

California Film Commission PRODUCTION ALERT

DATE: June 28, 2018

SB 871 - Extension of California Film and Television Tax Incentive Program Signed into Law

CALIFORNIA FILM AND TV TAX CREDIT PROGRAM 3.0

[Senate Bill 871](#), the California Film & Television Job Retention and Promotion Act, was signed into law by Governor Brown on June 27, 2018. The California Film Commission (CFC) will be developing regulations, program guidelines, and other procedures to administer the newly extended tax credit program (Program 3.0) which will go into effect July 1, 2020. Please check the [CFC website](#) periodically for program updates.

SB 871 will enable CFC to administer Program 3.0 with \$330 million per year from July 2020 through June 2025. The current Program 2.0 sunsets in June 2020.

The bill makes several improvements and modifications to the current film and TV tax credit program, including:

- Creates a pilot program for training Californians from under-served communities for careers in the skilled craft occupations in motion picture and television productions. Program is funded by a fee accessed on approved applicants. The current Career Readiness requirement, where approved projects must participate by providing career exposure opportunities such as paid internships and in-class workshops, will remain intact.
- Reduces proportion of credits for the relocating TV category (from 20% to 17%), increases the amount of credits for the independent film category (from 5% to 8%), and splits the independent film "pot" into two categories - under \$10 million and over \$10 million budgets. This will allow more access into the program for smaller budgeted independent films and more funding overall for independent films.
- Allows an additional 5% credit on wages paid to individuals who live and work on qualified productions outside the Los Angeles 30-mile zone. This will encourage more filming in regions throughout the state. To date, more than \$76 million has been spent outside the Los Angeles area by approved projects in counties including: Alameda, Contra Costa, Humboldt, Marin, Orange, Riverside, San Bernardino, Santa Cruz, San Diego, Solano, Sonoma, and Ventura.
- Requires approved applicants to provide and maintain a written policy against unlawful harassment, which includes procedures for reporting and investigating harassment claims, and a statement that the company will not retaliate against an individual who reports harassment.
- Requires applicants to provide a copy of their initiatives and programs to increase the representation of minorities and women in job classifications that are excluded from qualified wages (directors, producers, writers, actors).
- Requires applicants to provide statistics on the gender, racial, and ethnic status of individuals whose wages are not qualified (directors, producers, writers, actors).
- Eliminates "facility" (sound stage) from bonus point consideration.
- Eliminates the additional 5% credit for music scoring wages; includes music wages as a bonus point factor.
- Extends the date by which principal photography must begin from 180 days to 240 days for projects with budgets over \$100M qualified spend.

- Jobs Ratio overstatement penalty threshold of independent productions has been reduced to match non-independent productions.

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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