



## **Big-Budget “Gray Man” Among First Films Selected for California’s New Film & TV Tax Credit Program 3.0**

*9 Film Projects Include Lower-Budget Indies and Lots of Out-of-Zone Production*

**Hollywood, Calif. – August 17, 2020** -- The first round of film projects selected for California’s new Film & TV Tax Credit Program 3.0 bodes well for the resumption of production in the Golden State, with nine feature films representing a wide range of budgets and diverse storylines. Program 3.0 – the state’s third-generation tax credit program -- launched on July 1<sup>st</sup> (concurrent with the state’s new fiscal year) to replace the expiring five-year Film & Television Tax Credit Program 2.0 that began in 2015.

Netflix’s “Gray Man” is the latest big-budget feature film win for California’s tax credit program. The action-thriller starring Ryan Gosling and Chris Evans will bring an estimated \$102 million in below-the-line wages and other qualified expenditures to the state, behind only “Captain Marvel” on the list of big-budget tax credit film projects (see “Program 2.0 and Program 3.0 Big Budget Films” list below). As with all of the state’s film and TV tax credit projects, overall spending for “Gray Man” will be significantly greater than its “qualified” spending with the inclusion of above-the-line wages and other expenditures that do not qualify for incentives under California’s very targeted tax credit program.

“After announcing two relocating TV series earlier this month, our new tax credit program continues to get off to a great start with today’s list of film projects,” said California Film Commission Executive Director Colleen Bell. “Production activity is ramping back up in California amid COVID-19 with safety remaining a top priority, and Program 3.0 is attracting the kind of big budget films that generate a considerable amount of jobs and in-state spending.”

Based on data provided with each tax credit application, the nine film projects (five independent, four non-independent) announced today are on track to generate a total of nearly \$284 million in qualified in-state expenditures. They will employ an estimated 1,340 crew, 342 cast and 14,397 background actors/stand ins (the latter measured in “man days”) over a combined 374 filming days in California. They will also generate significant post-production jobs and revenue for California VFX artists, sound editors, sound mixers, musicians and other workers/vendors.

Three of the five independent projects (the Jessica Chastain drama “Losing Clementine,” “Nightfall” and the sports drama “Sweetwater” about the first African American player in the NBA) were accepted into Program 3.0’s new \$10 million-and-under qualified spending category, which reserves funds specifically for lower-budget independent films.

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“We are thrilled to be part of the new Program 3.0 and to be able to base ‘Losing Clementine’ production in California,” said Renée Tab, the film’s producer. “We searched other locations, but thanks to the tax credit we can film here at home where the story is set.”

“Losing Clementine” and five other projects (the Octavia Spencer sci-fi thriller “Invasion,” “Nightfall,” “Sweetwater,” “Untitled Jimmy Warden Project” and “Untitled Jordan Peele Project”) plan a significant amount of production outside the Los Angeles 30-Mile Studio Zone. Nearly 40 percent (142 out of 374) of the filming days planned by the nine projects announced today will occur in Inyo, Kern, Mono, Riverside and San Bernardino counties, as well as other out-of-zone locations yet to be determined (see “3.0 Film Allocation #1 Out of Los Angeles Zone Filming” chart below).

Bringing production activity beyond the 30-Mile Zone is a key objective for California’s tax credit program. With the projects announced today, more than 45 out-of-zone film and television tax credit projects account for an estimated total of \$140 million in qualified out-of-zone spending across the state.

“Program 3.0 is working as intended to ensure that we can continue to bring significant filming to regions across the state,” added Bell.

A total of 81 projects applied during the July 13 – 15 application period for Program 3.0’s inaugural round of feature film tax credits. The California Film Commission has reserved just over \$50 million in tax credit allocation for the nine conditionally approved projects (see “3.0 Program Year 1 – Film Allocation #1 Conditionally Approved Projects” list below). The list of approved projects is subject to change, as applicants may withdraw from the program and their reservation of tax credits is reassigned to one or more projects currently on the waiting list.

The next and final application period this fiscal year for feature film tax credits will be held January 25-27, 2021. The next application period for TV projects will be held September 28 - 30 (for relocating projects) and October 5 - 7 (for recurring projects).

### **How Projects are Selected and Awarded Tax Credits Under Program 3.0**

Projects approved for California tax credits are selected based on their jobs ratio score, which ranks each project by wages to below-the-line workers, qualified spending for vendors, equipment, etc., and other criteria. The top 200% ranked projects in each round (i.e., those that would qualify if double the amount of funding was available for the current allocation round) are evaluated, and those with the highest-ranked jobs ratio scores receive a tax credit reservation. Those not selected are placed on the waiting list. The tax credit program allocates funding in “buckets” for different production categories, including non-independent films, independent films, TV projects and relocating TV series. This allocation system enables applicants to compete for credits directly against comparable projects. As has been the case since the state launched its first-generation tax credit program in 2009, the California Film Commission awards tax credits only after each selected project: 1) completes post-production, 2) verifies that in-state jobs were created, and 3) provides all required documentation, including audited cost reports.

### **About California's Film and Television Tax Credit Program**

In 2014, the California legislature passed a bill that more than tripled the size of the state's film and television production incentive, from \$100 million to \$330 million annually. Aimed at retaining and attracting production jobs and economic activity across the state, the California Film and TV Tax Credit Program 2.0 also extended eligibility to include a range of project types (big-budget feature films, TV pilots and 1-hr. TV series for any distribution outlet) that were excluded from the state's first-generation tax credit program. Program 2.0 also introduced a "jobs ratio" ranking system to select projects based on "qualified" spending (e.g., wages paid to below-the-line workers and payments made to in-state vendors). To spur production statewide, an additional five percent tax credit was made available to non-independent projects that shoot outside the Los Angeles 30-Mile Studio Zone or that have qualified expenditures for visual effects or music scoring/track recording. The five-year Program 2.0 went into effect on July 1, 2015 and wrapped its fifth and final fiscal year (2019/20) on June 30, 2020.

The third generation of the California Film and TV Tax Credit Program (dubbed "Program 3.0") was launched on July 1, 2020. New provisions include a pilot skills training program to help individuals from underserved communities gain access to career opportunities. Program 3.0 also adds provisions requiring projects to have a written policy for addressing unlawful harassment, and enhanced reporting of above and below-the-line cast and crew employment diversity data.

More information about California's Film and Television Tax Credit Program 3.0, including application procedures, eligibility and guidelines, is at <http://www.film.ca.gov/tax-credit/>.

### **About the California Film Commission**

The California Film Commission enhances California's status as the leader in motion picture, television and commercial production. It supports productions of all sizes/budgets and focuses on activities that stimulate and preserve production jobs, spending and tax revenues in California. Services include administration of the state's Film & Television Tax Credit Program, permits for filming at state-owned properties, an extensive digital location library, location assistance and a range of other production-related resources and assistance. More information is available at <http://www.film.ca.gov>.

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**See Charts on Following Page**

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# California Film & TV Tax Credit Program

## 3.0 Program Year 1 - Film Allocation # 1 Conditionally Approved Projects

	Production Title	Company Name	Feature Type
1	<i>Faster, Cheaper, Better</i>	Dease Pictures, Inc.	Indie > \$10m
2	<i>Gray Man</i>	Firefight Productions, LLC	Non-Indie
3	<i>Invasion</i>	Big Indie Invasion, Inc.	Non-Indie
4	<i>Losing Clementine</i>	Pritchard Productions, LLC	Indie ≤ \$10m
5	<i>Nightfall</i>	Practical Pictures	Indie ≤ \$10m
6	<i>Sweetwater</i>	Sweets Partners I, LLC	Indie ≤ \$10m
7	<i>Untitled DOR</i>	New Regency Productions, Inc	Indie > \$10m
8	<i>Untitled Jimmy Warden Project</i>	Universal City Studios LLC	Non-Indie
9	<i>Untitled Jordan Peele Project</i>	Universal City Studios LLC	Non-Indie

## 3.0 Film Allocation #1 Out of Los Angeles Zone Filming

Production Title (Feature Type)	Out of LA Area Filming Days	Total Filming Days	Out of LA Area Counties
<i>Invasion</i> (Non-Indie)	27	38	San Bernardino, Kern, Inyo, Mono
<i>Losing Clementine</i> (Indie)	18	33	San Bernardino
<i>Nightfall</i> (Indie)	25	30	Riverside, Santa Clarita
<i>Sweetwater</i> (Indie)	15	30	Ventura
<i>Untitled Jimmy Warden Project</i> (Non-Indie)	26	41	TBD
<i>Untitled Jordan Peele Project</i> (Non-Indie)	31	50	TBD

## Programs 2.0 & 3.0 Big Budget Films

Production Title	Company Name
<i>A Wrinkle in Time</i>	The Walt Disney Studios
<i>Ad Astra</i>	Lima Project Films
<i>Babylon</i>	Paramount Pictures Corporation
<i>Birds of Prey</i>	WB Studio Enterprises Inc.
<i>Bright</i>	FogTeeth Productions LLC
<i>Bumblebee</i>	Paramount Pictures
<i>Call of the Wild</i>	Twentieth Century Fox Film Corporation
<i>Captain America</i>	Warbird Productions, LLC
<i>Ford v. Ferrari</i>	Twentieth Century Fox Film Corporation
<i>Gray Man (Program 3.0)</i>	Firefight Productions, LLC
<i>Island Plaza</i>	Paramount Pictures
<i>Once Upon a Time in Hollywood</i>	PM Film Fund I, LLC
<i>Space Jam 2</i>	Warner Bros.