

September 29, 2023

The Honorable Joe Lombardo  
Office of the Governor  
One Hundred One North Carson Street  
Carson City, Nevada 89701

Ms. Brenda Erdoes, Director  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701

**Re: Annual Report  
The Nevada Film Office  
Pursuant to NRS 360.7598**

Dear Governor Lombardo and Director Erdoes:

Pursuant to NRS 360.7598 the Governor's Office of Economic Development is submitting its annual report for the Transferable Tax Credits for Film and Other Productions. The attached report is based on information provided by the Qualified Productions and addresses the following statutory questions:

1. The number of applications submitted for transferable tax credits pursuant to NRS 360.759;
2. The number of qualified productions for which transferable tax credits were approved;
3. The amount of transferable tax credits approved;
4. The amount of transferable tax credits used;
5. The amount of transferable tax credits transferred;
6. The amount of 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 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.

We have also included a history and overview of the Film program and an economic impact analysis to provide a more comprehensive review.

If further information is required, please contact me at your convenience.

Respectfully yours,



Kim Spurgeon  
Incentive Program Manager, Nevada Film Office, GOED

cc: Thomas J. Burns, Executive Director, GOED  
Dr. Kristopher Sanchez, Deputy Director, GOED

# 2023 Nevada Film Office Annual Report



*Nevada Governor's Office of*  
**ECONOMIC DEVELOPMENT**

Photo courtesy of Michael Okimoto



Photo courtesy of BattleBots

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### **ABOUT THE NEVADA FILM OFFICE**

The Nevada Film Office (NFO) was established in 1982 as the Division of Motion Pictures and operates within the Governor's Office of Economic Development (GOED). The NFO markets Nevada as a production destination for film, television, commercials and other forms of audiovisual media to generate economic impact through job creation and in-state production spending. The office facilitates connections with local crew, vendors and services, as well as identifies filming locations, assists with the permitting processes, and coordinates intergovernmental cooperation statewide. The NFO also administers the Transferable Tax Credit for Film and Other Productions program to attract productions to film in the state and encourage the growth of the industry in Nevada.

More information is available at [www.nevadafilm.com](http://www.nevadafilm.com).

## INTRODUCTION

The Nevada Film Office (NFO), a division of the Governor's Office of Economic Development (GOED), incentivizes productions filming in the state by administering the Transferrable Tax Credit for Film and Other Productions program. This report provides a summary of program activity for fiscal year 2023, from July 1, 2022, through June 30, 2023, including productions that applied for the incentive as well as those who received a final tax credit. Although Nevada's film tax incentive program ranks among the least competitive globally, the state still attracts low-budget independent feature films, unscripted television series and commercials. Despite the proximity to Los Angeles, a non-competitive tax program coupled with a lack of infrastructure and small workforce impedes Nevada's ability to grow the industry.



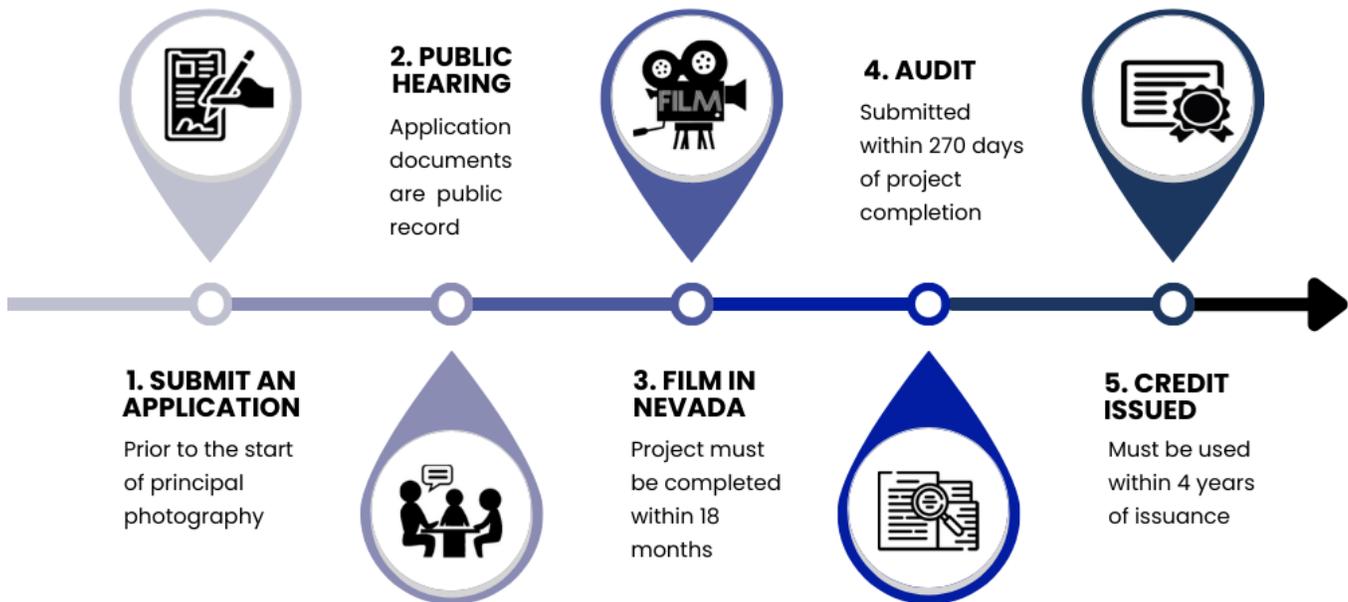
## TAX CREDIT PROGRAM HISTORY

Established by SB165 during the 2013 legislative session, the Transferable Tax Credit for Film and Other Productions program was initially passed as a four-year pilot program with \$20 million in funding reserved for each year for a total of \$80 million. During the 2014 special session of the legislature, SB1 reallocated \$70 million of those tax credits to the program established by the bill, leaving the Transferable Tax Credit for Film and Other Productions program with only \$10 million in total funding. The remaining funding was applied for and used by a total of 10 productions, leaving the program established in law but unfunded. Two bills were introduced during the 2015 legislative session regarding the program. SB94 was a proactive operational bill to improve the function of the program, which passed. AB147 sought to reestablish funding for the program in the amount of \$15 million, but the bill did not pass, with the program remaining unfunded. AB492 introduced during the 2017 legislative session proposed annual funding for the program of \$10 million with any unused funds carried forward for future fiscal years. This bill passed and reestablished funding to the program every fiscal year starting July 1, 2018, with no sunset date. Productions began applying for the newly appointed funding immediately, though the program attracted fewer productions than in the first year of the program. Another bill, AB20, made additional functional changes to the program during the 2021 legislative session. The program continues to attract a modest number of applications each year, though the annual funding is not used in full and unused funds continue to carry forward.



Photo courtesy of Taylor Miller

## INCENTIVE PROCESS

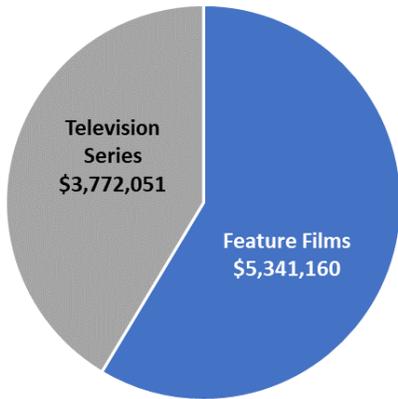


## TAX CREDIT PROGRAM OVERVIEW

The Transferable Tax Credits for Film and Other Productions program is funded at \$10 million annually with new funding available each fiscal year on July 1. The program awards a 15 percent transferable tax credit to eligible productions spending at least \$500,000 and 60 percent of their total budget on qualified Nevada costs, including resident cast and crew. Non-Nevada resident above-the-line personnel qualify for a 12 percent incentive. Caps are applied to eligible wages greater than \$750,000 per individual, as well as wages greater than 10 percent of total qualified expenditures for all Nevada resident producers and 5 percent of total qualified expenditures for all non-Nevada resident producers. There are two 5 percent bonuses available. One bonus can be achieved by filming greater than 50 percent of the production's total filming days in a qualified rural county. Another bonus is awarded to productions hiring greater than 50 percent of below-the-line crew as Nevada residents, calculated based on workdays worked and excluding background extras. To qualify, a production must apply prior to the start of principal photography. Once approved, the production will receive a certificate of eligibility in the amount calculated from the application. This amount is reserved from the annual funding for the applicant. After filming is completed and all final Nevada expenses are incurred, an audit by an approved third party is required, which calculates the final transferable tax credit amount. If this amount is lower than the certificate of eligibility amount, then the surplus of reserved funds are reverted to the available funding.

## FISCAL YEAR 2023 APPLICATION DATA

Approved Applications FY23



During the fiscal year 2023, 14 applications were submitted for transferable tax credits pursuant to NRS 360.759. Of the applications submitted, all 14 were approved for a total of \$9,113,211 in credits issued as certificates of eligibility. These productions are expected to spend a total of \$48,049,595 in qualified expenditures and hire a total of 862 above-the-line and below-the-line Nevada residents, as well as 677 background extras. The applicant productions included eight feature films and six television series. However, after approval, one television series withdrew their application and \$266,580 in credits were rescinded and reverted to the available funding.



Photo courtesy of Drew Pettus

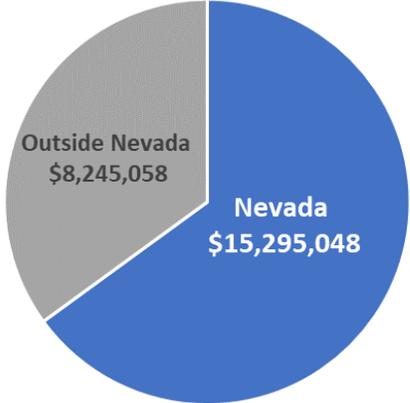
# FISCAL YEAR 2023 AUDIT DATA

There were five audits completed during fiscal year 2023, including four feature films and one television series. These productions qualified for a total of \$2,837,547 in transferable tax credits by spending \$15,295,048 on qualified expenditures in Nevada. These productions hired a total of 1,216 people in Nevada, including all above-the-line and below-the-line personnel categories including actors, crews, and background extras. These part-time positions accounted for 146,983 working hours; after converting to a full-time “person-year” equivalent (one person working 2,080 hours per year), the 1,216 jobs equals 70.7 person-years of employment.



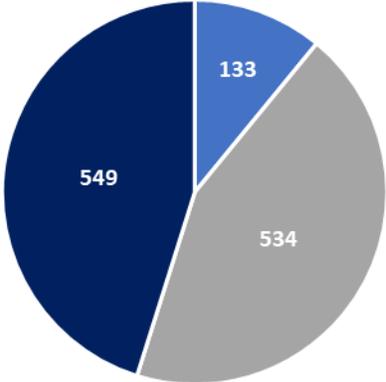
Photo courtesy of Eric Guideng

Total Qualified Expenditures



Total: \$23,540,106

Persons Employed in Nevada



■ Above-the-Line ■ Below-the-Line ■ Background Extras

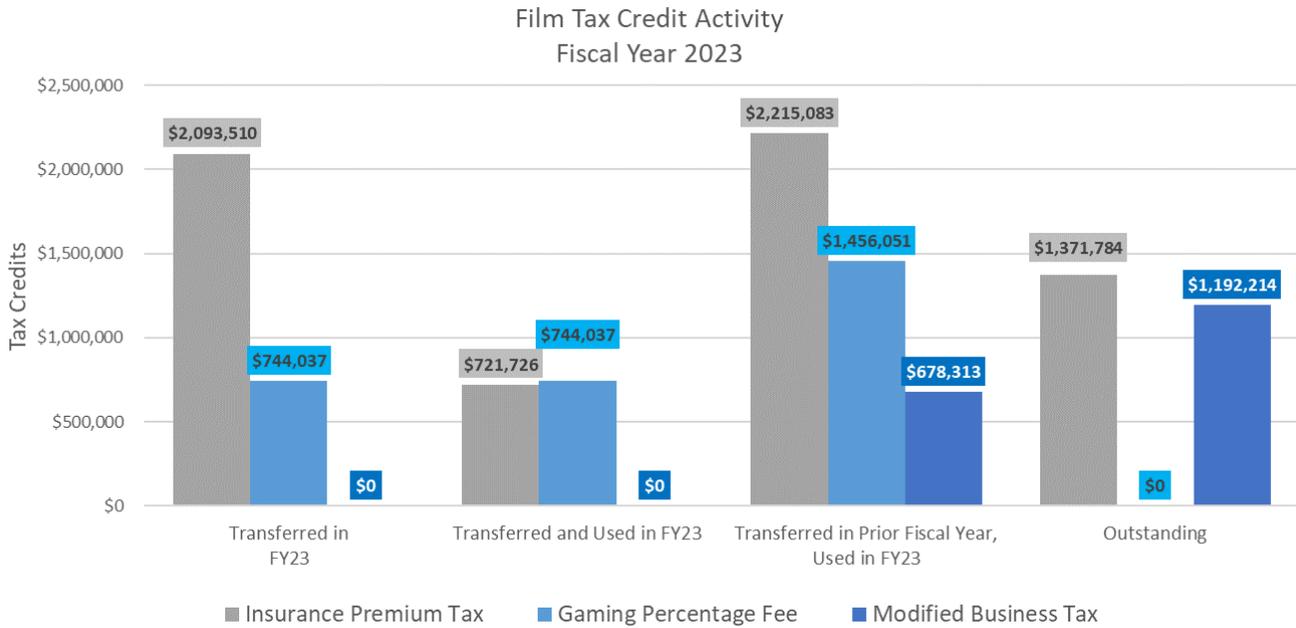
These productions employed persons in Nevada during various time frames:

- Buena Vista Productions incurred qualified production expenditures from October 2019 to November 2019. The primary filming dates in which the majority of persons were employed in Nevada were November 2019. There were a total of 44 people hired by the production, earning \$1,009,567 in wages.
- Blowback Production LLC incurred qualified production expenditures from February 2021 to June 2021. The primary filming dates in which the majority of persons were employed in Nevada were March 2021. There were a total of 167 people hired by the production, earning \$616,684 in wages.
- MMJ Productions LLC incurred qualified production expenditures from May 2021 to March 2022. The primary filming dates in which the majority of persons were employed in Nevada were July 2021 to August 2021. There were a total of 294 people hired by the production, earning \$3,344,153 in wages.
- Prisoner's Daughter LLC incurred qualified production expenditures from July 2021 to June 2022. The primary filming dates in which the majority of persons were employed in Nevada were September 2021 to October 2021. There were a total of 292 people hired by the production, earning \$3,226,321 in wages.
- BH Dominion LLC incurred qualified production expenditures from February 2022 to September 2022. The primary filming dates in which the majority of persons were employed in Nevada were April 2022 to May 2022. There were a total of 419 people hired by the production, earning \$5,807,180 in wages.



Photo courtesy of City of Las Vegas

For fiscal year 2023, including prior year balance carryforwards, there were \$5,815,210 transferable tax credits used. A total of \$678,313 in credits were used toward the modified business tax, \$2,936,809 in credits were used toward the insurance premium tax and \$2,200,088 were used toward the gaming license fee. A total of \$2,563,998 in credits have been issued but not yet redeemed.



		Buena Vista Productions	Blowback Production LLC	MMJ Productions LLC	Prisoner's Daughter LLC	BH Dominion LLC	Paved in '25 LLC	Grafting 101 Inc.	Crown Noah Productions, LLC	Greetings Media, LLC	Total
<b>Credits Transferred in FY23</b>	<b>Total</b>	\$150,023	\$101,277	\$796,564	\$594,014	\$1,195,669	\$0	\$0	\$0	\$0	\$2,837,547
	Gaming	\$150,023	\$0	\$0	\$594,014	\$0	\$0	\$0	\$0	\$0	\$744,037
	Insurance	\$0	\$101,277	\$796,564	\$0	\$1,195,669	\$0	\$0	\$0	\$0	\$2,093,510
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Credits Transferred and Used in FY23</b>	<b>Total</b>	\$150,023	\$101,277	\$620,449	\$594,014	\$0	\$0	\$0	\$0	\$0	\$1,465,763
	Gaming	\$150,023	\$0	\$0	\$594,014	\$0	\$0	\$0	\$0	\$0	\$744,037
	Insurance	\$0	\$101,277	\$620,449	\$0	\$0	\$0	\$0	\$0	\$0	\$721,726
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Credits Transferred in Prior Fiscal Years, Used in FY23</b>	<b>Total</b>	\$0	\$0	\$0	\$0	\$0	\$44,327	\$2,215,083	\$633,986	\$1,456,051	\$4,349,447
	Gaming	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,456,051	\$1,456,051
	Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$2,215,083	\$0	\$0	\$2,215,083
	Business	\$0	\$0	\$0	\$0	\$0	\$44,327	\$0	\$633,986	\$0	\$678,313
<b>Outstanding Credits</b>	<b>Total</b>	\$0	\$0	\$176,115	\$0	\$1,195,669	\$0	\$0	\$1,192,214	\$0	\$2,563,998
	Gaming	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance	\$0	\$0	\$176,115	\$0	\$1,195,669	\$0	\$0	\$0	\$0	\$1,371,784
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,192,214	\$0	\$1,192,214

## ECONOMIC IMPACT

An economic impact analysis was performed on each of the productions receiving transferable tax credits. The analysis was based on the Nevada Film Impact Model, created by Applied Economics, to estimate the economic and revenue impacts associated with on-site filming impacts. Impacts are based on information about local supplier purchases and per diem allowances during the course of an on-site feature film, television series or other qualified filming project. The impacts are based on economic multipliers from IMPLAN, a national vendor of input-output software. The multipliers used in the model are specific to the selected project location and are specific to the types of expenditures that are made.

Sources of revenue at the state and local level include sales and use taxes on purchases and rentals, hotel tax, car rental surcharges and the modified business payroll tax. The audited productions spent a total of \$15,295,048 in qualified spend in Nevada, on a variety of industries including construction and set dressing, equipment rentals, locations, wardrobe and hair/makeup, travel and vehicles, and accommodations and catering. This spending generated a total revenue of net new taxes of \$830,498 and contributed to a total wage impact of \$13,507,983 and economic impact of \$48,618,706, or \$17 per tax credit dollar.

Company	Total Qualified Expenditures	Total Transferable Tax Credits	Net New Taxes	Wage Impact	Economic Impact	Fiscal ROI**	Economic ROI*	Total Wages & Fringes	Total FTE Jobs***
MMJ Productions LLC	\$ 4,195,392	\$ 796,564	\$ 208,933	\$ 2,842,170	\$ 10,266,446	\$ 0.26	\$ 13	\$ 3,344,153	19
Prisoner's Daughter LLC	\$ 3,122,441	\$ 594,014	\$ 186,064	\$ 3,118,921	\$ 11,178,155	\$ 0.31	\$ 19	\$ 3,226,321	14.1
Buena Vista Productions Inc	\$ 1,164,324	\$ 150,023	\$ 24,555	\$ 361,495	\$ 1,143,843	\$ 0.16	\$ 8	\$ 1,009,567	1.4
Blowback Production LLC	\$ 534,608	\$ 101,277	\$ 26,101	\$ 528,977	\$ 1,916,906	\$ 0.26	\$ 19	\$ 616,684	4.3
BH Dominion LLC	\$ 6,278,283	\$ 1,195,669	\$ 384,845	\$ 6,656,420	\$ 24,113,356	\$ 0.32	\$ 20	\$ 5,807,180	31.9
<b>Fiscal Year 2023 Total</b>	<b>\$ 15,295,048</b>	<b>\$ 2,837,547</b>	<b>\$ 830,498</b>	<b>\$ 13,507,983</b>	<b>\$ 48,618,706</b>	<b>\$ 0.29</b>	<b>\$ 17</b>	<b>\$ 14,003,905</b>	<b>70.7</b>

\*Fiscal ROI (Return on Investment) represents the estimated net new taxes per dollar of transferable tax credit

\*\*Economic ROI (Return on Investment) represents the estimated economic impact per dollar of transferable tax credit

\*\*\*FTE (Full-Time Equivalent)