after the date on which the Las Vegas Media Campus Project satisfies the criteria set forth in sub-subparagraph (I) of subparagraph (1) of paragraph (a) of subsection 1 of section 10 of this act but before the date on which the Las Vegas Media Campus Project satisfies the criteria set forth in sub-subparagraph (II) of subparagraph (1) of paragraph (a) of subsection 1 of section 10 of this act, the approval of the application would cause the total amount of film infrastructure transferable tax credits approved pursuant to section 12 of this act for production companies located at the Las Vegas Media Campus Project to exceed the sum of \$55,000,000 for each fiscal year.

(2) On or after the date on which the Las Vegas Media Campus Project satisfies the criteria set forth in sub-subparagraph (II) of subparagraph (1) of paragraph (a) of subsection 1 of section 10 of this act, approval of the application would cause the total amount of film infrastructure transferable tax credits approved pursuant to section 12 of this act for production companies located at the Las Vegas Media Campus Project to exceed the sum of \$95,000,000 for each fiscal year.

(b) For an application submitted by a production company located at the Summerlin Production Studios Project:

(1) Except as otherwise provided in this subparagraph, after the Summerlin Production Studios Project has executed a development agreement pursuant to section 10 of this act but before the date on which the Summerlin Production Studios Project satisfies all of the criteria set forth in subparagraph (1) of paragraph (b) of subsection 1 of section 10 of this act, approval of the application would cause the total amount of film infrastructure transferable tax credits approved pursuant to section 12 of this act for production companies located at the Summerlin Production Studios Project to exceed the sum of \$40,000,000 for each fiscal year. If the Summerlin Production Studios Project does not satisfy the criteria set forth in sub-subparagraph (I) of subparagraph (1) of paragraph (b) of subsection 1 of section 10 of this act, the Office shall not approve any application for film infrastructure transferable tax credits submitted by a production company located at the Project after December 31, 2027. If the Summerlin Production Studios Project does not satisfy the criteria set forth in sub-subparagraph (II) of

subparagraph (1) of paragraph (b) of subsection 1 of section 10 of this act, the Office shall not approve any application for film infrastructure transferable tax credits submitted by a production company located at the Project after December 31, 2029.

(2) On or after the date on which the Summerlin Production Studios Project satisfies all of the criteria set forth in subparagraph (1) of paragraph (b) of subsection 1 of section 10 of this act, approval of the application would cause the total amount of film infrastructure transferable tax credits approved pursuant to section 12 of this act for production companies located at the Summerlin Production Studios Project to exceed the sum of \$80,000,000 for each fiscal year.

(c) The application is submitted by a production company located at the Las Vegas Media Campus Project or the Summerlin Production Studios Project in a fiscal year that begins more than 20 years after the Las Vegas Media Campus satisfied the criteria set forth in sub-subparagraph (I) of subparagraph (1) of paragraph (a) of subsection 1 of section 10 of this act.

~~{2. Beginning with Fiscal Year 2030-2031, the monetary amounts in paragraphs (a) and (b) of subsection 1 must be adjusted for each fiscal year by adding to those amounts the product of the amount multiplied by the percentage increase in the Consumer Price Index (All Items) for the region applicable to the Las Vegas Metropolitan Area from July 2027 to the July preceding the fiscal year for which the adjustment is calculated. The Office shall, on or before September 30, 2028, and on or before September 30 of each year thereafter, post on its Internet website the adjusted monetary amounts.}~~

~~{3.}~~ 2. Except as otherwise provided in subsections 1 and 2, the amount of film infrastructure transferable tax credits authorized for a Project for a fiscal year that are not approved for that fiscal year may be carried forward for that Project and made available for approval only during the next fiscal year for production companies located at that Project, but the amount of film infrastructure transferable tax credits carried forward and made available for approval during the next fiscal year must not exceed 50 percent of the amount of film transferable tax credits authorized for that Project for the fiscal year from which the film infrastructure transferable tax credits are being carried forward.

~~{4.}~~ 3. The film infrastructure transferable tax credits issued to any production company for any qualified production pursuant to section 12 of this act:

(a) Except as otherwise provided in this paragraph, must not exceed a total amount of \$10,000,000 per episode, if the qualified production is a television, Internet or other media series, or \$30,000,000, if the qualified production is a motion picture. The lead participant of the Las Vegas Media Campus Project and the lead participant of Summerlin Production Studios Project may declare, not later than 24 months after the execution of the development agreement applicable to the Project pursuant to section 10 of this act, that a qualified production produced at the Las Vegas Media Campus Project or the Summerlin Production Studios Project, respectively, is not subject to the limitation set forth in this paragraph. A qualified production by a production company located at a Project for which such a declaration is made is not subject to the limitation on the amount of film infrastructure transferable tax credits set forth in this paragraph.

(b) Expire 6 years after the ~~{date}~~ calendar year on which the film infrastructure transferable tax credits are issued to the production company.

~~{5. For the purposes of calculating qualified direct production expenditures:~~

~~(a) The compensation payable to all producers who are Nevada residents must not exceed 10 percent of the portion of the total budget of the qualified production that was expended in or attributable to any expenses incurred in this State.~~

~~(b) The compensation payable to all producers who are not Nevada residents must not exceed 5 percent of the portion of the total budget of the qualified production that was expended in or attributable to any expenses incurred in this State.~~

~~(c) The compensation payable to any employee, independent contractor or any other person who is below the line personnel and who is paid a wage or salary as compensation for providing labor services on the production of the qualified production must not exceed \$1,500,000.~~

Sec. 18. 1. Except as otherwise provided in subsection 3, a ~~{A}~~ production company that is found to have knowingly submitted any false statement, representation or certification in any document submitted for the purpose of obtaining film infrastructure transferable tax credits or who otherwise becomes ineligible for film infrastructure transferable tax credits after receiving the film infrastructure transferable tax credits pursuant to

section 12 of this act shall repay to the Department of Taxation or the Nevada Gaming Control Board, as applicable, any portion of the film infrastructure transferable tax credits to which the production company is not entitled.

2. Film infrastructure transferable tax credits purchased in good faith are not subject to forfeiture or repayment by the transferee unless the transferee submitted fraudulent information in connection with the purchase.

3. A production company that acts in good faith for the purpose of obtaining film infrastructure transferable tax credits and then becomes ineligible for film infrastructure transferable tax credits through no direct fault of its own after receiving the film infrastructure tax credits pursuant to section 12 of this act is not subject to forfeiture or repayment of any portion of the film infrastructure transferable tax credits to which the production company is entitled.

Alternative Option to proposed subsection 3:

3. If a production company can demonstrate that reasonable cause exists for becoming ineligible for film infrastructure transferable tax credits, the production company is not subject to forfeiture or repayment of any portion of the film infrastructure transferable tax credits to which the production company is entitled.

4. As used in this section, "reasonable cause" means unforeseen circumstances beyond the control of the production company, including but not limited to an event in the nature of force majeure.

Sec. 19. The Office shall, on or before October 1 of each year, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes, for the immediately preceding fiscal year:

1. The number of applications submitted for film infrastructure transferable tax credits pursuant to section 12 of this act;

2. The number of qualified productions for which film infrastructure transferable tax credits were approved;

3. The amount of film infrastructure transferable tax credits approved;

4. The amount of film infrastructure transferable tax credits used;

5. The amount of film infrastructure transferable tax credits transferred;

6. The amount of film infrastructure transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified production;

7. The total amount of the qualified direct production expenditures incurred by each qualified production and the portion of those expenditures that were incurred in Nevada;

8. The number of persons in Nevada employed by each qualified production, the demographic information of those persons and the amount of wages paid to those persons; ~~and~~

9. The period during which each qualified production was in Nevada and employed persons in Nevada;

10. The number of qualified productions that were produced by persons or entities that are affiliated with the Las Vegas Media Campus Project or the Summerlin Production Studios Project and the number of such productions that were produced by persons or entities that are not affiliated with either of the Projects; and

11. Recommendations on strengthening the overall operation of the film infrastructure transferable tax credits, including, without limitation, identifying methods to promote and encourage the development and establishment of production companies in Nevada, including productions companies that are not affiliated with the Las Vegas Media Campus Project or the Summerlin Production Studios Project.

Sec. 21. NRS 360.759 is hereby amended to read as follows:

360.759 1. A production company that produces a qualified production in this State in whole or in part may apply to the Office of Economic Development for a certificate of eligibility for *noninfrastructure* transferable tax credits for any qualified direct production expenditures. The *noninfrastructure* transferable tax credits may be applied to:

(a) Any tax imposed by chapters 363A and 363B of NRS;

(b) The gaming license fees imposed by the provisions of NRS 463.370;

- (c) Any tax imposed pursuant to chapter 680B of NRS; or
- (d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).

2. The Office may approve an application for a certificate of eligibility for *noninfrastructure* transferable tax credits if the Office finds that the production company producing the qualified production qualifies for the *noninfrastructure* transferable tax credits pursuant to subsection 3. If the Office approves the application, the Office shall calculate the estimated amount of the *noninfrastructure* transferable tax credits pursuant to NRS 360.7592, 360.7593 and 360.7594.

3. To be eligible for *noninfrastructure* transferable tax credits pursuant to this section, a production company must:

- (a) Submit an application that meets the requirements of subsection 4;
- (b) Provide ~~proof satisfactory to the Office that the qualified production is in the economic interest of the State;~~

~~—(e) Provide~~ proof ~~[satisfactory]~~ to the Office that 70 percent or more of the funding for the qualified production has been obtained;

~~[(d)] (c)~~ Provide proof ~~[satisfactory]~~ to the Office that at least 60 percent of the direct production expenditures for:

- (1) Preproduction;
- (2) Production; and
- (3) If any direct production expenditures for postproduction will be incurred in this State, postproduction,

↳ of the qualified production will be incurred in this State as qualified direct production expenditures; ~~[(e)] (d)~~ Not later than 270 days after the completion of principal photography of the qualified production or, if any direct production expenditures for postproduction will be incurred in this State, not later than 270 days after the completion of postproduction, unless the Office agrees to extend this period by not more than 90 days, provide the Office with an audit of the qualified production that includes an itemized report of qualified direct production expenditures which:

- (1) Shows that the qualified production incurred qualified direct production expenditures of \$500,000 or more; and
- (2) Is certified by an independent certified public accountant in this State who is approved by the Office;

~~[(f)] (e)~~ Pay the cost of the audit required by paragraph ~~[(e)]; (d); and~~

~~[(g)] (f)~~ Enter into a written agreement with the Office that requires the production company to include:

- (1) In the end screen credits of the qualified production ~~[(a)]~~ :

~~(I) A~~ logo of this State provided by the Office which indicates that the qualified production was filmed or otherwise produced in Nevada; *and*

(II) If the qualified production was produced at the Las Vegas Media Campus Project or the Summerlin Production Studios Project, an acknowledgment of the Project at which the qualified production was produced; or

(2) If the qualified production does not have end screen credits, another acknowledgement in the final version of the qualified production which indicates that the qualified production was ~~[filmed]~~

~~(I) Filmed~~ or otherwise produced in Nevada; and

~~[(h) Meet any other requirements prescribed by regulation pursuant to this section.]~~

(II) Produced at the Las Vegas Media Campus Project or the Summerlin Production Studios Project, if applicable.

4. An application submitted pursuant to subsection 3 must contain:

- (a) A script, storyboard or synopsis of the qualified production;
- (b) The names of the production company, producer, director and proposed cast;
- (c) An estimated timeline to complete the qualified production;
- (d) A summary of the budgeted expenditures for the entire production, including projected expenditures to be incurred outside of Nevada;

(e) Details regarding the financing of the project, including, without limitation, any information relating to a binding financing commitment, loan application, commitment letter or investment letter;

(f) An insurance certificate, binder or quote for general liability insurance of \$1,000,000 or more;

- (g) The business address of the production company;
- (h) Proof that the qualified production meets any applicable requirements relating to workers' compensation insurance; *and*
- (i) Proof that the production company has secured all licenses and registrations required to do business in each location in this State at which the qualified production will be produced. ~~}; and~~
~~—(j) Any other information required by regulations adopted by the Office pursuant to subsection 8.—~~

5. If the Office approves an application for a certificate of eligibility for *noninfrastructure* transferable tax credits pursuant to this section, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to NRS 360.7592 to:

- (a) The applicant;
- (b) The Department; and
- (c) The Nevada Gaming Control Board.

6. Within 60 business days after receipt of an audit provided by a production company pursuant to paragraph ~~[(e)]~~ (d) of subsection 3 and any other accountings or other information required by the Office, the Office shall determine whether to certify the audit and make a final determination of whether a certificate of *noninfrastructure* transferable tax credits will be issued. If the Office certifies the audit, determines that all other requirements for the *noninfrastructure* transferable tax credits have been met and determines that a certificate of *noninfrastructure* transferable tax credits will be issued, the Office shall notify the production company that the *noninfrastructure* transferable tax credits will be issued. Within 30 days after the receipt of the notice, the production company shall make an irrevocable declaration of the amount of *noninfrastructure* transferable tax credits that will be applied to each fee or tax set forth in subsection 1, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the production company a certificate of *noninfrastructure* transferable tax credits in the amount approved by the Office for the fees or taxes included in the declaration of the production company. The production company shall notify the Office upon transferring any of the *noninfrastructure* transferable tax credits. The Office shall notify the Department and the Nevada Gaming Control Board of all *noninfrastructure* transferable tax credits issued, segregated by each fee or tax set forth in subsection 1, and the amount of any *noninfrastructure* transferable tax credits transferred.

7. *Within 30 days after receipt of the notice of the issuance of noninfrastructure transferable tax credits to a production company that submitted an application for noninfrastructure transferable tax credits on or after July 1, 2023, and before July 1, 2043, the Department or, if the noninfrastructure transferable tax credits will be applied to the gaming license fee imposed by the provisions of NRS 463.370, the Nevada Gaming Control Board shall notify the State Controller of the issuance of the noninfrastructure transferable tax credits and the State Controller shall transfer an amount of money equal to 10 percent of the amount of noninfrastructure transferable tax credits issued to the production company to the Account for Nevada Film, Media and Technology Education and Vocational Training created by section 30 of this act. Any noninfrastructure transferable tax credits issued to a production company must be reduced by the amount of money transferred pursuant to this subsection to the Account for Nevada Film, Media and Technology Education and Vocational Training created by section 30 of this act.*

8. *If, pursuant to subsection 6, the Office issues a certificate of noninfrastructure transferable tax credits to a production company that submitted the application for the noninfrastructure transferable tax credits on or after July 1, 2023, and before July 1, 2043, the production company may apply the noninfrastructure transferable tax credits to the tax imposed by chapter 363B of NRS on the production company. The production company must claim such credits on the first return filed with the Department pursuant to NRS 363B.110 after the issuance of the noninfrastructure transferable tax credits. ~~[To the extent that the amount of noninfrastructure transferable tax credits exceeds the amount of tax due for that period, the Department shall issue to the production company a refund of the amount by which the amount of credits exceeds the amount of tax due.]~~*

9. An applicant for *noninfrastructure* transferable tax credits pursuant to this section shall, upon the request of the Executive Director of the Office, furnish the Executive Director with copies of all records necessary to verify that the applicant meets the requirements of subsection 3.

~~[8.]~~ 10. The Office:

- (a) Shall adopt regulations prescribing:

- (1) ~~Any additional requirements to receive transferable tax credits;~~
~~(2)~~ Any additional qualified expenditures or production costs that may serve as the basis for **noninfrastructure** transferable tax credits pursuant to NRS 360.7591;
~~(3) Any additional information that must be included with an application pursuant to subsection 4;~~
~~(4)~~ (2) The application review process;
~~(5) Any type of~~
(3) *That a qualified production that receives a rating of NC-17 from the Motion Picture Association of America, or its successor organization, is not eligible for noninfrastructure transferable tax credits;*
(4) *That a qualified production ~~[which, due to obscene or sexually explicit material,]~~ is not eligible for noninfrastructure transferable tax credits ~~;~~ if it contains any material that is equivalent to material that would cause a qualified production rated by the Motion Picture Association of America, or its successor organization, to be rated NC-17;* and
~~(6)~~ (5) The requirements for notice pursuant to NRS 360.7595; and
(b) May adopt any other regulations that are necessary to ~~carry out~~ *ensure that* the provisions of NRS 360.758 to 360.7598, inclusive ~~;~~
~~9.~~ *, are carried out in a manner that is reasonable and customary within the industry for the production of qualified productions.*

11. The Nevada Tax Commission and the Nevada Gaming Commission:

- (a) Shall adopt regulations prescribing the manner in which **noninfrastructure** transferable tax credits will be administered.
(b) May adopt any other regulations that are necessary to carry out the provisions of NRS 360.758 to 360.7598, inclusive.

12. *As used in this section:*

- (a) *“Las Vegas Media Campus Project” has the meaning ascribed to it in section 5 of this act.*
(b) *“Summerlin Production Studios Project” has the meaning ascribed to it in section 9 of this act.*

Sec. 21.5. NRS 360.7591 is hereby amended to read as follows:

NRS 360.7591 1. Qualified direct production expenditures must be for purchases, rentals or leases of tangible personal property or services from a Nevada business during the period in which a qualified production is produced, must be customary and reasonable and must relate to:

- (a) Set construction and operation;
- (b) Wardrobe and makeup;
- (c) Photography, sound and lighting;
- (d) Filming, film processing and film editing;
- (e) The rental or leasing of facilities, equipment and vehicles;
- (f) Food and lodging;
- (g) Editing, sound mixing, special effects, visual effects and other postproduction services;
- (h) The payroll for Nevada residents or other personnel who provided services in this State;
- (i) Payment for goods or services provided by a Nevada business;
- (j) The design, construction, improvement or repair of property, infrastructure, equipment or a production or postproduction facility;
- (k) State and local government taxes to the extent not included as part of another cost reported pursuant to this section;
- (l) Fees paid to a producer who is a Nevada resident; and
- (m) Any other transaction, service or activity authorized in regulations adopted by the Office of Economic Development pursuant to [NRS 360.759](#).

2. Expenditures and costs:

- (a) Related to:
- (1) The acquisition, transfer or use of transferable tax credits;
 - (2) Marketing and distribution;
 - (3) Financing, depreciation and amortization;
 - (4) The payment of any profits as a result of the qualified production;
 - (5) The payment for the cost of the audit required by [NRS 360.759](#); and

(6) The payment for any goods or services that are not directly attributable to the qualified production;

(b) For which reimbursement is received, or for which reimbursement is reasonably expected to be received;

(c) Which are paid to a joint venturer or a parent, subsidiary or other affiliate of the production company, unless the amount paid represents the fair market value of the purchase, rental or lease of the property or services for which payment is made;

(d) Which provide a pass-through benefit to a person who is not a Nevada resident; or

(e) Which have been previously claimed as a basis for noninfrastructure transferable tax credits *or for film infrastructure transferable tax credits issued pursuant to section 12 of this act*,

↪ are not qualified direct production expenditures and are not eligible to serve as a basis for noninfrastructure transferable tax credits issued pursuant to NRS 360.759.

3. If any tangible personal property is acquired by a Nevada business from a vendor outside this State for immediate resale, rental or lease to a production company that produces a qualified production, expenditures incurred by the production company for the purchase, rental or lease of the property are qualified direct production expenditures if:

(a) The Nevada business regularly deals in property of that kind;

(b) The expenditures are otherwise qualified direct production expenditures under the provisions of this section; and

(c) Not more than 50 percent of the property purchased, rented or leased by the production company for the qualified production is acquired and purchased, rented or leased in the manner described in this subsection. In making the calculation required by this paragraph, the cost of any property that remains an asset of the Nevada business after production of the qualified production has ended must not be included in the calculation as property purchased, rented or leased in the manner described in this subsection.

4. If any tangible personal property is acquired by the production company as an asset, the calculation of the costs of the tangible personal property that constitute a qualified direct production expenditure must be performed in the manner prescribed by the Office of Economic Development by regulation.

Sec. 22. NRS 360.7592 is hereby amended to read as follows:

360.7592 1. Except as otherwise provided in subsection ~~[4] 5~~ and NRS 360.7593 and 360.7594, the base amount of noninfrastructure transferable tax credits issued to an eligible production company pursuant to NRS 360.759 :

(a) For an eligible production company that submitted the application for the certificate of eligibility for the noninfrastructure transferable tax credits before July 1, 2023, and on or after July 1, 2043, must equal 15 percent of the qualified direct production expenditures.

(b) For an eligible production company that submitted the application for the certificate of eligibility for the noninfrastructure transferable tax credits on or after July 1, 2023, and before July 1, 2043, must equal 30 percent of the qualified direct production expenditures.

2. Except as otherwise provided in subsections ~~[3] 4~~ and ~~[4] 5~~ and NRS 360.7594, *if the eligible production company submitted the application for the certificate of eligibility for noninfrastructure transferable tax credits pursuant to NRS 360.759 before July 1, 2023, and on or after July 1, 2043, in addition to the base amount calculated pursuant to paragraph (a) of subsection 1, noninfrastructure transferable tax credits issued to an eligible production company ~~[pursuant to NRS 360.759]~~ must include credits in an amount equal to:*

(a) An additional 5 percent of the qualified direct production expenditures if more than 50 percent of the below-the-line personnel of the qualified production are Nevada residents; and

(b) An additional 5 percent of the qualified direct production expenditures if more than 50 percent of the filming days of the qualified production occurred in a county in this State in which, in each of the 2 years immediately preceding the date of application, qualified productions incurred less than \$10,000,000 of qualified direct production expenditures.

3. *Except as otherwise provided in subsections 4 and 5 and NRS 360.7594, if the eligible production company submitted the application for the certificate of eligibility for noninfrastructure transferable tax credits pursuant to NRS 360.759 on or after July 1, 2023, and before July 1, 2043, the base amount of*

noninfrastructure transferable tax credits calculated pursuant to paragraph (b) of subsection 1 must be reduced by 2 percent of the qualified direct production expenditures if less than 50 percent of the below-the-line personnel of the qualified production are Nevada residents. A reduction in the amount of film infrastructure transferable tax credits pursuant to this subsection must not reduce the amount of money transferred pursuant to subsection 8 of section 12 of this act to the Account for Nevada Film, Media and Technology Education and Vocational Training created by section 30 of this act.

4. For the purposes of paragraph (a) of subsection 2 ~~[4]~~ **and subsection 3:**

(a) Except as otherwise provided in paragraph (b) of this subsection, the percentage of the below-the-line personnel who are Nevada residents must be determined by dividing the number of workdays worked by Nevada residents by the number of workdays worked by all below-the-line personnel.

(b) Any work performed by an extra must not be considered in determining the percentage of the below-the-line personnel who are Nevada residents.

~~[4]~~ **5.** The Office may:

(a) Reduce the cumulative amount of *noninfrastructure* transferable tax credits that are calculated pursuant to this section by an amount equal to any damages incurred by the State or any political subdivision of the State as a result of a qualified production that is produced in this State; or

(b) Withhold the *noninfrastructure* transferable tax credits, in whole or in part:

(1) Until any pending legal action in this State against a production company or involving a qualified production is resolved.

(2) If a production company violates any state or local law.

(3) If a production company is found to have submitted any false statement, representation or certification in any document submitted for the purpose of obtaining *noninfrastructure* transferable tax credits.

Sec. 30. 1. *The Account for Nevada Film, Media and Technology Education and Vocational Training is hereby created in the State General Fund. The Executive Director of the Office of Economic Development, at the direction of the Board, shall administer the Account.*

2. *The Executive Director may apply for and accept gifts, grants, bequests and donations from any source for deposit in the Account.*

3. *The Account consists of:*

(a) *Money transferred to the Account pursuant to NRS 360.759 and section 12 of this act.*

(b) *Any direct legislative appropriations to the Account.*

(c) *Any gifts, grants, bequests and donations made to the Account.*

(d) *Interest and income earned on money in the Account.*

4. *The interest and income earned on the money in the Account, after deducting any applicable charges, must be credited to the Account.*

5. *Any money remaining in the Account at the end of the fiscal year does not revert to the State General Fund, and the balance in the Account must be carried forward to the next fiscal year.*

6. *Money in the Account must be used by the Office to make grants to any institution within the Nevada System of Higher Education, a state or local agency, a school district, a charter school, a vocational trade school, a nonprofit organization, a labor organization or a private postsecondary educational institution that provides a program of workforce development for the production of qualified productions in this State. ~~[Forty-five percent of the money which is distributed from the Account in the form of grants must be allocated to the Nevada Media Lab for the operation and overhead costs of the Nevada Media Lab. Fifty-five]~~ **Fifty** percent of the money which is distributed from the Account in the form of grants must be allocated to educational and vocational training organizations pursuant to section 32 of this act for the purpose of providing programs of workforce development for the production of qualified productions in this State. Except as otherwise provided in subsection 7:*

(a) *Thirty percent of the money which is distributed from the Account in the form of grants must be allocated to the Nevada Media Lab for the operation and overhead costs of the Nevada Media Lab; and*

(b) Twenty percent of the money which is distributed from the Account in the form of grants must be allocated to the Nevada Partners Vocational Training Studio for the operation and overhead costs of the Nevada Partners Vocational Training Studio.

7. Until the date on which a certificate of occupancy has been issued for both the Nevada Media Lab and for the Nevada Partners Vocational Training Studio, respectively, fifty percent of the money which is distributed from the Account in the form of grants pursuant to subsection 6 must be allocated to the facility for which a certificate of occupancy is first issued for the operation and overhead costs of that facility.

~~7.7~~ 8. As used in this section:

(a) “Nevada Media Lab” has the meaning ascribed to it in section 7 of this act.

(b) “Qualified production” has the meaning ascribed to it in NRS 360.7586.

(c) “Nevada Partners Vocational Training Studio” has the meaning ascribed to is in Section 9.5 of this act.

Sec. 31. 1. There is hereby created the Board for Nevada Film, Media and Technology Education and Vocational Training within the Office of Economic Development in the Office of the Governor, consisting of the following voting members:

(a) One member appointed by the Governor;

(b) One member, who must not be a Legislator, appointed by the Majority Leader of the Senate;

(c) One member, who must not be a Legislator, appointed by the Speaker of the Assembly;

(d) One member, who must not be a Legislator, appointed by the Minority Leader of the Senate;

(e) One member, who must not be a Legislator, appointed by the Minority Leader of the Assembly;

(f) One member, who must not be a legislator, appointed by the Governor from a nominee selected by the Southern Nevada Enterprise Community Board to represent the interests of the Nevada Partners Vocational Training Studio;

(g) Two members appointed by the Governor, one from a nominee selected by the lead participant in the Las Vegas Media Campus Project and one from a nominee selected by the lead participant in the Summerlin Production Studios Project.

2. In appointing members to the Board pursuant to subsection 1, the appointing authorities set forth in that subsection shall coordinate to ensure that both the public and private sectors are represented on the Board.

3. The members appointed pursuant to paragraphs (a), (c) and (e) of subsection 1 must be appointed to an initial term of 2 years commencing on January 1, 2024, and the members appointed pursuant to paragraphs (b) and (d) of subsection 1 must be appointed to an initial term of 4 years commencing on January 1, 2024. The Governor shall appoint the member appointed pursuant to paragraph (f) of subsection 1 who was nominated by the lead participant of the Las Vegas Media Campus Project to an initial term of 4 years commencing on January 1, 2024, and the initial term of member appointed pursuant to paragraph (g) of subsection 1 who was nominated by the Summerlin Production Studios Project must be 2 years commencing on January 1, 2024. After the initial terms, each member shall serve a term of 4 years. Each member serves at the pleasure of the person appointing that member pursuant to subsection 1. If, for any reason, a vacancy occurs during the term of an appointed member, the person who is responsible for making the appointment pursuant to subsection 1 shall appoint a replacement qualified pursuant to that subsection to serve for the remainder of the unexpired term. Each member may serve not more than two consecutive full terms.

4. At the first meeting of each fiscal year, the Board shall elect from among its members a Chair and a Vice Chair. The Executive Director of the Office of Economic Development shall serve as the nonvoting Secretary of the Board.

5. A majority of the voting members of the Board constitutes a quorum, and the affirmative vote

of a majority of the voting members of the Board is required to exercise any power conferred on the Board.

6. The Board shall meet at least twice each calendar year but may meet more often at the call of the Chair or a majority of the voting members of the Board.

7. The members of the Board serve without compensation but are entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally while engaged in the official business of the Board.

8. A member of the Board who is an officer or employee of this State or a political subdivision of this State must be relieved from duties without loss of regular compensation so that the officer or employee may prepare for and attend meetings of the Board and perform any work necessary to carry out the duties of the Board in the most timely manner practicable. A state agency or political subdivision of this State shall not require an officer or employee who is a member of the Board to make up the time the officer or employee is absent from work to carry out duties as a member of the Board or use annual vacation or compensatory time for the absence.

9. As used in this section ~~is~~ :

(a) “Nevada Partners Vocational Training Studio” has the meaning ascribed to it in Section 9.5 of this act.

(b) “Southern Nevada Enterprise Community Board” means the “Southern Nevada Enterprise Community Board” created pursuant to section 8 of chapter 407, Statutes of Nevada 2007.

(c) “Summerlin Production Studios Project” has the meaning ascribed to it in section 9 of this act.