DATE: July 9, 2020

3.0 Regulations Approved and Upcoming Application Window - Feature Films

PROGRAM 3.0 REGULATIONS

The Regulations developed by the California Film Commission (CFC) to administer the state's renewed Film and TV Tax Credit Program 3.0 were approved by the Office of Administrative Law, the agency responsible for reviewing all state agency regulations, effective July 1, 2020.

Available on the CFC website, the regulations outline how California's Film and TV Tax Credit Program 3.0 will be administered. The Guidelines provide a detailed explanation of important statutory and regulatory requirements. Topics include:

- Application Procedures
- Eligibility Requirements
- Tax Credit Funding and Allocation Protocols
- Project Selection and Jobs Ratio Ranking
- Audit Requirements

The CFC created the regulations for the renewed program with feedback from an extensive network of entertainment industry stakeholders.

The program is aimed at retaining and attracting production jobs and economic activity across the state. It boosts California's competitiveness by extending the program through year 2025. The new program will continue to utilize the jobs ratio ranking system that selects projects based on job creation and other criteria. Other key features detailed in the regulations include:

- Updated Jobs Ratio Ranking and Bonus Points
- Local Hire Labor Uplift
- Pilot Skills Skills Training Program
- Harassment Policy Requirement
- Diversity Initiative Requirement

APPLICATION WINDOWS

TV PROJECTS* (Recurring TV and Relocating TV Series)

- Application: June 22-24, 2020
- Phase II: June 25-29, 2020
- Approval Date: July 20, 2020

* New TV applications will not be accepted during this application window.

FEATURE FILMS (Independents and Non-Independents)

- Application: July 13-15, 2020
- Phase II: July 16-20, 2020
- Approval Date: August 17, 2020
Non-Independent Films (Non-Transferable Tax Credit): Credit will apply to a maximum qualified spend of $100 million (no total budget cap).

Independent Films (Transferable Tax Credit): Credit will apply to a maximum qualified spend of $10 million (no total budget cap). An Independent Film means a film with a minimum production budget of $1,000,000 that is produced by a company that is not publicly traded and that publicly traded companies do not own more than 25% of the producing company. While there is no budget cap, credits apply only to the first $10,000,000 of qualified expenditures. An independent film must have a running time of at least 75 minutes and be intended for commercial distribution to a motion picture theater, home video, television or via the internet. Independent films may be made-for-television movies, but cannot be mini-series or TV series, due to the running time requirement.

Applications are ranked within categories (Indie Film vs. other Indie Film) based upon the jobs ratio score. Be sure to download the Jobs Ratio Calculator. This tool is available to assist applicants in determining the project's jobs ratio.

ONLINE APPLICATION

The portal will go live Monday, July 13, 2020 at 8am and close on Wednesday, July 15, 2020 at 5pm.

Applicants should begin to prepare the project's budget and materials early. A completed and tagged budget is required in order to accurately fill out the application. Projects that rank in the top 200% (double the number of projects for which funding is available) will be notified by July 16, 2020 to submit Phase II documents. Applicants should prepare all materials listed in the checklist as these materials are required to be submitted within three business days if the application is selected.

Be sure to carefully read the Budget/Tagging Instructions to accurately tag the project's budget. Note that the methodology and tagging to determine uplifts and bonus points have been modified from the methodology utilized in the previous Tax Credit Program 2.0. Qualified expenditure budgets should reflect qualified expenditures on or after August 17, 2020 as Credit Allocation Letters will be issued on that date.

ONLINE RESOURCES

The California Film Commission website provides updated informational documents and video tutorials to assist tax credit applicants during the application process. Applicants are strongly advised to review each resource prior to project budgeting and scheduling.

Tax Credit Program Video Tutorials

- Program 3.0 Overview
- How to Apply
- Outside the Zone Tagging Tutorial

Tax Credit Program Helpful Tools

- Regulations
- Guidelines
- Budget, Tagging, & Tracking Tips
- Qualified Expenditure Chart
- Jobs Ratio Ranking and Calculator
- Application Checklist
- Frequently Asked Questions

For further questions, please contact the Tax Credit Department at IncentiveProgram3@film.ca.gov.

About the California Film Commission

The California Film Commission (CFC) enhances California's status as the leader in motion picture, television and
commercial production.

A one-stop office for filmmakers, the Commission supports productions of all sizes and budgets. In addition to managing the Film & Television Tax Credit program, services include an extensive digital location library, free online permitting, low cost use of state properties as shooting locations, and production assistance.

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