

CALIFORNIA SOUNDSTAGE FILMING TAX CREDIT PROGRAM

Frequently Asked Questions

For further inquiries, please email SoundstageIncentive@film.ca.gov.

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SOUNDSTAGE FILMING PROGRAM

GENERAL INFORMATION AND ELIGIBILITY

Q: What are the tax credit allocation increases under Senate Bill (SB) 144 ?

- A: The \$330 million per fiscal year allotment for California Film and Television Tax Credit Program 3.0 remains intact. In addition:
- \$30 million will be allocated to Relocating TV Series - \$15 million for fiscal year 2021-2022 and \$15 million for fiscal year 2022-2023.
 - \$150 million will be allocated to Recurring TV Series - \$75 million for fiscal year 2021-2022 and \$75 million for fiscal year 2022-2023.
 - Additional funding of \$150 million will be allocated to qualified production entities with projects filming on a soundstage or soundstages approved as part of a Certified Studio Construction Project, under the California Soundstage Filming Tax Credit Program.

Q: What is the Soundstage Filming Tax Credit Program?

- A: The Soundstage Filming Tax Credit Program is a program designed to incentivize construction and renovation of California soundstages, as well as repurposing of space into soundstages. The Program is administered by the California Film Commission (CFC). [SB 144](#) was the initial bill enabling the Program and it became effective on July 21, 2021. Soundstage Filming Tax Credits became allowable as of January 2022 and will be allowable for a period of ten years, under the current program. The Program has a total of \$150 million to allocate, and allocations will be made on a first come, first served basis for approved Qualified Motion Picture project applicants (Phase B applicants). [Emergency regulations](#) governing the Soundstage Filming Tax Credit Program were first adopted on April 11, 2022.

Q: Who is eligible to apply for tax credits under the Soundstage Filming Tax Credit Program?

- A: A Qualified Taxpayer producing a Qualified Motion Picture who meets all of the following requirements may submit a Phase B application for tax credit allocation:
- The project must be a Qualified Motion Picture production that either:
 - Utilizes a minimum of 75% of the production budget for goods, services, and/or wages within California, or;
 - Produces a minimum of 75% of the principal photography days wholly in California.
 - The Qualified Taxpayer that produces the Qualified Motion Picture is either of the following:
 - More than 50% owned, directly or indirectly, by the same owner or owners of the soundstage or soundstages that is part of a certified studio construction project on which the production is filmed, or;
 - Entered into a contract or lease of 10 years or more with the owner or owners of a certified studio construction project on which the production is filmed.

- At least 50% of the project's principal photography stage shooting days in each taxable year for which a tax credit is claimed must be filmed on a certified studio construction project soundstage or soundstages.
 - The certified soundstage or soundstages must be utilized for six hours or more for the day to be considered a principal photography stage shooting day.
- At least \$7.5 million in qualified wages for filming on a certified studio construction project soundstage or soundstages must be incurred during the production period in each taxable year for which a tax credit is claimed.
 - Qualified wages include wages for production services performed within the production period on soundstages and ancillary buildings certified as part of a certified studio construction project.
 - Wages for maintenance of the soundstages and ancillary buildings or for services at locations or facilities that are not part of the certified studio construction project are not included.

Q: Does a Phase A (Certified Studio Construction Project) applicant and a Phase B (Qualified Motion Picture project) applicant for the Soundstage Filming Tax Credit Program have to be the same entity?

A: No. A Phase A and Phase B applicant may be, but are not required to be, the same entity. Phase A and Phase B have separate requirements that can be fulfilled by separate entities. A Soundstage Filming Tax Credit Program applicant is any corporation, partnership, limited partnership, limited liability company (LLC), or other entity or individual that is:

- for Phase A, principally engaged in the construction or renovation of one or more soundstages located in the state.
- for Phase B, principally engaged in the production of the qualified motion picture, and controls the film or television program during pre-production, production, and post-production.

The Phase B applicant is the qualified taxpayer that upon final approval will receive the tax credit certificate.

Q: Can I submit my Qualified Motion Picture project to both the California Film and Television Tax Credit Program 3.0 and the Soundstage Filming Tax Credit Program?

A: No. Projects that have received a tax credit allocation under Program 3.0 for the fiscal year are not eligible to receive an allocation under the Soundstage Filming Program, and vice versa.

Q: What happens when all Soundstage Filming Tax Credit Program funds have been allocated?

A: Once 75% of Soundstage Filming Tax Credit Program funds have been allocated, the CFC will issue a production alert and allow Phase A applications to be submitted for another 30 days thereafter. Tax credits will continue to be allocated to eligible Phase B applicants until funds are depleted.

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- Q: How many Phase B Qualified Motion Picture projects are eligible to apply for tax credits for filming on certified soundstage/s that are part of the same Certified Studio Construction Project?**
- A: There is no cap on the number of Phase B Qualified Motion Picture projects that may apply for Soundstage Filming tax credits utilizing the same Phase A Certified Studio Construction Project soundstage or soundstages and ancillary buildings. However, each project must independently fulfill all Phase B requirements and adhere to the set timeframes.
- Q: What is the maximum amount of tax credits a Qualified Motion Picture (Phase B) project can be allocated under the Soundstage Filming Tax Credit Program?**
- A: Tax credits for the Soundstage Filming Program are capped at \$12 million per project, or per season of a recurring television series, inclusive of all Uplifts.
- Q: What are the Uplifts available to Qualified Motion Picture projects in the Soundstage Filming Tax Credit Program?**
- A: Soundstage Filming Program projects that meet Uplift requirements regarding project type and expenditures are eligible for the same Uplifts that are available in Program 3.0, i.e., 5% for Out-of-Zone labor and spend, 5% for VFX, and 5% or 10% for Local Hire Labor. In addition, an Uplift of up to 4% is available for all Soundstage Filming Program Qualified Motion Picture projects that meet or make a good-faith effort to meet the goals set in their Diversity Workplan.
- Q: What is the soundstage identifier, and where can I find it?**
- A: Each soundstage approved as part of a Certified Studio Construction Project (Phase A) is issued a Soundstage Certification Letter (SCL) with a unique identifier listed. The identifier for any and all soundstages or ancillary buildings that will be utilized in a Qualified Motion Picture project (Phase B) should be noted on the Phase B application form. Identifiers start with the letters "SF" followed by two numbers, and, if the project includes more than one soundstage, followed by a dash and then additional numbers or letters, e.g., SF17 or SF17-12 or SF17-Ancillary. If the Phase B applicant entity differs from the Phase A applicant entity, the Phase B applicant should contact the Phase A applicant to request stage and space identifiers.
- Q: How can I find a CPA for my Phase A and/or Phase B project?**
- A: CPA firms fulfilling the business and peer review requirements, and familiar with the CFC Agreed Upon Procedures (AUP), are listed [on the CFC website](#). Phase A applicants may use the same CPA firm for their Certified Studio Construction Verification Report and their annual Soundstage Workforce Report; Phase B applicants must use a different CPA firm from the firm engaged in any part of the Certified Studio Construction Project where the Qualified Motion Picture is being filmed.
- Q: Where can I sign up to receive updates and production alerts related to the Soundstage Filming Tax Credit Program?**
- A: Individuals may [sign up to receive Soundstage Filming Tax Credit Program alerts](#) on [the CFC website](#).
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PHASE A, CERTIFIED STUDIO CONSTRUCTION PROJECT

Q: How does the CFC define a “soundstage”?

A: A soundstage is a building that is purpose-built, renovated, or converted for film, television and/or media production in California and has a minimum of 10,000 square feet of floor space, incorporates a permanent grid, and is column-free with a clear height of at least 20 feet under the permanent grid.

Q: What qualifies as an “ancillary building”?

A: Ancillary buildings are buildings that are purpose-built, renovated, or converted for uses including, but not limited to, accompanying production office space, mill space, workshops, and property or wardrobe storage, the space is production-related, and the ancillary buildings are on contiguous property to a soundstage or soundstages that are part of a Certified Studio Construction Project.

Q: Can I have my studio construction project conditionally certified before I have met the spending requirements?

A: No. In order for the CFC to certify a studio construction project, a CPA must be able to verify the eligibility requirements, including the required spend.

Q: What are the requirements for a studio construction project to be eligible for certification through the Soundstage Filming Tax Credit Program?

A: Phase A applicants are subject to the following eligibility requirements:

- The construction or renovation of each Certified Studio Construction Project must commence pursuant to foundation permits or structural building permits issued after July 21, 2021.
- Actual construction or renovation expenditures must be no less than twenty-five million dollars (\$25,000,000) made over not more than five continuous calendar years, and:
 - Actual construction or renovation expenditures for soundstages, not including ancillary buildings, must be at least 70% of the total spend for the construction project.
 - If the construction is for renovation and conversion of soundstages, it must be for capital improvements, not repairs or maintenance, and the applicant must meet the minimum expenditures requirement for capital improvements of no less than \$750,000 for a soundstage or, if more than one soundstage, an average of no less than \$500,000 per soundstage
- The soundstage or soundstages, and ancillary buildings, must meet certain technical specifications to be eligible; these specifications are outlined in the questions above and in subdivision (c) of section 5530 of the [Regulations](#)
- The construction or renovation of each certified studio construction project must also fulfill one of the below workforce requirements:

- All contractors and subcontractors performing construction work on the soundstage(s) use a skilled and trained workforce in accordance with Section 17053.99 of the Revenue and Taxation Code; or,
- All contractors and subcontractors performing work on the project are subject to a project labor agreement that requires compliance with the skilled and trained workforce requirement and provides for enforcement of that obligation through an arbitration procedure.
- Recipients of a California Competes Grant for wages or investment related to construction of the studio construction project are ineligible to apply for Phase A certification.

Q: What is the Certified Studio Construction Project Verification Report?

A: To enable the CFC to certify that a studio construction project meets requirements, Phase A applicants are required to provide a third-party Certified Studio Construction Project Verification Report performed by an approved CPA firm. The CPA firm will review compliance with requirements related to:

- Skilled and trained workforce
- Minimum eligible capital investment
- Capital improvements
- Actual expenditures
- Permits
- The California Competes Grant prohibition
- Soundstage details

Q: Does my studio construction project have to be completed in order for me to apply for certification?

A: Not necessarily; as long as the CPA is able to verify that all Phase A requirements have been met, the studio construction project may be certified prior to overall completion. However, all soundstages that are part of the same studio construction project will be simultaneously certified independent of their individual state of completion at the time a complete and eligible Phase A application is submitted, and certification will start the 36-month period in which Phase B applications related to the Certified Studio Construction Project may be submitted and approved.

Q: What is the benefit of having my studio construction project certified by the CFC for the Soundstage Filming Tax Credit Program?

A: Once soundstages and ancillary buildings are approved as part of a Certified Studio Construction Project, production entities more than 50% owned (directly or indirectly) by you, or production entities willing to sign a 10-year lease with you are eligible to apply for tax credits under the Soundstage Filming Program. If your certified soundstage/s and ancillary buildings are located outside the Los Angeles zone, Qualified Motion Picture projects that film on your stages may also be

eligible for Out-of-Zone spend, Out-of-Zone labor, and/or Local Hire Labor Tax Credit Uplifts of 5% or 10% depending on project category and Uplift terms.

Q: Where can I find the details of the labor and workforce requirements for a Certified Studio Construction Project?

A: [Section 17053.99 of the Revenue and Taxation Code](#) outlines the labor and workforce requirements of a Certified Studio Construction Project, such as the “skilled and trained workforce” requirement, and the “project labor agreement” option and its alternatives. Other pertinent details can be found in Sections [17053.98\(k\)\(12\)](#) and (13) and [23698\(k\)\(12\)](#) and (13) of the Revenue and Taxation Code. Program regulations also clarify some requirements in the [California Code of Regulations, Title 10, Chapter 7.75, Article 4](#), Sections [5532](#) and [5538](#)

Q: What happens after my studio construction project is certified?

A: After your project has been approved as a Certified Studio Construction Project, Phase B applicants have 36 months to submit complete applications and for eligible projects to receive their CAL. During the certification period, there are ongoing requirements for the Certified Studio Construction Project owner, which include:

- Ensuring that all certified soundstages are continuously operated, maintained, and repaired by a workforce that meets the requirements of the statute.
- Supplying an annual Soundstage Workforce Report (see question below), verifying that certain labor and wage requirements are met.
- In cases where not all contractors and subcontractors are subject to a project labor agreement, monthly compliance reports are also required, as outlined in the statute.

Q: What is the annual Soundstage Workforce Report?

A: To certify that every soundstage that is part of a Certified Studio Construction Project meets ongoing statutory requirements related to labor and wages, Phase A applicants must provide a third-party Soundstage Workforce Report annually. The report must be prepared by an approved CPA firm documenting compliance with the requirements and can include one or more soundstages. The CPA firm must have passed a peer review within the last three years and Phase A applicants are allowed to use the same CPA firm/ public accountant for the Soundstage Workforce Report as for the Certified Studio Construction Project Verification Report described above. However, Phase B applicants are not permitted to use a CPA that has performed services for Phase A for the Certified Studio Construction Project where they are filming their Qualified Motion Picture to perform their Phase B AUP Report.

Q: How long will it take to get my Soundstage Certification Letter (SCL) after I submit my Phase A application?

A: The CFC has 30 days to review a complete Phase A application; if the application is incomplete and the CFC requests additional information, the date of receipt of that additional information counts as

the new application date. Following review, the CFC will either approve or reject an application. Upon approval, a Soundstage Certification Letter with a unique identifier will be issued for each soundstage in the studio construction project and for each ancillary building or group of ancillary buildings. If the CFC rejects an application due to noncompliance with statutory or regulatory requirements, the applicant may not reapply for the same studio construction project.

Q: When can I/when can my tenant submit a Phase B application?

A: A Phase B applicant may apply as soon as the Phase A Certified Studio Construction Project has received its Soundstage Certification Letter(s). Phase B projects have 36 months to apply for and receive a Credit Allocation Letter from the date of the Soundstage Certification Letter(s). The CFC may take up to 30 days to approve a complete and eligible Phase B application.

PHASE B, QUALIFIED MOTION PICTURE PROJECT

Q: What is a Qualified Motion Picture?

A: A Qualified motion picture is a motion picture that is produced for distribution to the general public, regardless of medium, and is one of the following:

- A feature with a minimum production budget of \$1 million.
- A miniseries/limited series with two or more episodes (minimum 40 minutes per episode) with a minimum production budget of \$1 million per episode.
- A new television series (minimum 40 minutes per episode) with a minimum production budget of \$1 million/episode.
- An independent film with a minimum production budget of \$1 million.
- A television series that relocated to California.
- A pilot for a new television series (minimum 40 minutes per episode) with a minimum production budget of \$1 million.

In addition, all of the following conditions must be satisfied:

- At least 75% of the principal photography days occur wholly in California or 75% of the production budget is incurred for payment for services performed within the state and the purchase or rental of property used within the state.
- Production of the qualified motion picture is completed within 30 months of CFC approval.
- The copyright for the motion picture is registered with the United States Copyright Office pursuant to Title 17 of the United States Code.
- Principal photography of the qualified motion picture commences within 180 or 240 days of CFC approval, as applicable depending on production type and budget.
- The project films at least 50 percent of its principal photography stage shooting days in each taxable year for which a tax credit is claimed on a soundstage or soundstages certified as a certified studio construction project.

- The project incurs at least \$7.5 million in qualified wages for filming on a soundstage or soundstages certified as a certified studio construction project in each taxable year for which a tax credit is claimed.
- The project is produced by a qualified taxpayer that is either of the following:
 - More than 50 percent owned, directly or indirectly, by the same owner or owners of the soundstage or soundstages that is part of a certified studio construction project on which the production is filmed.
 - Entered into a contract or lease of 10 years or more with the owner or owners of a certified studio construction project on which the production is filmed.
- The project provides a diversity workplan that is approved by the California Film Commission.

A Qualified motion picture does not include commercial advertising, music videos, a motion picture produced for private noncommercial use, such as weddings, graduations, or as part of an educational course and made by students, a news program, current events or public events program, talk show, game show, sporting event or activity, awards show, telethon or other production that solicits funds, reality television program, clip-based programming if more than 50 percent of the content is comprised of licensed footage, documentaries, variety programs, daytime dramas, strip shows, one-half hour (air time) episodic television shows, or any production that falls within the recordkeeping requirements of Section 2257 of Title 18 of the United States Code.

Q: What is the minimum amount of days I have to film on a certified soundstage to qualify for the SFP?

A: Qualified Motion Picture projects must film 50% or more of their stage shooting days in each taxable year for which a tax credit is claimed on a soundstage or soundstages approved as part of a Certified Studio Construction Project. That means if the overall number of stage days in a taxable year for which a tax credit is claimed is 12, the project would be required to film six days or more on certified soundstages in that taxable year to meet the time requirement. However, projects are also required to meet a soundstage wage requirement during the production period in each taxable year for which a tax credit is claimed (see next question), which may impact the number of days a production chooses to film on a certified soundstage or soundstages.

Q: What wages count toward the minimum soundstage wage spend required for the Qualified Motion Picture project?

A: Soundstage Wages are qualified wages incurred during the production period in each taxable year for which a tax credit is claimed for work that physically takes place on a soundstage or soundstages, or in ancillary buildings, which have been approved as part of a Certified Studio Construction Project (i.e., buildings/stages certified through Phase A with identifiers assigned by the CFC). These qualified wages need to be specific to the Phase B production and only tagged as Soundstage Wages for the time that the work is being performed in certified spaces. Wages for maintenance or repairs on the soundstages or ancillary buildings do not count as soundstage

wages. Wages for work performed on soundstages or in ancillary buildings that are not certified, or in other locations, do not count as soundstage wages. A Phase B applicant is required to incur a minimum of \$7.5 million in soundstage wages during the project production period in each taxable year for which a tax credit is claimed. Soundstage wages are qualified wages that count toward the overall qualified wages of the project and should be double tagged in the budget as QW, SW.

Q: What is the diversity workplan required for the Phase B application?

A: All Phase B applicants are required to submit a Diversity Workplan, outlining project-specific diversity goals regarding individuals whose wages are included in qualified wages, individuals whose wages are not included in qualified wages, and the creative aspects of the project. The Workplan must also outline the applicant's plans and strategies for how to achieve the set goals. More information about the specific requirements is available in the Soundstage Filming Tax Credit Program Guidelines, posted on [the CFC website](#)

Q: What is the Diversity Report which is required for getting tax credits certified?

A: After the Phase B applicant's Qualified Motion Picture has been produced and the final element has been created, the Phase B applicant should submit their Diversity Report along with other required documentation; the CFC will not certify Tax Credits for a Phase B Qualified Motion Picture project until it has received a final Diversity Report from the applicant. The final Diversity Report must include: A description of whether the Phase B applicant achieved the goals included in the approved Diversity Workplan, or a description of the good-faith efforts the Phase B applicant undertook to achieve the goals, and/or, when applicable, a description of the methods the applicant used to measure a goal and why potential achievements could not be determined. Applicants who meet or make a good-faith effort to meet the goals set out in their approved Diversity Workplan are eligible for the 4% Uplift. The final Diversity Report may be subject to an audit. More information about the specific requirements is available in the Soundstage Filming Tax Credit Program Guidelines, posted on [the CFC website](#)

Q: If I have attended a Tax Credit Program 3.0 Orientation, am I still required to attend a Soundstage Filming Program Orientation?

A: Yes. Some requirements are similar in both Programs, however, there are significant differences. Approved applicants are required to attend a Soundstage Filming Program Orientation, even if they have previously attended a Program 3.0 Orientation.

Q: How long will it take to get my Credit Allocation letter (CAL) after I submit my Phase B application?

A: The CFC has 30 days to review a complete Phase B application, including all supporting documentation. Following review, the CFC will either approve or reject an application. Upon approval, a Credit Allocation Letter will be issued, listing the amount of allocated tax credits for your project. The tax credits will be certified for use upon completion of your project, provided the actual expenditures match the projected expenditures in your application. If there are discrepancies,

adjustments will be made; certified credits may be less than the amount stated on your CAL but will never exceed the CAL amount.

Q: Do I have to wait for my CAL to be issued before I start principal photography on my approved Phase B Qualified Motion Picture project?

A: Yes. To qualify, a motion picture must commence principal photography after the date of CAL issuance.

Q: What is the Career Pathways Training requirement?

A: The approved Phase B applicant is required to pay 0.5% of the allocated tax credit amount within 30 days of CAL issuance to the Career Pathways Training initiative.