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October 1, 2024

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

Mr. Nicolas Anthony
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 Anthony:

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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kim Spurgeon', written in a cursive style.

Kim Spurgeon
Director, Nevada Film Office, GOED

cc: Thomas J. Burns, Executive Director, GOED
Dr. Dorian Stonebarger, Deputy Director, GOED

2024 Nevada Film Office Annual Report



Photo courtesy of Flip the Strip



GOED

NEVADA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

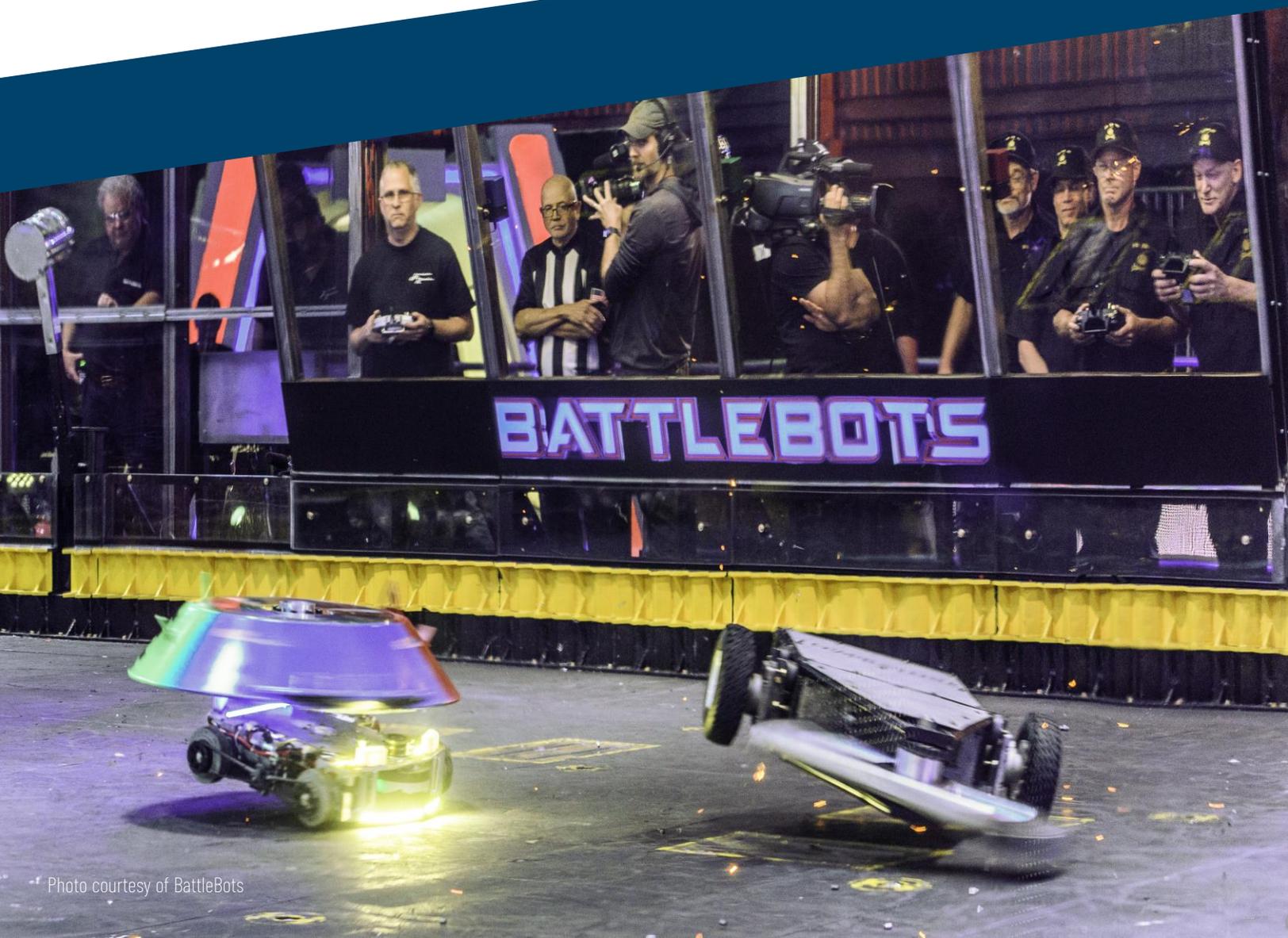
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FILM OFFICE

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INTRODUCTION

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. It also identifies film locations, assists with the permitting processes and coordinates intergovernmental cooperation statewide. The NFO 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.

Pursuant to NRS 360.7598, this report provides a summary of program activity for fiscal year 2024, from July 1, 2023, through June 30, 2024, including productions that applied for the incentive as well as those that 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 incentive program coupled with a lack of infrastructure and small workforce impedes Nevada’s ability to grow the industry.



Photo courtesy of Lucky 13

TAX CREDIT PROGRAM OVERVIEW

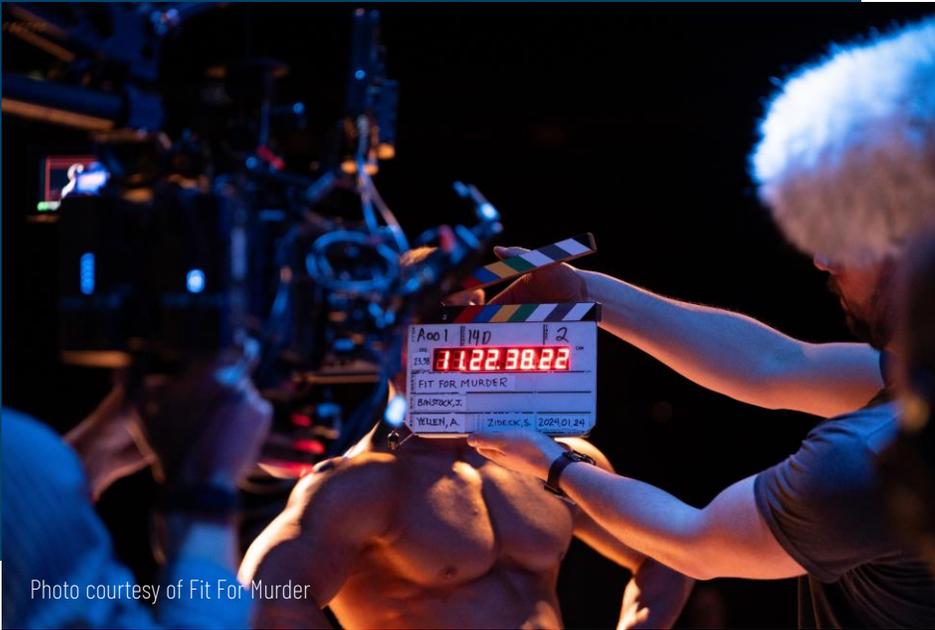
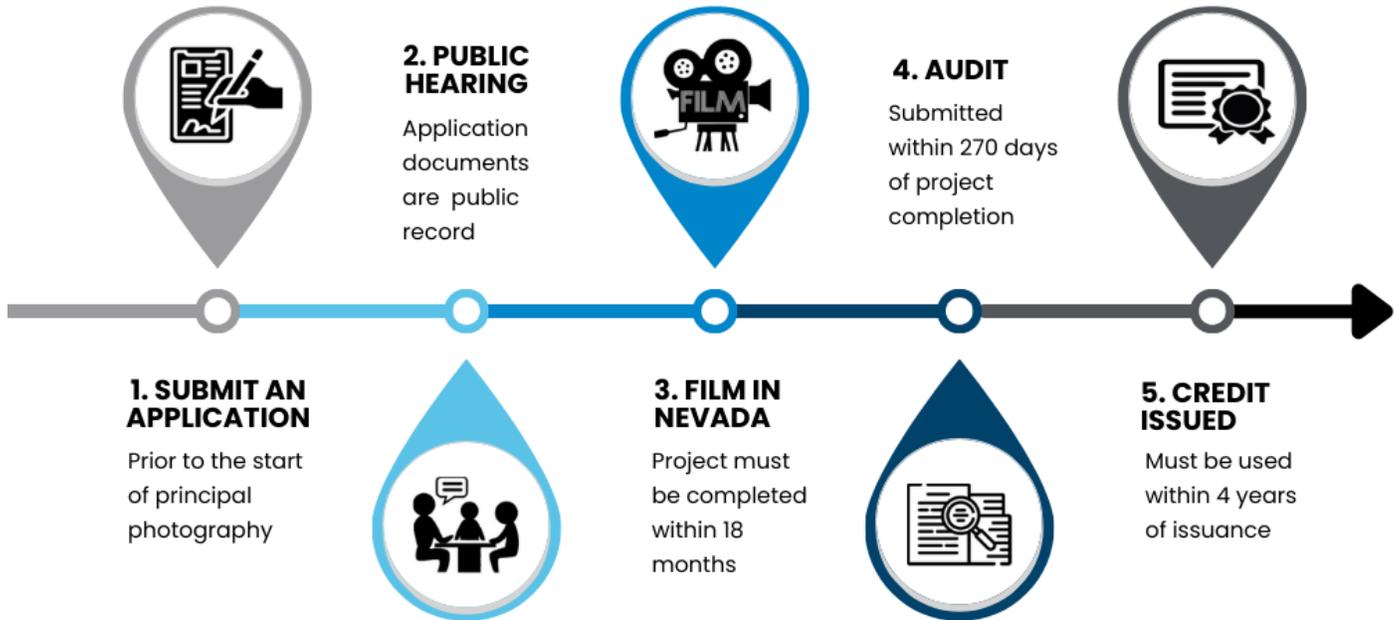


Photo courtesy of Fit For Murder

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 tax credits to the program established by the bill, reserving only \$10 million in total funding for

the Transferable Tax Credit for Film and Other Productions program. 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.

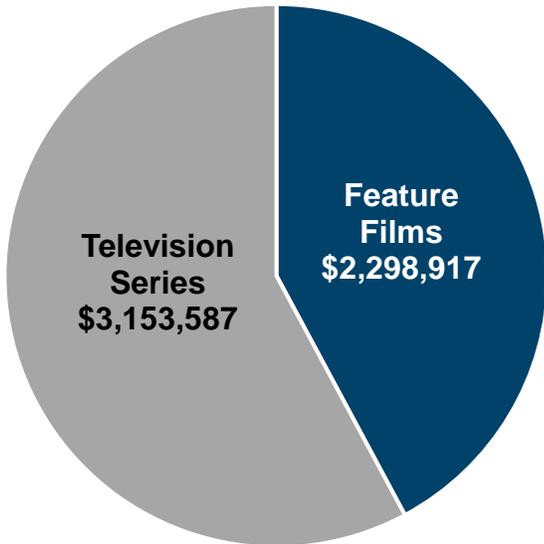
INCENTIVE PROCESS



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 5 percent 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 submit an application 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 is reverted to the available funding.

FISCAL YEAR 2024 APPLICATION DATA

Approved Applications FY24



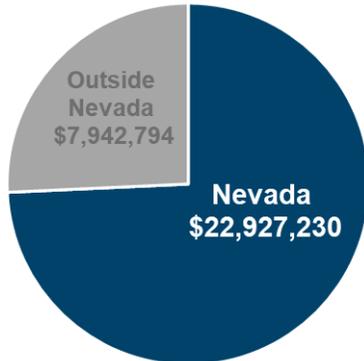
During the fiscal year 2024, 12 applications were submitted for transferable tax credits pursuant to NRS 360.759. Of the applications submitted, all 12 were approved for a total of \$5,452,504 in credits issued as certificates of eligibility. These productions are expected to spend a total of \$30,732,792 in qualified expenditures and hire a total of 808 above-the-line and below-the-line Nevada residents, as well as 1,690 background extras. The applicant productions included six feature films and six television series. Two productions intend to film in Washoe County to achieve the rural county bonus and expect to spend a total of \$1,362,891 in qualified expenditures in the region.



Photo courtesy of All Elite Wrestling

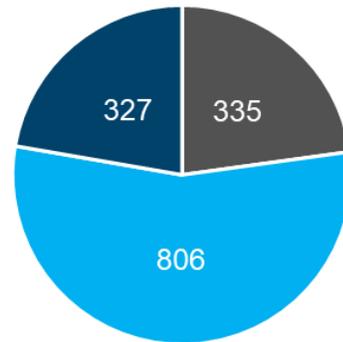
FISCAL YEAR 2024 AUDIT DATA

Total Qualified Expenditures



Total: \$30,870,024

Persons Employed in Nevada



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

There were 12 audits completed during fiscal year 2024, including eight feature films and four television series. These productions qualified for a total of \$4,435,911 in transferable tax credits by spending \$22,927,230 on qualified expenditures in Nevada. These productions hired a total of 1,468 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 211,768 working hours; after converting to a full-time “person-year” equivalent (one person working 2,080 hours per year), the 1,468 jobs equals 101.9 person-years of employment.



Photo courtesy of BattleBots

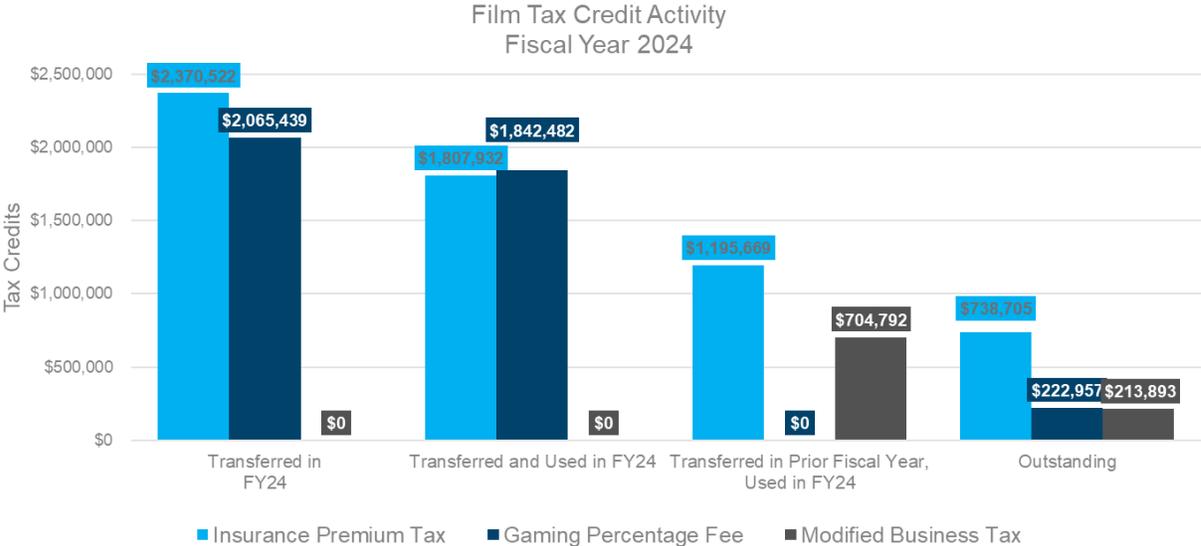
These productions employed persons in Nevada during various time frames:

- Morning Bee, Inc. incurred qualified production expenditures from July 2021 to July 2022. The primary filming dates in which the majority of persons were employed in Nevada were November to December 2021. There was a total of 82 people hired by the production, earning \$931,609 in wages.
- Homeless Project LLC incurred qualified production expenditures from August 2021 to May 2023. The primary filming dates in which the majority of persons were employed in Nevada were November 2021 through December 2021. There was a total of 110 people hired by the production, earning \$490,616 in wages.
- Wish Granted LLC incurred qualified production expenditures from November 2021 to June 2022. The primary filming dates in which the majority of persons were employed in Nevada were February 2022 to March 2022. There was a total of 175 people hired by the production, earning \$1,368,142 in wages.
- Sympathy FTD, LLC incurred qualified production expenditures from March 2022 to December 2022. The primary filming dates in which the majority of persons were employed in Nevada were July 2022 through August 2022. There was a total of 115 people hired by the production, earning \$2,768,803 in wages.
- Big City Productions LLC incurred qualified production expenditures from April 2022 to April 2023. The primary filming dates in which the majority of persons were employed in Nevada were July 2022 to December 2022. There was a total of 49 people hired by the production, earning \$940,154 in wages.
- The Den Productions incurred qualified production expenditures from April 2022 to October 2023. The primary filming dates in which the majority of persons were employed in Nevada were October 2022 to January 2023. There was a total of 35 people hired by the production, earning \$710,316 in wages.
- Greetings Media, LLC incurred qualified production expenditures from May 2022 to March 2023. The primary filming dates in which the majority of persons were employed in Nevada were October 2023. There was a total of 317 people hired by the production, earning \$3,804,652 in wages.
- Ruthless Film Production LLC incurred qualified production expenditures from June 2022 to June 2023. The primary filming dates in which the majority of persons were employed in Nevada were October 2022 to November 2022. There was a total of 57 people hired by the production, earning \$678,497 in wages.



Photo courtesy of Drew Pettus

- Comic Shop LLC incurred qualified production expenditures from October 2022 to June 2023. The primary filming dates in which the majority of persons were employed in Nevada were November 2022 to December 2022. There was a total of 88 people hired by the production, earning \$672,350 in wages.
- The Wrecker, LLC incurred qualified production expenditures from December 2022 to July 2023. The primary filming dates in which the majority of persons were employed in Nevada were February 2023 to March 2023. There was a total of 200 people hired by the production, earning \$2,826,544 in wages.
- Desert Dawn LLC incurred qualified production expenditures from May 2023 to January 2024. The primary filming dates in which the majority of persons were employed in Nevada were October 2023. There was a total of 148 people hired by the production, earning \$1,048,483 in wages.
- AKAN2301 LLC incurred qualified production expenditures from December 2023 to March 2024. The primary filming dates in which the majority of persons were employed in Nevada were January 2024 to February 2024. There was a total of 92 people hired by the production, earning \$318,182 in wages.



For fiscal year 2024, including prior year balance carryforwards, there were \$5,550,875 transferable tax credits used. A total of \$704,792 in credits were used toward the modified business tax, \$3,003,601 in credits were used toward the insurance premium tax and \$1,842,482 were used toward the gaming license fee. A total of \$1,175,555 in credits have been issued but not yet redeemed.

		Homeless Project LLC	Sympathy FTD, LLC	Greetings Media, LLC	The Wrecker LLC	Wish Granted LLC	Ruthless Film Production LLC	Big City Productions LLC
Credits Transferred in FY24	Total	\$175,250	\$611,685	\$1,842,482	\$468,474	\$205,467	\$77,490	\$222,957
	Gaming	\$0	\$0	\$1,842,482	\$0	\$0	\$0	\$222,957
	Insurance	\$175,250	\$611,685	\$0	\$468,474	\$205,467	\$77,490	\$0
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Credits Transferred and Used in FY24	Total	\$175,250	\$611,685	\$1,842,482	\$468,474	\$176,748	\$77,490	\$0
	Gaming	\$0	\$0	\$1,842,482	\$0	\$0	\$0	\$0
	Insurance	\$175,250	\$611,685	\$0	\$468,474	\$176,748	\$77,490	\$0
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Credits Transferred in Prior Fiscal Years, Used in FY24	Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gaming	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outstanding Credits	Total	\$0	\$0	\$0	\$0	\$28,719	\$0	\$222,957
	Gaming	\$0	\$0	\$0	\$0	\$0	\$0	\$222,957
	Insurance	\$0	\$0	\$0	\$0	\$28,719	\$0	\$0
	Business	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Comic Shop LLC	The Den Productions	Desert Dawn Film Productions LLC	AKAN2301 LLC	Morning Bee Inc.	MMJ Productions LLC	BH Dominion LLC	Crown Noah Productions, LLC	Total
\$98,693	\$194,195	\$185,939	\$131,308	\$222,021	\$0	\$0	\$0	\$4,435,961
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,065,439
\$98,693	\$194,195	\$185,939	\$131,308	\$222,021	\$0	\$0	\$0	\$2,370,522
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$76,264	\$0	\$222,021	\$0	\$0	\$0	\$3,650,414
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,842,482
\$0	\$0	\$76,264	\$0	\$222,021	\$0	\$0	\$0	\$1,807,932
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$1,195,669	\$704,792	\$1,900,461
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$1,195,669	\$0	\$1,195,669
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$704,792	\$704,792
\$98,693	\$194,195	\$109,675	\$131,308	\$0	\$176,115	\$0	\$213,893	\$1,175,555
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$222,957
\$98,693	\$194,195	\$109,675	\$131,308	\$0	\$176,115	\$0	\$0	\$738,705
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$213,893	\$213,893

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, wages 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, and include direct, indirect, and induced impacts. 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 \$30,870,024 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 \$1,337,655 and contributed to a total wage impact of \$19,592,687 and economic impact of \$68,629,341, or \$15 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***
Morning Bee, Inc.	\$ 1,145,328	\$ 222,021	\$ 87,800	\$ 1,366,356	\$ 4,999,822	\$ 0.40	\$ 23	\$ 931,609	6.0
Homeless Project LLC	\$ 704,525	\$ 175,250	\$ 29,297	\$ 658,812	\$ 3,958,705	\$ 0.17	\$ 23	\$ 490,616	6.2
Sympathy FTD, LLC	\$ 3,182,809	\$ 611,685	\$ 171,781	\$ 3,263,769	\$ 11,862,103	\$ 0.28	\$ 19	\$ 2,768,803	10.1
Greetings Media, LLC	\$ 9,511,475	\$ 1,842,482	\$ 658,184	\$ 7,158,560	\$ 25,861,986	\$ 0.36	\$ 14	\$ 3,804,652	18.8
The Wrecker LLC	\$ 2,528,135	\$ 468,474	\$ 77,094	\$ 1,302,919	\$ 693,176	\$ 0.16	\$ 10	\$ 2,826,544	15.3
Wish Granted LLC	\$ 1,108,039	\$ 205,467	\$ 46,431	\$ 971,895	\$ 3,548,092	\$ 0.23	\$ 17	\$ 1,368,142	10.2
Ruthless Film Production LLC	\$ 572,435	\$ 77,490	\$ 28,836	\$ 502,690	\$ 1,837,662	\$ 0.37	\$ 24	\$ 678,497	3.3
Big City Productions LLC	\$ 1,135,338	\$ 222,957	\$ 67,203	\$ 1,297,311	\$ 4,650,080	\$ 0.30	\$ 21	\$ 940,154	8.4
Comic Shop LLC	\$ 514,441	\$ 98,693	\$ 31,393	\$ 542,465	\$ 1,923,682	\$ 0.32	\$ 19	\$ 672,350	6.7
Desert Dawn Film Productions LLC	\$ 991,171	\$ 185,939	\$ 53,740	\$ 1,191,225	\$ 4,274,746	\$ 0.29	\$ 23	\$ 1,048,483	8.5
The Den Productions	\$ 997,263	\$ 194,145	\$ 51,753	\$ 760,289	\$ 2,564,218	\$ 0.27	\$ 13	\$ 677,676	3.8
AKAN2301 LLC	\$ 536,271	\$ 131,308	\$ 34,143	\$ 576,396	\$ 2,455,069	\$ 0.26	\$ 19	\$ 318,182	4.6
Fiscal Year 2024 Total	\$ 22,927,230	\$ 4,435,911	\$ 1,337,655	\$ 19,592,687	\$ 68,629,341	\$ 0.30	\$ 15	\$ 16,525,708	101.9

*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)