



California Film Commission

PROGRESS REPORT

November 2022

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Tom Cruise, *Top Gun: Maverick* | Cover Photo: Jordan Peele, *Nope*

ABOUT THE CALIFORNIA FILM COMMISSION

The California Film Commission (CFC) was created in 1984 as a state agency to enhance California's position as the premier location for all forms of media content creation. The CFC supports film, television, and commercial productions of all sizes and budgets by providing one-stop support services including location and troubleshooting assistance, permits for filming at state-owned facilities, and access to resources including an extensive digital location library. The CFC also administers the state's Film & Television Tax Credit Program and serves as the primary liaison between the production community and all levels of government (including local, state, and federal jurisdictions) to facilitate filming in-state. The CFC supports a production-friendly environment to retain and grow production jobs and economic activity statewide. It works in conjunction with more than 50 local film offices/commissions (Regional Film Partners) across California to manage filming-related issues and requests. More information is available at <http://www.film.ca.gov>.



Colleen Bell, Executive Director

Nancy Rae Stone, Tax Credit Program Deputy Director | Leah Medrano, Senior Program Manager

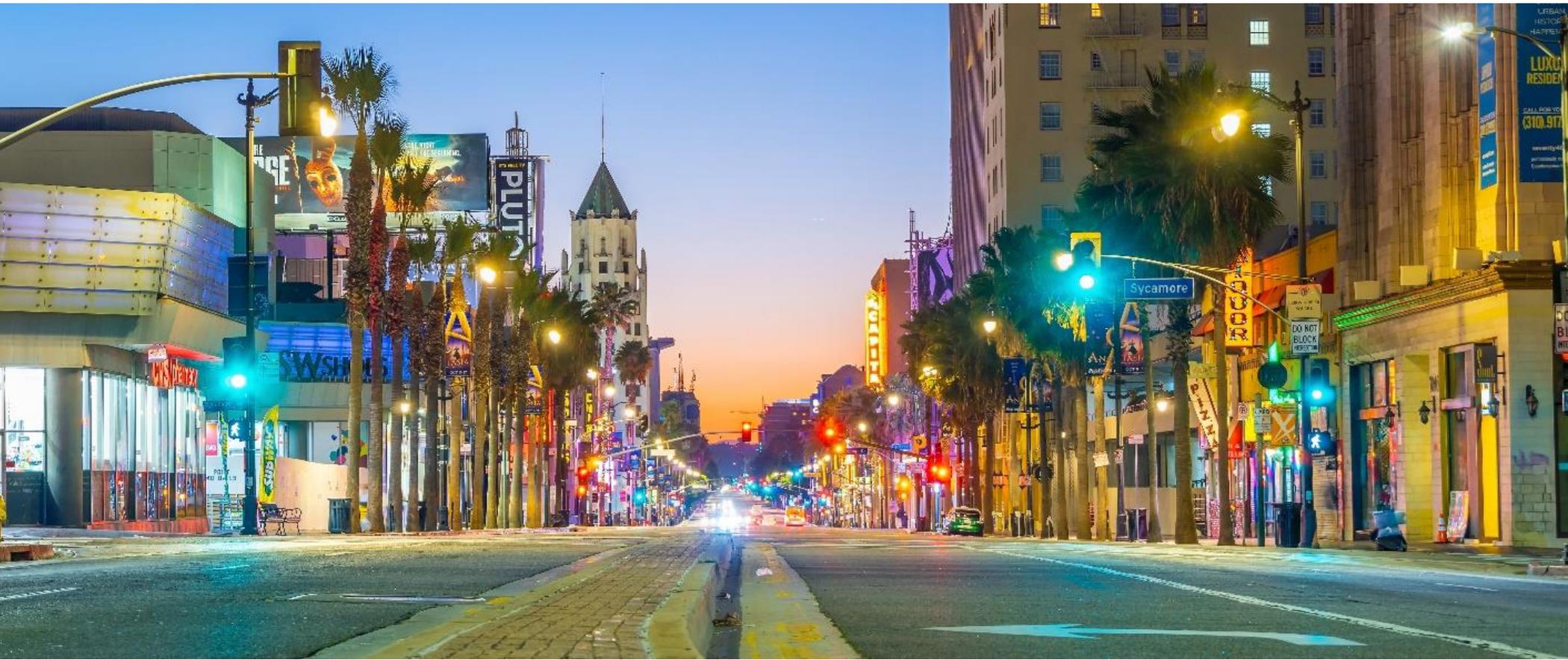
EXECUTIVE SUMMARY

The California Film Commission issues an annual report to provide the public with an assessment of the economic benefits of its programs to the state, as well as statistical information and insights into California's entertainment production industry. This report provides an update of the third iteration of California's tax credit program – Program 3.0 – detailing statistics for the first three fiscal years of the program. **The 106 projects approved during the first two and a half years of Program 3.0 are estimated to generate \$6.2 billion in direct in-state spending, including more than \$2.1 billion in qualified wages.**

- **WORKFORCE STATISTICS** The entertainment industry generated \$192 billion in total film and television wages, with \$84 billion of direct wages earned by workers supported by the motion picture industry throughout the United States. With \$27 billion in payments to over 359,000 local business, the motion picture and television industry generates millions of jobs across the United States.
- **CALIFORNIA MOTION PICTURE INDUSTRY EMPLOYMENT** California film and television employment reached an average of 185,817 individuals between 2009 – when Program 1.0 was enacted – to now. Highest employment of 215,144 individuals was recorded in 2016, with lowest range in 2020 due to the Coronavirus pandemic. In total, 2,415,628 individuals were hired between 2009–2021.
- **RELOCATING TV SERIES** Nine relocating TV projects generated more than \$510 million in California, with \$188 million attributed to qualified wages. California welcomed productions from Czech Republic, Florida, Georgia, New Orleans, New York, Portland, and Vancouver.
- **FEATURE FILMS** Twenty-two feature films have been accepted under Program 3.0 with a total credit allocation of \$250 million. With an aggregate sum of \$2.2 billion in California expenditures, 11 out of the 22 feature films have production budgets ranging from \$87 million to \$191 million.
- **CAREER READINESS PROGRAM** During the height of the pandemic, in-person experiences such as internships, externships, and professional skills tours were suspended. In total, 33 projects in Program 3.0 have completed the Career Readiness requirement, with \$169,653 contributed in aggregate to either the California Community Colleges or the California Department of Education.
- **CAREER PATHWAYS PROGRAM** Since 2020, training providers ManifestWorks, Hollywood CPR, and IATSE Local 695's SVOP Y-16A Training Program have been instrumental in helping achieve the Program's goals. A total of 141 diverse individuals have participated in the program: 30 for Hollywood CPR, 39 under ManifestWorks, and 17 for SVOP – all under Year 2.
- **REGIONAL FILMING** Seven feature films and television series spent close to \$5 million outside the City of Los Angeles 30-mile zone. These expenditures include \$268,000 for local wages, \$1.6 million in local purchases and rentals, \$1.5 million for local hotels, and \$1.3 million for location and permit fees.
- **TAX CREDIT ISSUANCE & CLAIMS** To date, **\$497 million** of total credits have been claimed from Program 1.0 while **\$589 million** have been claimed by Program 2.0 projects, as reported by the Franchise Tax Board and the California Department of Tax and Fee Administration.
- **LOS ANGELES ECONOMIC DEVELOPMENT CORPORATION (LAEDC)** The findings from an LAEDC study confirm that for every tax credit dollar allocated, the state benefitted from at least \$24.40 in economic output, \$16.14 in gross domestic product (GDP), \$8.60 in wages and \$1.07 in state and local tax revenues. In all, Program 2.0 generated a total of \$21.9 billion in economic output and \$961.5 million in state and local tax revenue over its five-year run.
- **SOUNDSTAGE FILMING TAX CREDIT PROGRAM** The Soundstage Filming Program is still in the early stages of implementation; at the time of publication, Soundstage Certification Letters have been issued to a total of thirteen soundstages – eight newly constructed and five renovated – with a combined size of over 200,000 sq. ft.
- **LOST PRODUCTIONS** Data shows that the state lost 77% of production spending by those projects that applied for but did not receive a California tax credit; 16 out of 28 projects that did not receive a tax credits, left California to be produced out-of-state. These runaway projects accounted for \$951 million in production spending outside California.
- **GLOBAL COMPETITION: TAX CREDITS** As a key part of a production's financing structure, companies rely on the ability to sell tax credits to third parties or back to the state (monetization). Jurisdictions with such monetization and refundability provisions hold a competitive edge. California is one of the few jurisdictions that do not offer this type of incentive.
- **GLOBAL COMPETITION: VISUAL EFFECTS AND VIRTUAL PRODUCTION** A recent study revealed that over \$7 billion is projected in worldwide VFX spend in 2022, increasing to \$10.5Billion by 2025. California is not benefiting from this expanding sector of the motion picture industry due to a lack of targeted incentives.
- **GLOBAL COMPETITION: INFRASTRUCTURE GROWTH** Within the next 3 years Georgia, New York, Canada, and the UK have hundreds of thousands of square feet of soundstage space being constructed. Other jurisdictions are also planning large film studio projects to be completed within the next 3 years including Arkansas, Illinois, Louisiana, Massachusetts, Michigan, New Jersey, New Mexico, Tennessee, Texas, Australia, Ghana, and Ireland.

INTRODUCTION

The California Film Commission (CFC), part of the Governor’s Office of Business and Economic Development, incentivizes film and TV production in the state by administering film and television tax credit programs. First enacted in 2009, the tax credit program was created to provide economic stimulus designed to increase film and television production, jobs, and tax revenues in California. The CFC publishes an annual report to provide the public with an assessment of the program’s economic benefit, as well as statistical information and insights into California’s entertainment production industry and its competition. This report provides a summary of approved projects from the first three fiscal years of Program 3.0. Data includes a breakdown of labor and expenditures, an analysis of television series that relocated to California, a summary of big-budget films, regional filming data, and the career readiness and pathways programs. Additionally, this report provides an analysis of lost productions – productions that applied, did not receive tax credits, and ultimately left California to film in other parts of the country and the world. Yearly, consistent data shows jurisdictions outside of California offering competitive production and post-production – including visual effects – incentives along with new or expanded production infrastructure. In July 2021, Governor Gavin Newsom signed SB 144, the California Soundstage Filming Tax Credit Program. This report gives regulatory updates of the new incentive program targeting soundstage filming in California.



NATIONAL WORKFORCE STATISTICS

The Bureau of Labor Statistics (BLS) identifies industries in the Motion Picture and Sound Recording Industries as subsector groups involved in the production and distribution of motion pictures and sound recordings. The motion picture and sound recording industries subsector consists of Motion Picture and Video Industries and Sound Recording Industries. BLS provides an overview of the industry including the number of jobs, the unemployment rate of those previously employed in the industry, union membership and representation, and the number of companies in the private sector under the Motion Picture and Sound Recording Industries. Data shows a positive correlation between employment and unemployment rates from 2020 to 2021 due to the Coronavirus pandemic.

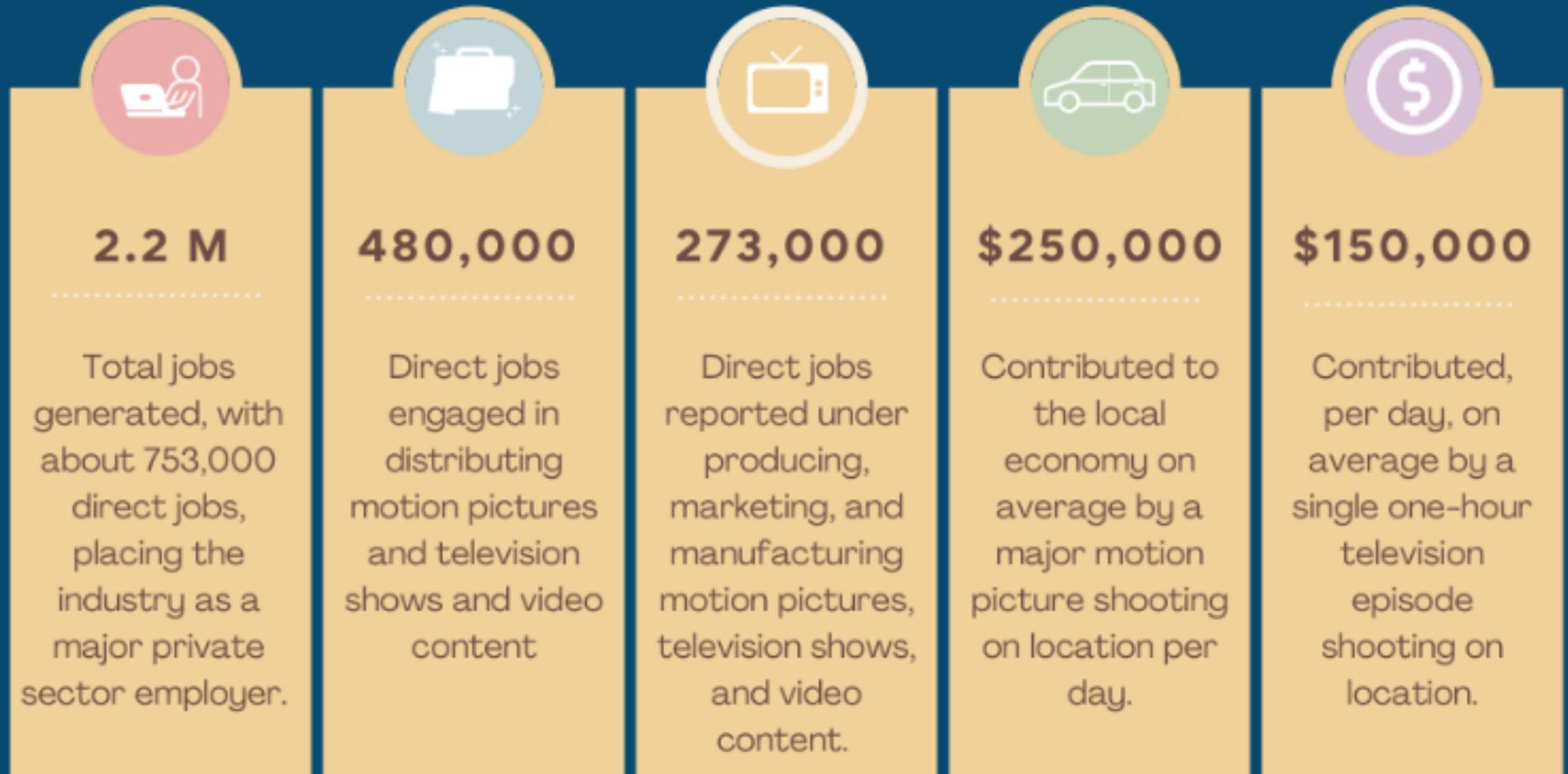
MOTION PICTURE AND TELEVISION INDUSTRY EMPLOYMENT

According to a 2021 report by the Motion Picture Association, the entertainment industry generated \$192 billion in total film and television wages, with \$84 billion of direct wages earned by workers supported by the motion picture industry throughout the United States. Total jobs and wages include the jobs and wages supported at thousands of companies relying on the industry, such as caterers, dry cleaners, lumber suppliers, and digital equipment suppliers, as well as other industry related jobs, such as consumer products, video retailing, and theme parks. The motion picture industry contributes significantly to the nation's overall economy with \$226 billion in sales in year 2020. With \$27 billion in payments to over 359,000 local business, the motion picture and television industry generates millions of jobs across the United States.

MOTION PICTURE AND SOUND RECORDING INDUSTRY STATISTICS		
	2020	2021
Employment	298,500	427,100
Unemployment Rate	12.70%	6.40%
Union Membership	14%	17%
Union Representation	15%	18%
Private Company Establishments	34,446	36,260

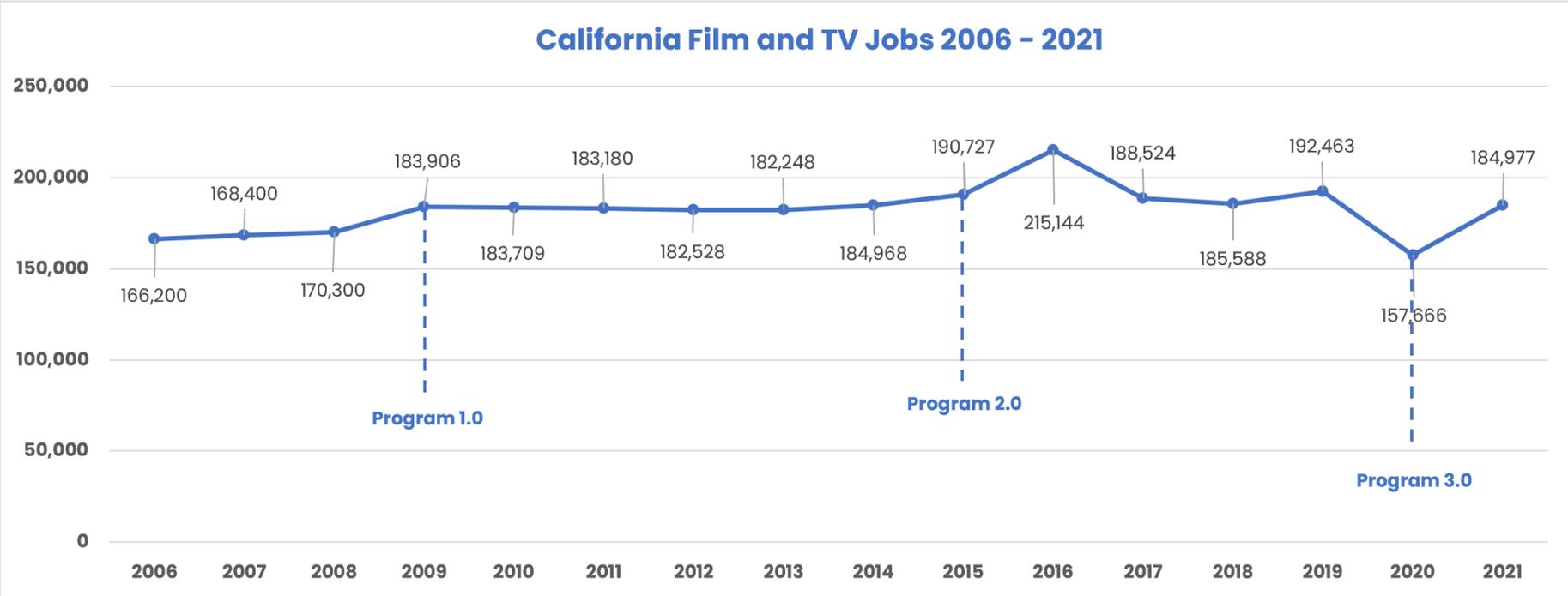
Source: [Bureau of Labor Statistics](#)

Motion Picture Production Economic Activity



CALIFORNIA MOTION PICTURE INDUSTRY EMPLOYMENT

The California Employment Development Department ([EDD](#)) oversees the Labor Market Information Division (LMID) which collects, analyzes, and publishes statistical data and reports on California's labor force, industries, occupations, employment projections, wages and other important labor market and economic data. The chart below shows annual totals for California film and television employment for NAICS 51 and NAICS 71. These sectors include the following industries: Motion Picture and Video Production, Motion Picture and Video Distribution, Motion Picture and Video Exhibition, Postproduction & Other Related Industry, Sound Recording Industries, Cable and Other Subscription Programming, Agents and Managers for Public Figures, and Independent Artists/Writers/Performers. The data shows employment from 2006 to 2021; to note, the first iteration of the California film and TV tax credit program (Program 1.0) was enacted in 2009, followed by Program 2.0 in 2015, and Program 3.0 in 2020. Data shows an increasing trend from 2006 until a significant employment drop in 2020 due to the Coronavirus pandemic.



Source: California Employment Development Department

TAX CREDIT PROGRAM 3.0 OVERVIEW

Effective on July 1, 2020, with a sunset date of June 2025, Program 3.0 was enacted under Senate Bill 878. Program 3.0 provides \$330 million every fiscal year – July 1 to June 30 – to productions that meet eligibility requirements. Eligible [productions](#) include New, Relocating, Recurring and Limited TV Series, Pilots, as well as independent and non-independent feature films. Independent films and relocating TV applicants qualify for a 25% tax credit while non-independent projects receive 20%.

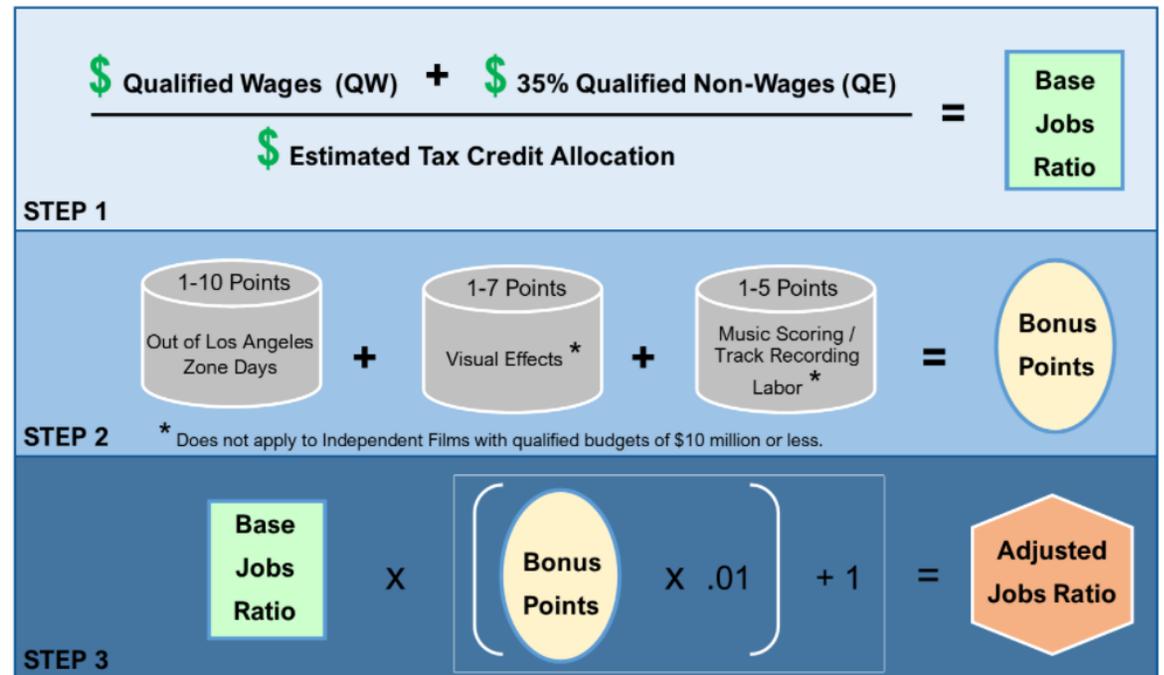
Applications are [ranked](#) according to each production category via a jobs ratio ranking; the figure below outlines the jobs ratio calculation process. A project's jobs ratio score may be increased based on activities in three areas: out-of-zone filming, visual effects spend, and music labor expenditures. All approved projects, regardless of the production type, are eligible to receive an additional 5% credit on wages paid to individuals who live and work on tax credit projects outside the City of Los Angeles 30-mile zone.

During the [application process](#), applicants are required to submit documentation including the company's initiatives and programs to increase the representation of minorities and women in job classifications that are excluded from qualified wages, such as directors, producers, writers, actors.

Once a project receives the Credit Allocation Letter, several interim responsibilities are required to receive the final tax credit certificate. The initial allocation for each selected project is treated as a reservation of tax credits. Tax credit certificates are awarded only after eligible projects: 1) complete post-production; 2) verify in-state expenditures; and 3) provide all required documentation, including cost reports audited by a Certified Public Accountant (CPA). During the audit process, the CPA recalculates each project's Jobs Ratio score and compares it to the approved application Jobs Ratio score.

California Film and Television Tax Credit Program 3.0

Jobs Ratio Calculation



PROGRAM 3.0 AGGREGATE DATA

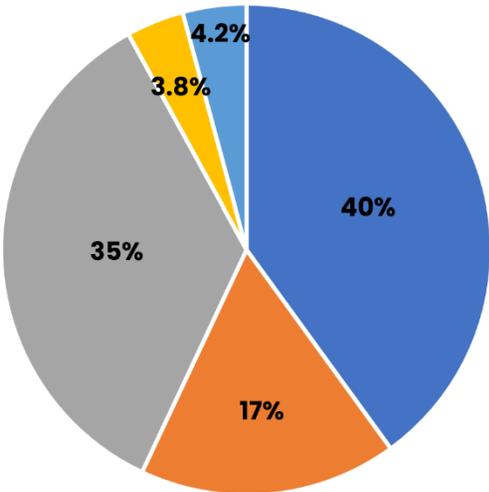
Funding Allocation

The enacting statute established specific percentages of fiscal year funding available for each production category; see "Credit Allotment" pie chart below. According to the statute, unused credits due to project withdrawals must be used in several ways:

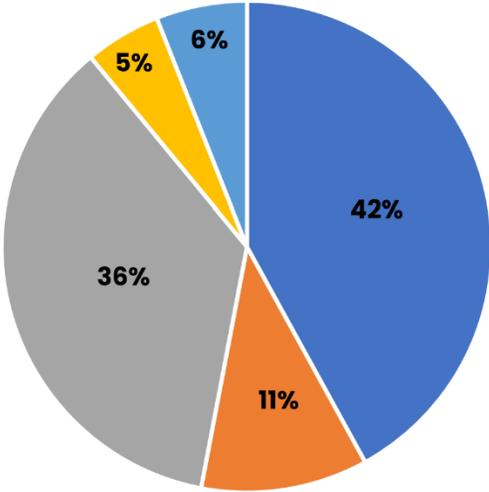
- 1. Unused television and non-independent feature film credits from previous fiscal years shall be added to the Recurring, New TV, Pilots, and Mini-Series bucket.
- 2. Credits from Independent Films must remain in the Independent Film category.
- 3. If a project withdraws in the same fiscal year it received a credit allocation, those credits shall be returned to the same project category bucket.

Since the CFC is authorized to allocate unused credits placing priority to the Recurring, New TV, Pilots, and Mini-Series funding bucket, there is a variance between the annual available funding categories versus actual funding for Program 3.0 fiscal years one to three.

Credit Allotment



Actual Credit Allocation



- Recurring, New TV, Pilots, Mini-Series
- Relocating TV
- Feature Films
- Indie > \$10m
- Indie ≤ \$10m

SPOTLIGHT: TELEVISION SERIES

This Is Us



CALIFORNIA EXPENDITURES: \$624m

Qualified Wages: \$170 million

Qualified Non-Wages: \$195 million



FILMING DAYS

Total California Days: 869

SEASONS IN CALIFORNIA: 6



PRODUCTION HIRES

Cast: 2,174 Crew: 1,332

Background Players Man-Days: 28,276

On September 20, 2016, "This Is Us" premiered winning millions of fans worldwide. The first season, including the pilot, was the first of many TV series accepted in Tax Credit Program 2.0. The series received hundreds of award nominations and wins; in 2018, Sterling K. Brown won Best Actor in Drama TV Series, making him the first black man to win this category in the Golden Globe's 75-year history. All six seasons of "This Is Us" were filmed in California and were part of the film and TV tax credit program creating thousands of jobs in the Golden State! The final episode aired on May 24, 2022. Thank you, Pearson Family, for making California your home the last six years.

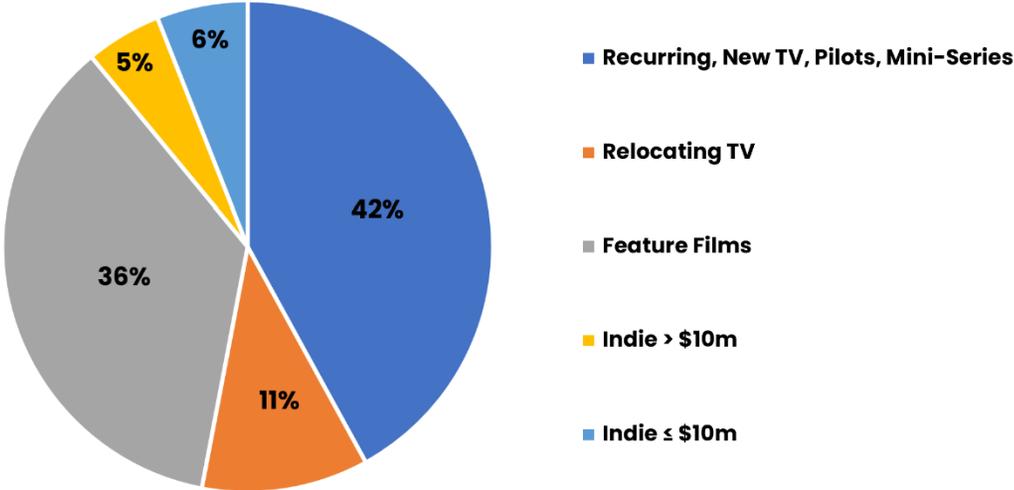


A total of \$727 million has been allocated for Program 3.0 projects. Recurring, New TV Pilots, and Mini-Series make up \$303 million of credit allocation, while Relocating TV projects received \$77 million. Independent Film projects received credit allocation letters totaling \$81 million while non-independent feature films make up \$266 million of credits.

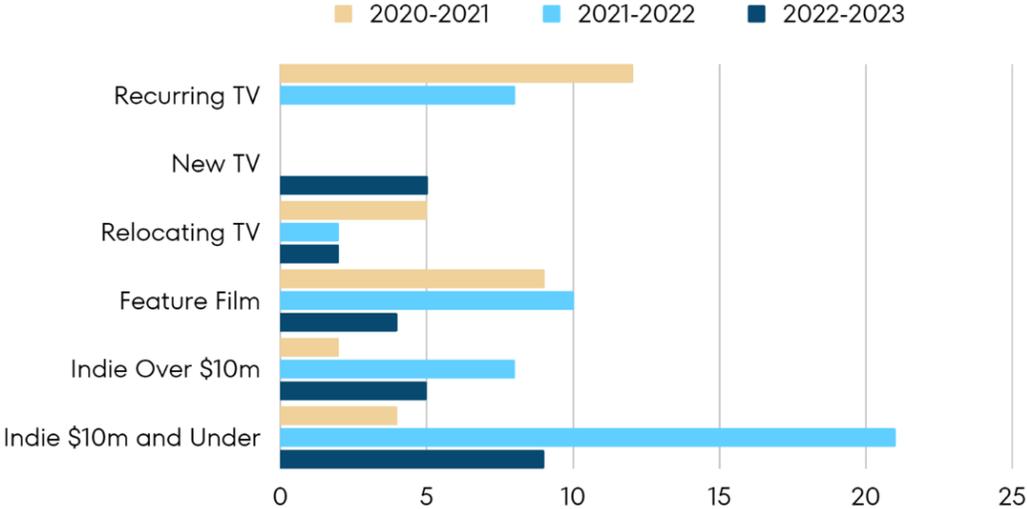
SUMMARY OF CALIFORNIA EXPENDITURES

Since Program 3.0 started on July 1, 2020, projects accepted in the Film and Television Tax Credit Program generated a total California in-state spend of \$6.2 billion. During fiscal year 2020-2021, approved projects generated \$2.1 billion in total California expenditures where \$787 million were attributed to qualified wages, \$616 million to qualified non-wages, and \$727 million for non-qualified expenditures. Another \$2.2 billion were added to California’s economy during the 2021-2022 fiscal year. Film and television projects generated \$824 million in qualified wages, \$607 million in qualified non-wage expenditures, and \$852 million non-qualified expenditures. To date, approved projects under the 2022-2023 fiscal year contributed an estimated \$1.6 billion in California expenditures: \$607 million in qualified wages, \$400 million in qualified non-wages, and \$680 million in non-qualified expenditures. These figures are projected to increase as additional projects will be approved until June 30, 2023, the end of the fiscal year.

Actual Credit Allocation



Projects per Category



\$6 Billion Total California Expenditures

Program 3.0 Approved Projects



Qualified Wages

Below-the-line wages are eligible expenditures. For wages to qualify, all services must be performed in the state of California.



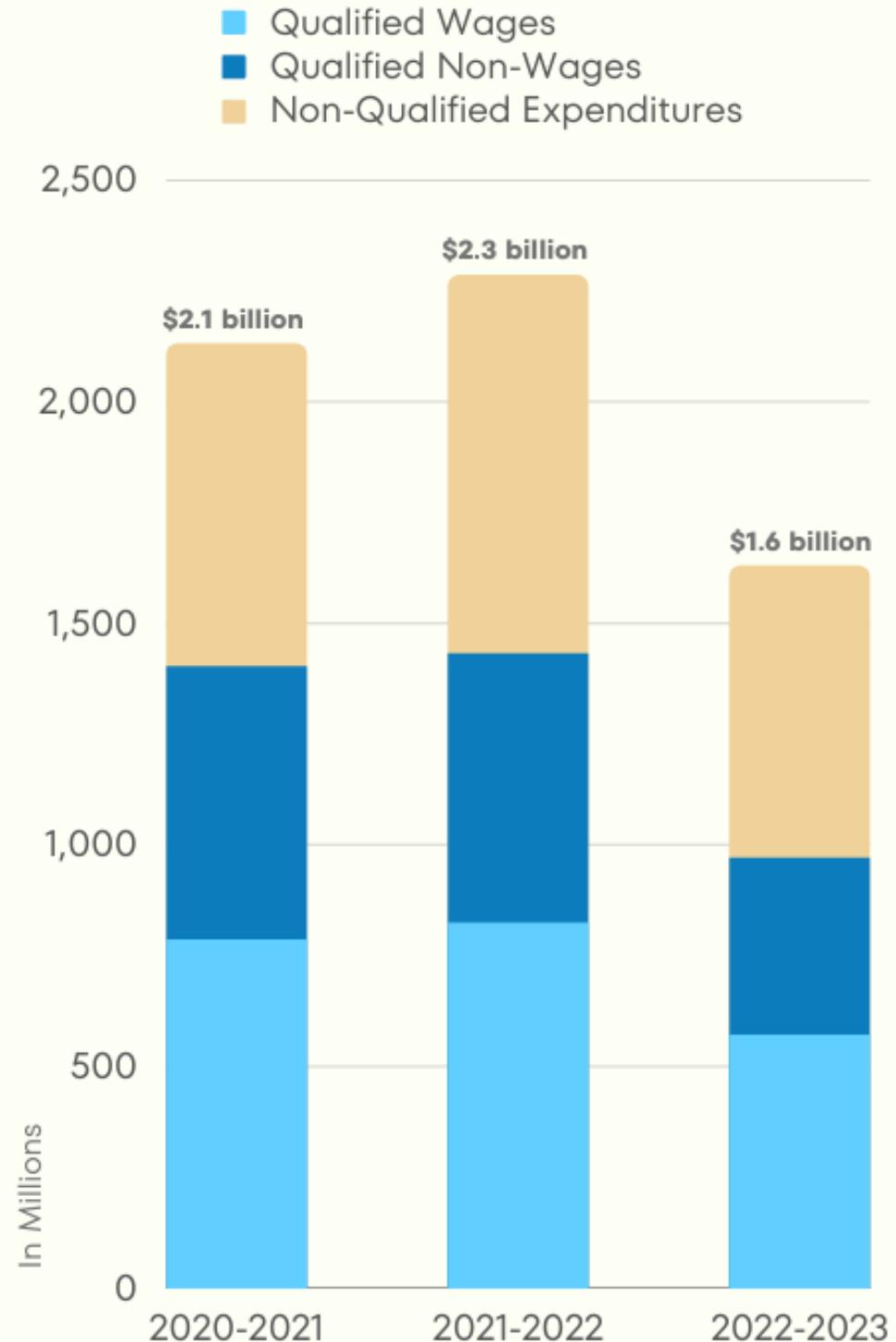
Qualified Non-Wages

For purchases and rentals to qualify, the items must be purchased or rented and used in the state.



Non-Qualified Expenditures

Above-the-line wages and all out-of-state expenditures are non-qualified.



Production Hires

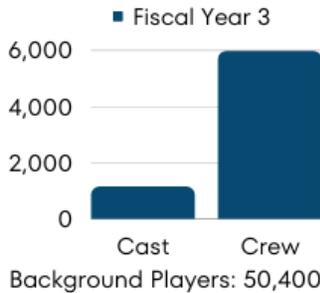
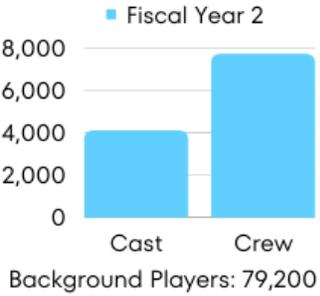
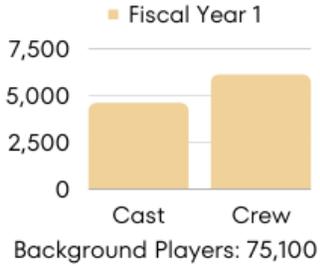
PRODUCTION HIRES

Program 3.0 projects hired 9,833 cast and 18,736 crew members, while employing 204,700 background players – measured in man-days. A total of 376 days were filmed in California, with 78 days filmed outside the Los Angeles zone. The Regional Filming section gives further breakdown of filming throughout the state of California.

PRODUCTION CATEGORIES

Since July 1, 2020, a total of 106 projects have been accepted in Program 3.0. Twenty Recurring TV projects were accepted while nine Relocating TV projects moved to California. The Relocating TV Series section provides a breakdown of the nine projects. Due to the high demand of tax credits for Recurring TV applications during the first two fiscal years of Program 3.0, New TV applications were not accepted until the first application window of fiscal year three; five New TV Series are now part of Program 3.0.

Funding for independent films has been bifurcated into two categories: independent films with budgets over \$10 million (indie > \$10m) and independent films with budgets \$10 million or less (indie ≤ \$10m). Thirty-four indie ≤ \$10m projects have been accepted in Program 3.0 while 15 make-up the indie > \$10m category. A total of 23 non-independent feature films received credit allocations.



NOTE: Background players are measured in man-days.



RELOCATING TV SERIES

Under SB 144, the CFC allocated an additional \$30 million in credits to Relocating TV Series for fiscal years 2021-22 and 2022-23. SB 144 expanded the definition of a Relocating TV Series receiving the additional \$30 million in funding as follows:

A “television series that relocated to California” means a television series, without regard to episode length or initial media exhibition, with a minimum production budget of one million dollars (\$1,000,000) per episode that both filmed at least 75 percent of principal photography days for at least one episode outside of California and has not filmed more than 25 percent of principal photography days for any episode inside of California.

In Program 3.0, Relocating TV series received credit allocations totaling to \$77 million. Nine relocating TV projects generated more than \$510 million in California, where \$188 million were attributed to qualified wages. California gained productions from Czech Republic, Florida, Georgia, New Orleans, New York, Portland, and Vancouver. An estimated 3,100 cast and crew were hired with 12,000 background players, measured in man-days.

								
Previous Location: Portland	Previous Location: New York	Previous Location: New York	Previous Location: Czech Republic	Previous Location: Vancouver	Previous Location: Florida	Previous Location: New Orleans	Previous Location: Georgia	Previous Location: New York
Qualified Wages: \$9.7m	Qualified Wages: \$26.7m	Qualified Wages: \$45.1m	Qualified Wages: \$10.5m	Qualified Wages: \$25m	Qualified Wages: \$29.1m	Qualified Wages: \$12.4m	Qualified Wages: \$18m	Qualified Wages: \$11.9m
Total Qualified Expenditures: \$14.3m	Total Qualified Expenditures: \$44m	Total Qualified Expenditures: \$75.2m	Total Qualified Expenditures: \$20m	Total Qualified Expenditures: \$47.9m	Total Qualified Expenditures: \$50.2m	Total Qualified Expenditures: \$24.8m	Total Qualified Expenditures: \$34.6m	Total Qualified Expenditures: \$20.2m
Total Credit Allocation: \$3.5m	Total Credit Allocation: \$11m	Total Credit Allocation: \$18.8m	Total Credit Allocation: \$5m	Total Credit Allocation: \$6.3m	Total Credit Allocation: \$12.5m	Total Credit Allocation: \$6.2m	Total Credit Allocation: \$8.6m	Total Credit Allocation: \$5m

FEATURE FILMS

In order to be eligible, a non-independent feature film must have a minimum running time of at least 75 minutes with a minimum production budget of \$1 million. There is no distribution requirement. A live production distributed via network television may also apply as a feature film; simultaneous distribution must occur via streaming or internet service to qualify. To date, 22 feature films have been accepted under Program 3.0 with a total credit allocation of \$250 million. With an aggregate sum of \$2.2 billion in California expenditures, 11 out of the 22 feature films have production budgets ranging from \$87 million to \$191 million.

Project Title	Cast & Crew Hired	Qualified Wages
"Atlas"	348	\$61,600,000
"Beverly Hills Cop 4"	371	\$53,300,000
"Bullet Train"	543	\$46,700,000
"The Gray Man"	343	\$67,900,000
"Joker: Folie a Deux"	258	\$62,700,000
"Peppermint"	348	\$47,400,000
"Rebel Moon: Part 1"	368	\$46,400,000
"Rebel Moon Part 2"	368	\$46,400,000
"Thomas Crown Affair"	385	\$54,500,000
"Unfrosted"	402	\$41,800,000
"Untitled NF Project"	167	\$67,500,000



SPOTLIGHT: FEATURE FILM

The Gray Man



QUALIFIED EXPENDITURES: \$101.7m

Qualified Wages: \$67.9 million

Qualified Non-Wages: \$33.8 million



FILMING DAYS

Total California Days: 62

Total Out of California Days: 20



PRODUCTION HIRES

Cast: 43 Crew: 300

Background Players Man-Days: 5,400

SPOTLIGHT: FEATURE FILM

Bullet Train



QUALIFIED EXPENDITURES: \$86.9m

Qualified Wages: \$46.7 million

Qualified Non-Wages: 40.2 million



FILMING DAYS

Total California Days: 60



PRODUCTION HIRES

Cast: 47 Crew: 496

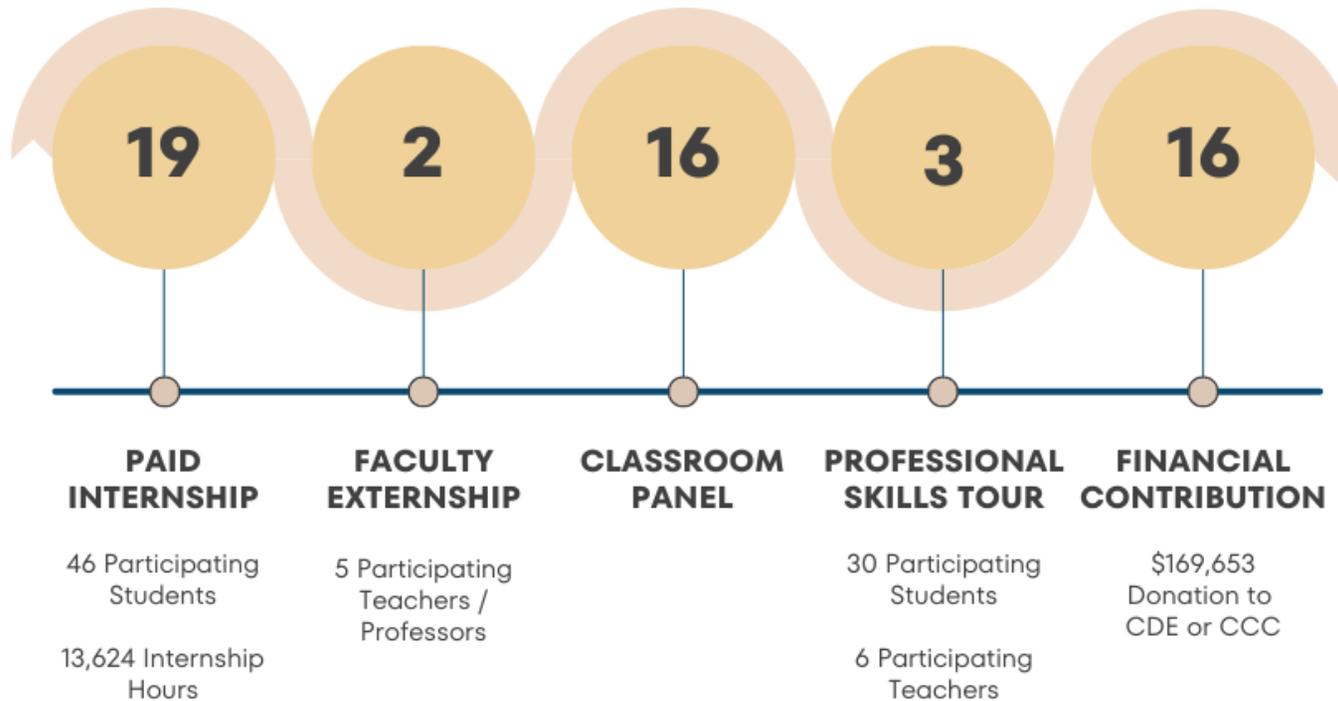
Background Players Man-Days: 2,254



CAREER READINESS PROGRAM

Approved tax credit applicants must participate in a career-based learning and training program as an opportunity to inspire, train, and give back to the next generation of filmmakers. In collaboration with the California Department of Education (CDE) and the California Community Colleges Chancellor's Office (CCC), the CFC developed [five participation options](#) for projects to choose from: paid internship, faculty externship, classroom panel/workshop, professional skills tour, or a financial contribution. Approved projects may fulfill this requirement during any phase of the production.

Career Readiness Participation per Project





The program provides valuable experience I would have not received otherwise. It's difficult breaking into an industry where I know no one, and now I feel as if I'm part of a team of people within set decoration. I can't imagine another opportunity with so much to offer."

Patrice Quintero, Intern

"Me Time"

West LA College



Young people from underrepresented groups need opportunities like these to have access to working professionals and to see that it's not impossible for them to have a career in this industry. It is incredibly satisfying to open up these doors to them."

Jonathan Wang, Producer

"Everything Everywhere All At Once"

A24



I recommend this program because it puts you in the trenches and everyday was a master class in big budget filmmaking. The experience was priceless."

Robert McTyre, Jr., Intern

"Nope"

Hollywood CPR



To date, 33 projects in Program 3.0 have completed the Career Readiness requirement. During the height of the pandemic, in-person experiences such as internships, externships, and professional skills tours were suspended until they can be safely conducted. Nine projects hosted virtual panels to numerous schools and organizations throughout the state of California. Several projects invited notable filmmakers to participate as panel members: Chris Pine and Patty Jenkins for *Poolman*; Writer/Director Larry Charles for *F***** Identical Twins*; *Promised Land* Creator Matt Lopez; Director Paul Weitz for *Moving On*; and Executive Producer Todd Slavkin for *Mysterious Benedict Society Season 2*. Overall, a total of 76 students and 11 teachers have participated in the Career Readiness Program. In addition, \$169,653 were contributed by approved projects to CCC or CDE since July 1, 2020.

California Department of Education AME Institute

Organized by the [California Department of Education](#), the Arts, Media, and Entertainment (AME) Institute (AMEI) is the largest annual professional convening of AME educators and industry professionals in the state. The AMEI, held in June 2022, was a four-day, in-person professional event designed to provide AME teachers the experiences, resources, information, and training that helps to ensure California's next generation of AME workforce is prepared for their future. IATSE Local 80 hosted a session titled "Movie Magic: An Inside Peek at the Cinematic Process with Local 80." Led by Business Manager Dejon Ellis, Jr., teachers observed a green screen demonstration, watched how grips utilize perms to suspend and secure rigs, and learned how to set up a dolly track (pictured below). The 8th annual AMEI welcomed more than 400 educators, administrators, industry leaders, tech innovators, and funders. The California Film Commission was named a Sector Sponsor for the 2022 AMEI as thousands of dollars have been contributed to the AME Program from financial contributions of approved film and TV projects in the Tax Credit Career Readiness Program.



CAREER PATHWAYS PROGRAM

In addition to the Career Readiness Program, approved applicants selected to participate in the tax credit program are required to make a financial contribution to fund a [Pilot Career Pathways Training Program](#) for individuals from underserved communities to receive training for careers in the industry. This program provides both life skills and professional craft skills training for entry level positions in the entertainment industry in film and television production. Career Pathways is not an internship or apprenticeship program; its goal is to provide the skills and access that leads to careers in the entertainment industry and membership in the below-the-line craft unions. The Program seeks to attract new and diverse talent, create a pathway which will make it easier for job seekers to pursue a career in the entertainment industry, and ensure California has a trained diverse workforce needed to support the entertainment industry. It is envisioned as a pilot program so that what is learned through its operation can be used to create a statewide program. As the fiscal agent, the [IATSE Training Trust Fund](#) (IATSETTF) administers the

Career Pathways Program in conjunction with the CFC. Since the Career Pathways Program's inception in 2020, ManifestWorks, Hollywood CPR, and IATSE Local 695's SVOP Y-16A Training Program have been instrumental in helping achieve the Program's goals.



Hollywood CPR and West LA College Film Production program is a very well rounded pathway into a Union Career. The staff do

everything they can to prepare an

individual for a future career in the IA by implementing punctuality and discipline. They are helpful when it comes to your success as a student. I feel fortunate to have been able to use this resource as my pathway to my career as a Set Lighting Technician in Local 728."

- Hollywood CPR Participant

HOLLYWOOD CPR

In April 2022, [Hollywood CPR](#) opened a new 15,000 sq. ft. training facility, the Watson Center, to accommodate and serve the large backlog of students who have been unable to participate in hands-on lab classes in their crafts. Hollywood CPR offered labs in Set Dressing and Set Lighting in Spring 2022 and offered Grip and Camera labs in Summer 2022. The leadership at Hollywood CPR continues to work with West Los Angeles College to strategize effective ways for new student pathways while continuing to fulfill high demand for labs provided to existing students.

MANIFESTWORKS

[ManifestWorks](#) continues to provide access to Film/TV below-the-line opportunities for those who have been impacted by homelessness, incarceration, and the Foster Care System. In addition to training, ManifestWorks places participants into Set PA positions until the graduates have built their own self-sustaining professional networks. During Summer 2022, ManifestWorks offered a third Set PA Training cohort, the first major expansion of their programming in 5 years. In addition, ManifestWorks reported great success among several alumni who have accumulated

their days and are now entering the IATSE and Teamsters; these milestones will eventually be reflected in the annual wage data that ManifestWorks collects later in the year. ManifestWorks significantly boosted the mid-career pathway programming in June 2022, when the organization conducted grips and electric training, a digital utility training in partnership with IATSE Local 600, and their ongoing Office PA/Coordinator training, all of which were designed to ensure alumni wages increase over time.

LOCAL 695 SVOP Y-16A TRAINING PROGRAM

IATSE Local 695's SVOP Y-16A Training Program is a unique, hands-on career training process designed to provide career opportunities since 2020. While the SVOP Y-16a Program does not require any financial support, the mission supports the core mission of the Career Pathways Program. The SVOP Y-16a participants receive free AVIXA membership and classes, free LinkedIn Learning accounts, the IATSE TTF's suite of Safety First! online courses, and an invitation to participate in the Career

Pathways Mentor Program. Incoming trainees receive pre-training as they begin the program and prior to being placed on a production. The initial training covers day-to-day expectations on set, financial literacy, and building an education plan. Approved trainees receive multiple production placements where trainees have shadow opportunities and are mentored by respective sponsoring crews. Throughout the process, Local 695 mentors and trainees meet for assessment interviews, submit progress reports, and discuss progress within the program. After receiving multiple signatures of approval from their mentors, trainees become eligible to take the next step in Union initiation. Securing stable production placements for the trainees is a significant challenge the program is currently facing. In recent months, Local 695 has seen a sharp decline in productions willing to employ a Trainee due to budget cuts and an increase in low-wage apprenticeships and internships. Local 695 and the Career Pathways Program is working diligently to bring awareness about the SVOP Y-16a program.

PRODUCTION ACCOUNTING COURSE

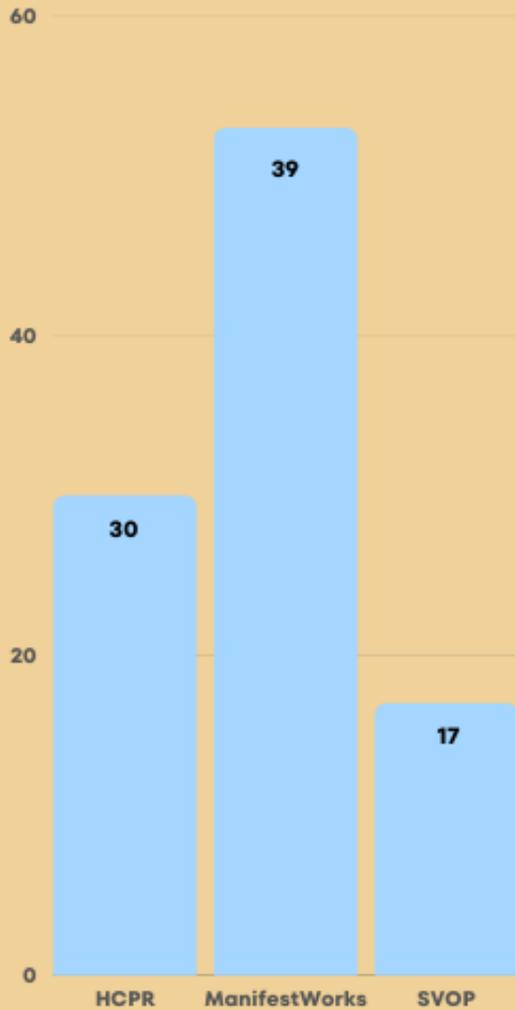
After years in development, the CFC announced the launch of its Entry-Level Production Accounting Course in Fall 2022. Written and taught by 30+ year Production Accounting professional, Ida Lee Henderson, this course will equip students throughout California with the skills and connections to obtain an entry-level position in TV & Film Production Accounting. The 7-week, distance learning opportunity features Instructional Design by Robyn Charles of Education Media and started on September 26, 2022. The course is supported by projects in the California Film & TV Tax Credit Program and is FREE to all those accepted.



IATSEETTTF Kevin McDonald, ManifestWorks Graduate Leslie Matts, CFC Tax Credit Deputy Director Nancy Rae Stone

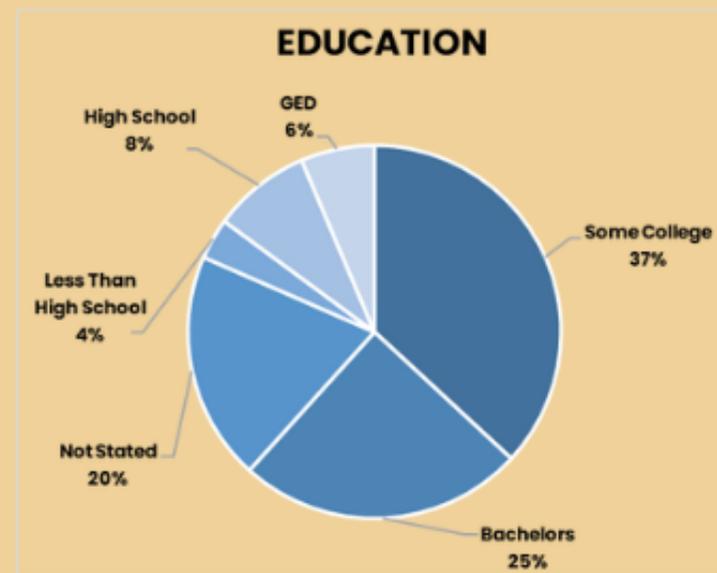
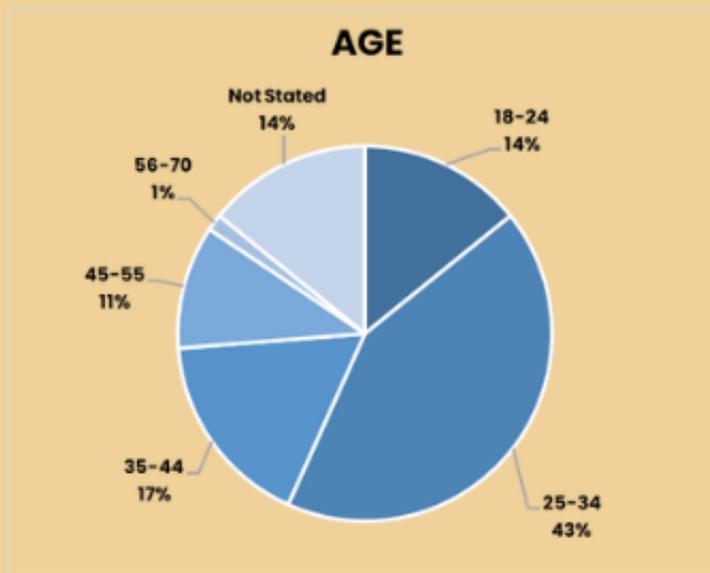
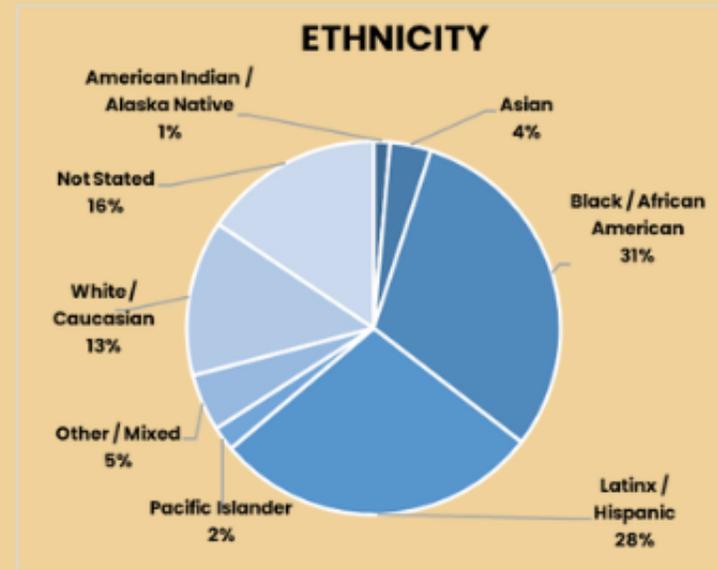
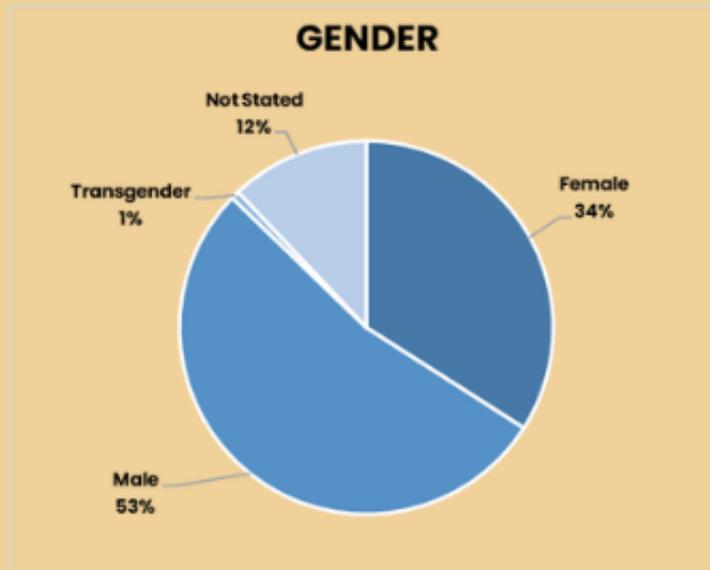
Career Pathways Program

Years 1-2 Participant Demographics



OF PARTICIPANTS - YEAR 2

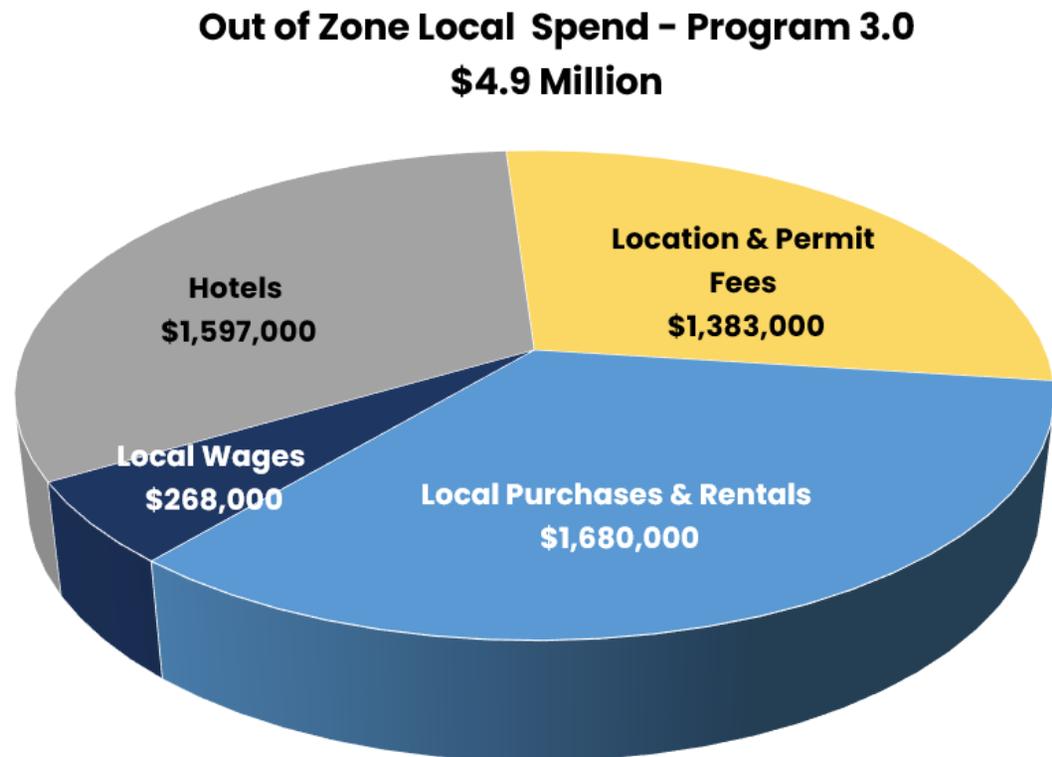
141 Participants - Years 1 and 2



REGIONAL FILMING IMPACT

With 33 million acres of forests, seven million acres of desert, 840 miles of coastline, 482 cities, and 58 counties, California's diverse filming locations serve various production types. The Film and TV Tax Credit Program encourages productions to use locations throughout California as most filming typically occurs within the [City of Los Angeles 30-mile zone](#). Local hire labor uplift incentivizes applicants to take advantage of hiring local talent outside the city of Los Angeles 30-mile zone. Non-independent productions - feature films, new and recurring television series, pilots, or miniseries - are eligible to receive an additional 10% tax credit for qualified local hire labor. Independent films and relocating television series are eligible to receive an additional 5% tax credit for qualified local hire labor. Projects may also receive up to 10 bonus points to raise their Jobs Ratio score and increase their chance of being selected based on the percentage of filming days outside the City of Los Angeles 30-mile zone. When productions film on location outside the Los Angeles area, data reflects that they typically spend \$50,000 - \$150,000 per day in the local region.

To date, more than seven feature films and television series spent close to \$5 million outside the City of Los Angeles 30-mile zone. These expenditures included \$268,000 for local wages, \$1.6 million in local purchases and rentals, \$1.5 million for local hotels, and \$1.3 million for location and permit fees. This spending benefitted many small businesses, including grocers, hardware stores, gas stations, hotels, and other retail businesses, as well as local hires for services such as catering and set construction. In addition, such spending impacted local governments directly via payments made to local police and fire departments, as well as revenue from local permit fees. The seven projects locally employed six cast, 52 crew, and 194 background players. As other productions complete post-production and ultimately submit final expenditures report, the local community expenditure spend figures will actualize and most probably increase.





SPOTLIGHT: REGIONAL FILMING SPEND

Top Gun: Maverick



TOTAL LOCAL EXPENDITURES: \$9.4 m

Local Wages: \$1.2 million

Local Vendors: \$8.2 million



LOCAL FILMING DAYS: 52 days

COUNTIES: Contra Costa, El Dorado,

Kern, Kings, San Diego

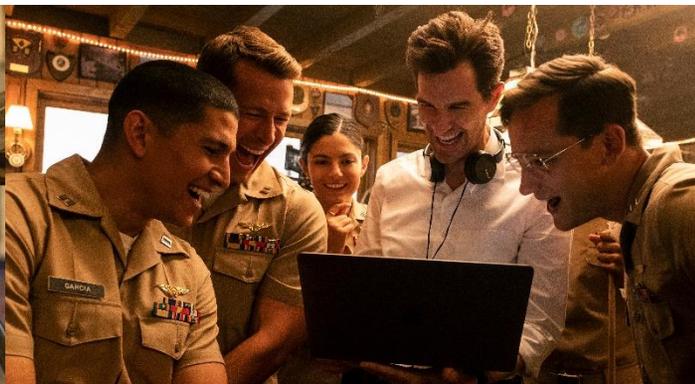
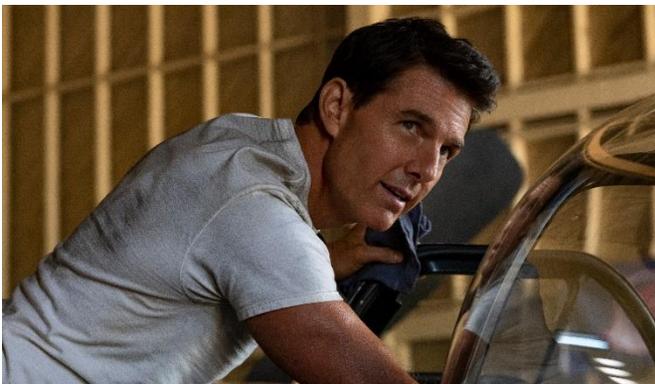


LOCAL HIRES

Cast: 5 Crew: 124

Background Players: 726

NOTE: "Top Gun: Maverick" was part of Program 2.0.



Program 3.0 Local Community Expenditure Report



Project Title	Outside LA Zone Location	Local Cast Hired	Local Background Players Hired	Local Crew Hired	Total Local Payroll	Total Local Vendor Spend	Total Spend Outside LA Zone
"Animal Kingdom 6"	San Diego	6	30	0	\$ 78,971	\$ 1,050,478	\$ 1,129,449
"Bullet Train"	LA County - Outside the Zone	0	4	22	\$ 32,270	\$ 44,744	\$ 77,014
"Invasion"	Inyo, Kern, Riverside, San Bernardino	0	0	1	\$ 4,616	\$ 1,827,053	\$ 1,831,669
"Kimi"	Orange	0	112	12	\$ 46,665	\$ 22,631	\$ 69,296
"Promised Land"	Ventura	0	0	12	\$ 46,903	\$ 755,296	\$ 802,199
"The Prank"	Ventura	0	7	5	\$ 33,496	\$ 96,649	\$ 130,145
"Untitled Jonah Hill Project"	Riverside	0	41	0	\$ 24,672	\$ 863,323	\$ 887,995
TOTALS		6	194	52	\$ 267,593	\$ 4,660,174	\$ 4,927,767



SPOTLIGHT: REGIONAL FILMING SPEND

Don't Worry Darling



TOTAL LOCAL EXPENDITURES: \$2.1 m

Local Wages: \$47,118

Local Vendors: \$2,054,239



LOCAL FILMING DAYS: 19 days

COUNTIES: Barstow, Riverside



LOCAL HIRES

Cast: 5 Crew: 9

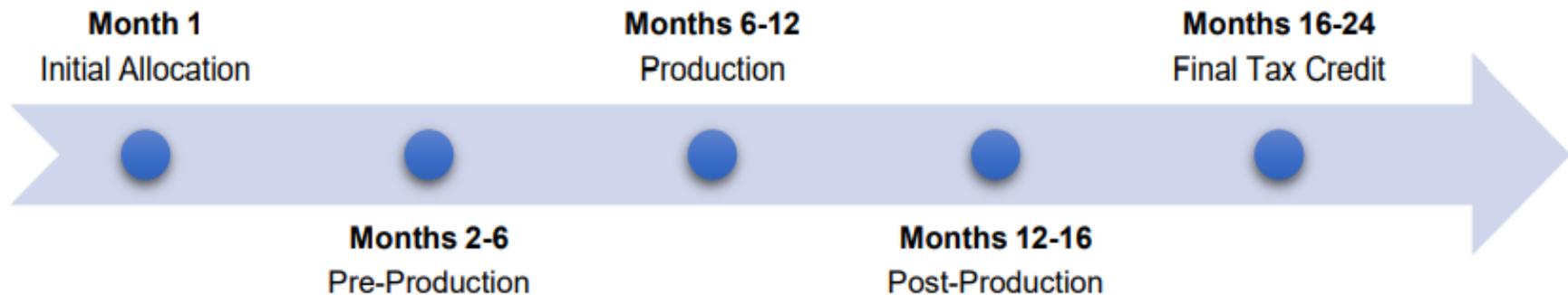
Background Players: 13

NOTE: "Don't Worry Darling" was part of Program 2.0.

TAX CREDIT ISSUANCE

The initial allocation for each selected project is treated as a “reservation” of tax credits. Tax credit certificates are awarded only after selected projects: 1) complete post-production; 2) verify in-state expenditures (in accordance with their Jobs Ratio score); and 3) provide all required documentation, including cost reports audited by a Certified Public Accountant (CPA). The CFC periodically conducts seminars for CPA firms interested in performing the Agreed Upon Procedures (AUP) for tax credit program applicants. A CPA firm is eligible to perform the AUP after it completes the orientation and has an acceptable peer review rating from its state board of review. The CFC’s rigorous AUP has served as the model for several other states seeking to design their own audit procedures. During the AUP process, the CPA recalculates each project’s jobs ratio score and compares it to the approved application jobs ratio score. Penalties apply if the final Jobs Ratio score has been reduced by a specified amount.

GENERAL TIMELINE FOR CERTIFICATE ISSUANCE



Due to long pre-production, production, and post-production schedules, applicants typically receive their tax credit certificate 18 to 24 months after their initial tax credit reservation. The CFC generally reviews and issues tax credit certificates within 20 business days of receiving an applicant’s final documentation. Overall, the average number of months between the time a project receives a credit allocation and when the final certificate is issued is 22 months. A typical pilot receives final certification as early as 15 months from the date of approval, while mini-series and independent projects average 19 months. Relocating and recurring TV series take about 22 months, while new TV series, non-independent films, and independent films receive their final tax credit certificates an average of 24 months after receiving an approval letter.

To date, **\$497 million** of total credits have been claimed from Program 1.0 while **\$589 million** have been claimed by Program 2.0 projects, as reported by the Franchise Tax Board and the California Department of Tax and Fee Administration.

Los Angeles County Economic Development Corporation

On March 18, 2022, the California Film Commission joined the [Los Angeles Economic Development Corporation \(LAEDC\)](#), Motion Picture Association (MPA), elected officials, and production industry leaders announced findings of a [new study](#) that analyzed the state's Film & Television Tax Credit Program 2.0.

"We doubled the Film and Television Tax Credit Program last year because it's brought productions to California, generated tens of billions of dollars in economic activity, and supported over 110,000 jobs," said Governor Newsom. "No matter what you're watching, whether it's nominated for an Oscar or streaming on your TV, we're making sure it's filmed right here in California."

The Film Commission provided data used by the LAEDC that assessed the program's economic impact and return-on-investment. Data covered the second generation of the tax credit program dubbed Program 2.0, which was in effect from July 2015 – June 2020. The LAEDC's analysis focused on key metrics including economic output, labor income and tax revenues returned to state and local government.

The findings show that for every tax credit dollar allocated, the state benefitted from at least \$24.40 in economic output, \$16.14 in gross domestic product (GDP), \$8.60 in wages and \$1.07 in state and local tax revenues. In all, Program 2.0 generated a total of \$21.9 billion in economic output and \$961.5 million in state and local tax revenue over its five-year run.

Last year's passage of Senate Bill (SB) 144 added an additional \$75 million per year in funding – for two years – for recurring TV series and \$15 million per year, also for two years, for relocating TV series. The bill, which Governor Newsom signed on July 21, 2021, with overwhelming bipartisan support, also creates a separate tax credit program to incentivize the development of much-needed production infrastructure and help ensure the industry's workforce reflects California's diversity. The CFC launched the California Soundstage Filming Tax Credit Program mid-2022 as a powerful new tool to expand film and TV production infrastructure and workforce inclusion.



We doubled the Film and Television Tax Credit Program last year because it's brought productions to California, generated tens

of billions of dollars in economic activity, and supported over 110,000 jobs. No matter what you're watching, whether it's nominated for an Oscar or streaming on your TV, we're making sure it's filmed right here in California."

- Governor Gavin Newsom

SOUNDSTAGE FILMING TAX CREDIT PROGRAM

SB 144 (Ch. 114, Stat. 2021) was passed on July 21, 2021, and created the California Soundstage Filming Tax Credit Program to incentivize construction and renovation of California soundstages as well as repurposing of other space into soundstages. The Soundstage Filming Program allocates \$150 million in tax credits on a first come, first served basis over up to a ten-year period - 2022-2032.

Tax credits are allocated to eligible producers of a qualified motion picture project (Soundstage Filming Program, Phase B) that films 50% or more of stage shooting days in each taxable year on a soundstage or soundstages approved as part of a Certified Studio Construction project (Soundstage Filming Program, Phase A). The Phase B applicant must either be owned 50% or more by the owner or owners of the Certified Studio Construction Project (directly or indirectly) or enter into a 10-year lease with the company. Phase A and Phase B applicants may be, but are not required to be, the same entity.



SPOTLIGHT: SOUNDSTAGE FILMING TAX CREDIT PROGRAM

Quantum Leap



QUALIFIED EXPENDITURES: \$62.3 m

Qualified Wages: \$30.2 million

Qualified Non-Wages: \$26.4 million



CALIFORNIA FILMING DAYS: 96 days

Soundstage Days: 36

Certified Soundstage Days: 36



PRODUCTION HIRES

Cast: 5 Crew: 250

Background Players Man-Days: 4,080

On April 11, 2022, the Emergency Regulations were approved for the Soundstage Filming Program and set application procedures. On October 11, 2022, the Readopted Emergency Regulations were approved by the Office of Administrative Law, and the process to make the regulations permanent is currently underway.

Thus far, the CFC has seen interest in the certification process for Studio Construction Projects from major studio and streamer owner/operators, as well as independent studio campus owners within and outside the Los Angeles Zone. Studio Construction Projects must fulfill certain workforce and expenditure requirements within a specified timeframe to be eligible for certification. Once a Phase A Studio Construction Project has been certified, one or more eligible Phase B qualified motion picture projects may apply for a Credit Allocation Letter (CAL). Tax credits in the Soundstage Filming Program are capped at \$12 million per project or per season of a television series, inclusive of all Uplifts.

The Soundstage Filming Program is still in the early stages of implementation, and, at the time of writing, Soundstage Certification Letters have been issued to a total of thirteen soundstages – eight newly constructed and five renovated – with a combined size of over 200,000 sq. ft. Demand for [soundstage space](#) in California continues to be high, and [developers](#) are [working](#) to meet that demand. FilmLA published a [report](#) on April 1, 2020 showing continued high soundstage occupancy, as well as overall growth from [2018](#) and [2019](#) numbers – from 384 to 398. Overall size of production space in the Los Angeles area increased from 5.2 to 5.4 million square feet. The California Soundstage Filming Tax Credit Program is a timely incentive to support further in-state growth and thereby continued and expanding California film and television production. Since the CFC’s last progress report, [LA North Studios](#) has reportedly added seven soundstages (the View and Vista locations) to their roster, and [Quixote Studios](#) has added two soundstages in Sylmar and one in Hollywood. Other [reported](#) ongoing soundstage construction and renovation developments in the Los Angeles area are listed below.

Ongoing Stage Construction and Renovation – Los Angeles Area

For soundstage construction, renovation, or repurposing projects that meet program requirements, the California Soundstage Filming Tax Credit Program offers an opportunity for CFC certification which could benefit owner/operators’ own productions or incentivize long-term tenants for independent facilities through tax credit eligibility. The CFC hopes to see continued in-state infrastructure growth to match production demand.

Name Location	# of stages	Sq. ft.	Opens	Notes
Warner Bros.	16	TBD	TBD	Set to begin construction in late 2023.
CBS TVC	7	TBD	TBD	Set to begin construction in 2023, pending city approval.
Sunset Glenoaks	7	126,000	2023	
Reframe Studios	3	65,000	2023	
East End Studios Glendale	2	38,000	TBD	Under Construction
East End Studios Griffith Park	8	186,000	TBD	Pending City Approval
East End Studios Mission	5	102,000	TBD	Pending City Approval
Echelon Studios, Hollywood	5	91,000	TBD	Set to begin construction in 2023, pending city approval
8 th and Alameda Studios	17	300,000	TBD	Pending City Approval
Blackhall/ Shadowbox Studios Santa Clarita	19	475,000	TBD	Pending City Approval
Sylmar Studios Sylmar	12	300,000	2023	Under Construction



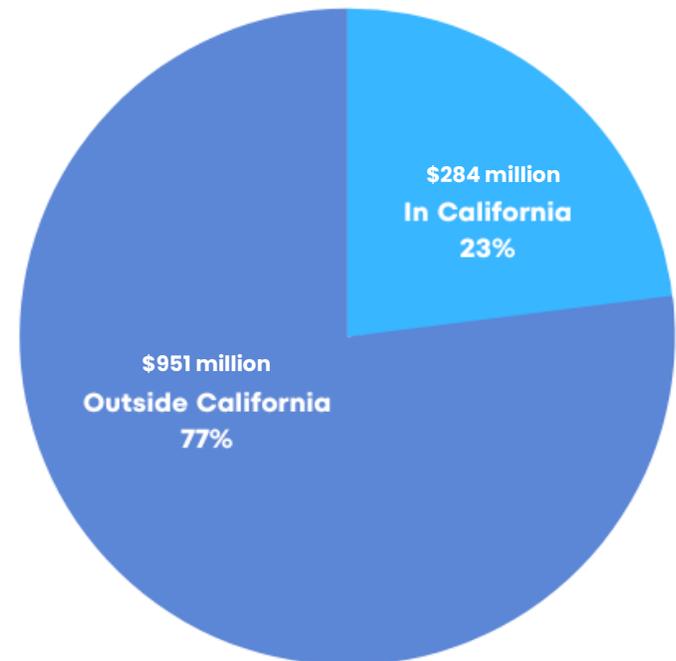
LOST PRODUCTIONS

The CFC extensively researched and tracked those projects that applied for tax credits from 2020 to 2022 but were ultimately denied due to lack of available funds, and subsequently produced. Findings support the impact of tax credits have on retaining and attracting in-state film and television production. Data shows that the state lost 77% of production spending by those projects that applied for but did not receive a California tax credit; 16 out of 28 projects that did not receive a tax credits, left California to be produced out-of-state. These runaway projects accounted for \$951 million in production spending outside California - a loss to the state's below-the-line production workers and the businesses that rely on the film and television production industry. This report shows only data collected from projects that applied to the tax credit program. The CFC is unable to track projects that do not apply for California's film and television tax credits or that are ineligible; thus, total runaway production losses are presumed to be much higher.

So, where did these productions end up filming? With the \$951 million lost globally, productions that did not receive tax credits left California to generate expenditures in the following jurisdictions:

- New York \$254 million
- Georgia \$130 million
- New Mexico \$28 million
- Louisiana \$2 million
- Other U.S. Jurisdictions \$299 million
- Canada \$88 million
- England, Italy, Ireland, Mexico \$150 million

Lost Productions



Sample Projects - Lost Productions

\$451 Million Estimated Production Budget

\$100M

\$100M

\$150 M

\$81M

\$20M

"DAY SHIFT"

"DON'T
LOOK UP"

"PINOCCHIO"

"SUCCESSION
SEASON 3"

"THE MIGHTY
DUCKS"

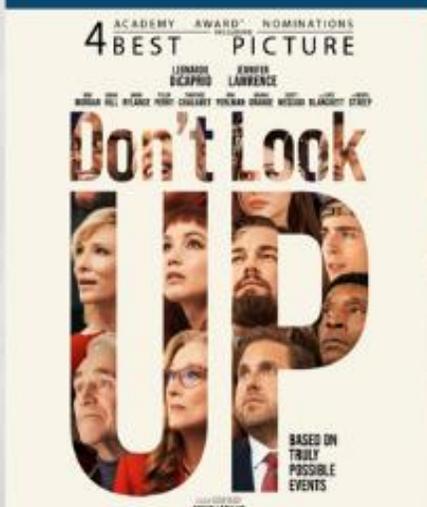
Georgia

Massachusetts
Washington DC

England
Italy

New York

Vancouver

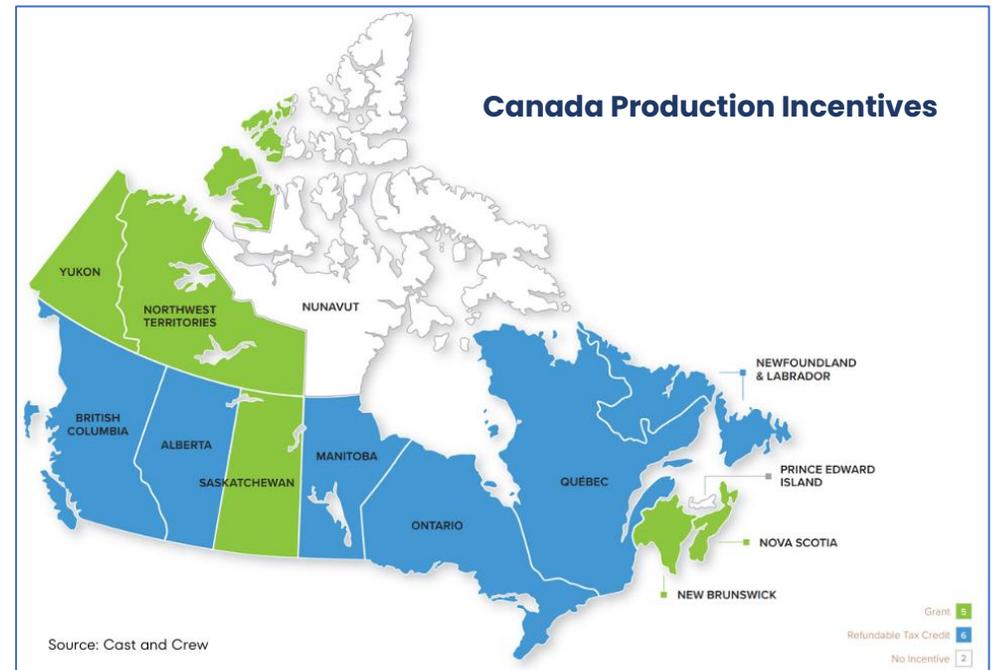


GLOBAL COMPETITION

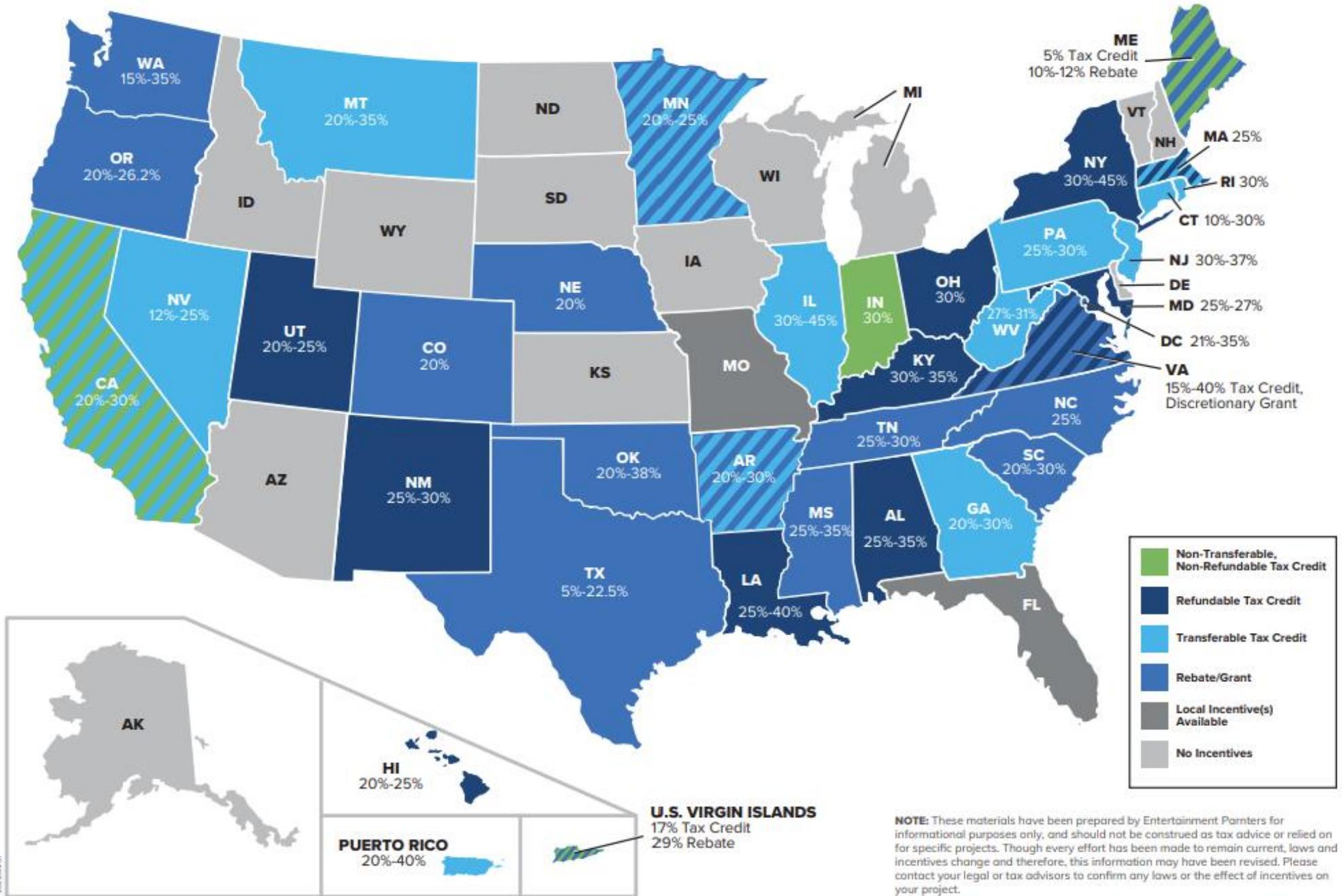
In this current climate, space and financial savings play significant factors in television and film production. Regional and global jurisdictions continue to maintain competitiveness by offering 1.) robust tax credits, 2.) specific incentives for visual effects, and 3.) growing infrastructure; this section outlines these three key factors in global competition and filmmaking.

COMPETING FACTOR: TAX CREDITS

With increasing costs of production, many companies rely heavily on tax incentives to maximize the return on investment, thus, the availability of incentives is one of the primary factors when it comes to determining where projects are filmed. Various jurisdictions globally and within the United States offer financial incentives to lure jobs and spending away from California. The payroll service company [Entertainment Partners](#) provides a comprehensive list of film and television tax credits available in the United States, as featured on the next page, and around the world. With robust tax credits, many jurisdictions have seen an increase on economic growth with a rising skilled workforce. Production companies may relocate above-the-line creative teams – producers, actors, directors, writers – to another locale for the duration of the production. Meanwhile, rather than allocating money on travel and housing, it is more cost-effective to hire local below-the-line (BTL) crew members, such as drivers, propmakers, make-up artists, camera technicians, and electricians. The local crew members, then, gain hours and become skilled in particular crafts, therefore adding to the pool of experienced BTL positions in non-California jurisdictions. In addition, as a key part of a company's financing structure, companies incorporate refundability of tax credits, including the ability to sell tax credits to third parties. [Cast and Crew](#) details jurisdictions with such monetization provisions, such as several Canadian provinces offering grants and refundable tax credits. California is one of the few jurisdictions that do not offer this type of incentive.



United States Production Incentives



Source: [Entertainment Partners](http://EntertainmentPartners.com)

NOTE: These materials have been prepared by Entertainment Partners for informational purposes only, and should not be construed as tax advice or relied on for specific projects. Though every effort has been made to remain current, laws and incentives change and therefore, this information may have been revised. Please contact your legal or tax advisors to confirm any laws or the effect of incentives on your project.

COMPETING FACTOR: VISUAL EFFECTS AND VIRTUAL PRODUCTION

As stated previously, the LAEDC report illustrates the efficacy of film tax incentives in California. However, it also mentions that California is the only major production center that lacks a stand-alone visual effects (VFX) credit. The majority of VFX work is performed outside of California, assigned to companies in countries and provinces with a 30-40% rebate on visual effects work without the requirement of filming the same project in that jurisdiction. VFX artists, technicians, programmers, coordinators, producers, supervisors, match-movers, composers, effects artists, and hundreds of other types of VFX workers living outside of California are being paid for visual effects work from studios and companies based in California. California's 25% tax credit is not competitive enough for some company's financial goals; therefore, many California-approved tax credit projects decide to get VFX work done at other locales which provide a stand-alone VFX tax credit.

With the addition of virtual production, the filmmaking process' complex visual effects work has increased. Companies which perform this VFX technology are finding it difficult to continue to operate in California without the kinds of incentives available elsewhere. They have invested heavily in highly trained technicians and want to remain in the Golden State. However, seeking ways to lower costs means going elsewhere to chase incentives. As a result, many CA VFX companies have created offshore subsidiaries and are training workforces to work on projects in jurisdictions with stand-alone incentive programs.

According to a recent analysis by KMPG, the visual effects market is an estimated \$6 to \$7 billion industry and is projected to grow roughly 12% through 2025. With the growth of streaming services – Netflix, Disney+, Hulu, Amazon Prime, Apple TV+, WarnerBros Discovery, CBS, Peacock – the demand for content and shows with heavy visual effects and virtual production is growing.



The State's Loss

The CFC conducted an internal survey from major studios and two streaming services. Compelling data from KMPG shows that approximately \$6 billion of VFX expenditures were performed outside of California in the last five years. To illustrate the dichotomy between worldwide VFX spend and CA spend, one company reported that they spent \$920 million on VFX labor worldwide, while spending only \$38.8 million in California.

California's Investment in VFX Workforce Development

The California Department of Education's (CDE) Arts, Media, and Entertainment (AME) Workforce Training and Registered Apprenticeship Initiative has been launched. CDE has partnered with the Division of Apprenticeship Standards at the Department of Industrial Relations to expand youth apprenticeships across the state.

- The registered apprenticeship program in Animation and VFX is the first ever of its kind and was approved by the US Department of Labor and the CA Department of Industrial Relations. The post-production and editing apprenticeship is currently being reviewed and will be registered by 2023.
- CFC Career Readiness partnership with the CDE Foundation has supported the development of registered apprenticeship training programs with the BRIC Foundation and the Handy Foundation.
- The California Department of Education has allocated \$925,000 in 2022-23 school year to support apprenticeship alignment and union training programs in 35 Title 1 high schools across the state. Ten of those schools will be focusing on animation and VFX.
- CFC Career Readiness partnership with the CDE Foundation has supported the development and implementation of a 10-week master class series at 13 high schools. Students are trained in union crafts, virtual production and VFX.

- The Visual Effects Society has created a monthly speaker series to launch in November with world renowned VFX professionals to launch in public schools across California.
- Forty high school teachers participated in a 36-hour training for Realtime (virtual production) Technology and VFX software from April to June. At least four high schools in Southern California and one in Kern County have built – or are in the process of building – Virtual Production Studios.

Visual Effects and Diversity

The [Annenberg Inclusion Initiative](#) created a qualitative analysis which demonstrates the major impediments facing women and women of color in the visual effects industry. Responses indicated that three factors contribute independently and interactively to prevent women in VFX from reaching positions of leadership. These include issues related to workforce composition and the prevalence of men in the industry; workplace culture that does not meet women's needs around work/family balance or encourage their participation; and leadership perceptions that link supervisory roles to masculine traits. The report provides insight as to how these factors may impede women's careers or encourage them to pursue VFX producer roles which often have less prestige or lower pay. Women of color face even greater impediments. This report provides evidence of the need to diversify this industry and provide pathways for underrepresented groups to find rewarding careers in this sector of entertainment.

Technology Trends

The [Otis College Report on the Creative Economy](#) analyzed the state of the creative economy; particularly, recommending incentives that evolve with recent technology trends. The Otis report recommended positioning the Golden State as a "hub for visual effects, animation, and gaming by updating Film and Television tax incentive provisions to anticipate and accommodate the changing nature of content production and invest in physical infrastructure and industry talent."

COMPETING FACTOR: INFRASTRUCTURE

With Los Angeles soundstages operating at over 90% capacity after the 2020 COVID shutdowns, the necessity for productions to film in other locations has increased the need for more soundstage infrastructure worldwide. Though Los Angeles leads the world in dedicated soundstage space with 5.4 million square feet, global competitors are not that far behind: United Kingdom with 4.7 million, two Canadian jurisdictions with Ontario having 3.3 million and British Columbia having 2.8 million, New York with 2.4 million, and Georgia with 2 million. Within the next 3 years Georgia, New York, Canada, and the UK have hundreds of thousands of square feet of soundstage space being constructed. Other jurisdictions are also planning large film studio projects to be completed within the next 3 years including Arkansas, Illinois, Louisiana, Massachusetts, Michigan, New Jersey, New Mexico, Tennessee, Texas, Australia, Ghana, and Ireland.

MAJOR SOUNDSTAGE COMPETITORS

Georgia

- EUE/Screen Gems Studios' Atlanta campus will add 60,000 square feet of first-class production soundstage space. ([Georgia Entertainment News](#))
- Gray Television has entered into a long-term agreement with NBCUniversal to operate Assembly Studios, Gray's new complex due to be completed in 2023. ([yahoo!finance](#))
- Electric Owl Studios is a 17-acre, 300,000 square foot studio being planned for Stone Mountain, Georgia including 6 soundstages to be completed in January 2023. ([The Hollywood Reporter](#))

New York

- Buffalo Filmworks is working on converting a soundstage to meet the scale of a Marvel sized production. Buffalo Studios is building a \$75 million project near the Buffalo River. Great Point Studios is planning a \$50 million project to open in 2023. ([WGRZ](#))
- Niagara Street Studio is a 3.7-acre project in Buffalo, NY including 3 soundstages for phase 1 and plans for a second studio. ([Buffalo Rising](#))
- Robert De Niro's Manhattan-based Wildflower Development Group is building a new \$600 million seven-story building to contain a vertical studio with 2 levels of soundstages on top of each other. ([Global Design News](#))

Canada

- Bridge Studios Lake City is a \$200 million project with 1 million square feet that includes 21 soundstages on 340,000 square feet in Burnaby. ([Daily Hive](#))
- MELS 4 Studio is a \$76 million 160,000 square foot studio under construction in Montreal scheduled for completion in Spring 2023. ([The Hollywood Reporter](#))

Canada (continued)

- Basin Media Studios is planning construction in 2023 for 8 soundstages and production space in a \$250 million project in Toronto. ([Deadline](#))
- Martini Film Studios began construction in late 2021 for a studio with 16 soundstages and support buildings planned for completion in 2024 in Vancouver. ([Daily Hive](#))
- First Nations have a new planned development including a 450,000 square foot film studio. ([Daily Hive](#))

United Kingdom

- Shinfield Studios is a state-of-the-art media hub project with 18 soundstages under construction and due to be completed by the end of 2024. ([BBC](#))
- Proposal with Derby City Council for a £13 million studio and stunt training facility. ([Marketing Derby](#))
- Winnersh Film Studios is Stage Fifty's second film studio in the UK and comprises more than 120,000 square feet of studio space, 25,000 square feet of offices and 50,000 square feet of workshops. ([The Knowledge](#))
- University of Sunderland has a virtual production studio (LED & Chromakey) set to open summer 2022. ([University of Sunderland](#))
- Film Soho is to open a central London Virtual production studio, in Q4 2022. ([Televisual](#))
- A 1.3 million square foot site is planned for Bedfordshire. Construction begins early 2023, completion in early 2024. ([Deadline](#))
- Virtual production hub planned for Greenwich, east London, with eight stages investing \$7.2 million. ([The Hollywood Reporter](#))

MAJOR SOUNDSTAGE COMPETITORS (continued)

United Kingdom (continued)

- A purpose-built VFX Studio facility, with a 4,600 square foot VFX stage, in Southeast London coming Summer 2022. ([Indie Zero](#))
- "The UK's largest-ever film studio" – 1,000,000 square feet of studio space near Borehamwood including 21 soundstages. ([Bidwells](#))

New Mexico

Netflix is planning a 300-acre expansion in Albuquerque, New Mexico including 10 soundstages. ([Albuquerque Journal](#))

Louisiana

- Construction will wrap at the end of September on a \$35-million renovation and expansion of Second Line Stages, a film and TV production facility in the heart of New Orleans including 90,000 square feet of soundstages. ([Engineering News-Record](#))
- Anthony Mackie has purchased 20 acres of land in New Orleans which multiple sources believe to be for East Studios, a Mackie-led project. ([Mashable](#))

OTHER TERRITORIES

Arkansas

TGE Global Entertainment, Inc. has plans to build a 92,000 square foot facility with 45,000 square feet of film and television studio space in Chaffee Crossing, Fort Smith, Arkansas. ([KNWA](#))

Illinois

Regal Mile Studios is being built in Chicago's South Side and will be completed in Fall 2022. The \$60 million project will have 6 soundstages and studio offices. Cinespace Chicago Film Studios is expanding its facility by 50%, adding 19 soundstages. A project on the Northwest Side called The Field is planning a 285,00 square foot production studio. ([Backstage](#))

Massachusetts

208 North Street Studios is converting a 26-acre property into a studio. ([WJAR](#))

Michigan

ImagineLab, Live Surface Media, and Vizidef are teaming up to build a virtual production studio with LED wall technology used in "The Mandalorian" and "The Batman". ([Digital Journal](#))

New Jersey

The \$125 million Lionsgate Studios is being planned for Newark, New Jersey to be completed in 2024 and will include 6 sound stages. ([NorthJersey.com](#))

Tennessee

A new 47-acre media complex called Music City Studios is set to open in 2023. ([Billboard](#))

Texas

- Bastrop Colorado Bend is building a 546-acre project that will include 486,000 square feet of studio space. ([KVUE](#))
- Hill Country Studios is a \$267 million project in San Marcos, Texas including 12 soundstages, 2 back lots, and 2 virtual stages beginning construction in early 2023. ([tvtech](#))

Australia

Screen Queensland Studios is a 70,000 square foot 12-acre project in Queensland, Australia scheduled to open mid-2022. ([Variety](#))

Ghana

The National Film Authority of Ghana signed a landmark partnership agreement with Pixel Ray Studios LLC which will lead to the construction of 10 soundstages on 200 acres. ([Deadline](#))

Ireland

\$327 million Greystones Media Campus is being planned in Dublin, set to complete in 2024. Featuring 14 soundstages with 670,000 square feet on 44 acres. ([Forbes](#))

CONCLUSION

In response to global competition, legislators expanded the scope of California's tax credit program by allowing larger television projects and feature films to be eligible for Program 2.0/3.0 and instituting a Jobs Ratio ranking system which would tip the balance toward projects which created the most jobs. Additionally, the Soundstage Filming Tax Credit Program was targeted to increase soundstage construction and renovation within the Golden State.

In exchange for \$990 million in tax credits for the first three fiscal years of Program 3.0, California has reaped \$6.2 billion from tax credit projects. No tax credits were allocated for the \$2.2 billion in non-qualified spend, giving California additional economic benefit, a benefit that starts in Southern California but has been spread to such far flung counties as Inyo, Kern, Orange, Riverside, San Bernardino, and San Diego. Approved productions have travelled to and filmed in 8 out of 58 counties throughout California, with the local economies gaining \$4.9 million. In addition to providing jobs and revenue for the state, the program has continued to encourage infrastructure growth, a must if California is to remain competitive.

Many television series have taken advantage of local Los Angeles stage facilities, including the 8 relocating television series welcomed by California under Program 3.0. It is hoped that efforts to increase soundstage space via offering tax credits to productions on those stages will discourage many productions from seeking incentives in other jurisdictions.

California continues to attract productions due to its inherent attractions: weather, location diversity, skilled workforce, and infrastructure. Worldwide competition seeks to erode California's status as the premiere film production location, but with continued incentives, infrastructure investment, and skilled workforce training, it can continue to maintain its reputation as the filming capital of the world.





APPENDIX A | Enacting Legislation

- SB 144 (Portantino). Taxes: credits: qualified motion pictures: certified studio construction projects: reports. The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including a motion picture credit for taxable years beginning on or after January 1, 2020, to be allocated by the California Film Commission on or after July 1, 2020, and before July 1, 2025, in an amount equal to 20% or 25% of qualified expenditures for the production of a qualified motion picture in this state, with additional credit amounts allowed, including for amounts equal to specified qualified expenditures and qualified wages relating to original photography outside the Los Angeles zone, as specified.
- SB 878 (Senate Committee on the Budget and Fiscal Review), Existing law allows credits under the Personal Income Tax Law and the Corporation Tax Law for taxable years beginning on or after or after January 1, 2016, to be allocated by the California Film Commission on or after July 1, 2015, and before July 1, 2020,
- AB1839 (Gatto) was enacted in September 2014 creating a new Film and Television Tax Credit Program for five years and authorized funding at \$230 million in FY 2015-16 and \$330 million for each of the next four years. It expanded eligibility to include all 1-hour scripted television series regardless of distribution outlet (network, premium cable, internet, TV, etc.), big-budget feature films (but restricted credits to the first \$100 million in qualified expenditures), and television pilots.
- SB1197 (Calderon), identical to AB2026, was enacted in September 2012 to provide a two-year extension to the California Film & Television Tax Credit Program through FY 2016-17. The bill sought a five-year extension but was reduced to a two-year bill in the Senate.
- AB2026 (Fuentes) was enacted in September 2012 to provide a two-year extension to the California Film & Television Tax Credit Program through FY 2016-17. The bill sought a five-year extension but was reduced to a two-year bill in the Senate.
- AB1069 (Fuentes) was enacted in October 2011 to provide a one-year extension to the California Film & Television Tax Credit Program through FY 2014-15. The original bill sought a five-year extension but was reduced to one-year in the Senate.
- SB X3 15 (Calderon) / ABX3 15 (Krekorian) was enacted in 2009 to create the California Film and Television Tax Credit Program, which provided a five-year, \$500 million tax credit to be administered by the CFC.

APPENDIX B | Program 2.0 Regional Filming Spend Summary



- DEL NORTE \$902,000 *Bird Box*
- HUMBOLDT \$499,000 *A Wrinkle in Time*
- MENDOCINO \$1,516,000 *Bumblebee, Sharp Objects*
- EL DORADO \$830,000 *Top Gun: Maverick*
- SONOMA \$6,312,000 *13 Reasons Why, Beautiful Boy*
- NAPA \$1,658,000 *13 Reasons Why*
- SOLANO \$52,368,000 *13 Reasons Why, Bumblebee, Centurion the Dancing Stallion*
- MARIN \$32,947,000 *13 Reasons Why, Beautiful Boy, Bumblebee*
- SAN FRANCISCO \$13,516,000 *13 Reasons Why, Ballers, Beautiful Boy, Bumblebee, Jexi, Pitch, The OA*
- CONTRA COSTA \$2,041,000 *13 Reasons Why, Top Gun: Maverick*
- ALAMEDA \$3,843,000 *13 Reasons Why, Ballers, Behind Enemy Lines, Jexi*
- SAN MATEO \$106,000 *13 Reasons Why*
- SANTA CRUZ \$2,841,000 *Bumblebee, Bird Box, Us*
- MONO \$848,000 *Bumblebee, Rim of the World*
- FRESNO \$426,000 *Captain Marvel*
- INYO \$327,000 *Bumblebee*
- KINGS \$280,000 *Top Gun: Maverick*
- SAN LUIS OBISPO \$33,000 *The Affair*
- SANTA BARBARA \$235,000 *Star Trek: Picard*
- KERN \$1,840,000 *Captain Marvel, Devil Has a Name, Ford v Ferrari, Top Gun: Maverick*
- VENTURA \$4,438,000 *Ballers, Ford v Ferrari, Magic Camp, Purge 5, Rim of the World, Rosewood, Scream Queens, The Babysitter 2, Unbroken, Vice, American Horror Story, King Richard*
- ORANGE \$3,954,000 *Ad Astra, American Horror Story, Ballers, Chips, Ford v Ferrari, Lucifer, Magic Camp, Rosewood, Suburbicon, This is Us, King Richard*
- SAN BERNARDINO \$2,778,000 *Bumblebee, Ford v Ferrari, Purge 5, The Way Back, Us, Veep, Don't Worry Darling*
- RIVERSIDE \$632,000 *A Star is Born, Twin Peaks, Don't Worry Darling*
- SAN DIEGO \$11,853,000 *Animal Kingdom, Top Gun: Maverick, Pitch*
- IMPERIAL \$97,000 *Mayans MC*

APPENDIX C | Local California Film Incentives

City of Los Angeles

- ❖ Provides free use of most available, city-owned locations for filming.
- ❖ Reduced business tax rates for entertainment productions. Special tax breaks for entertainment creative talent.

City of West Hollywood

- ❖ For cast and crew of 8 or less on all private property: City applications may be waived, with additional fees charged for low impact public property use for establishing shots or walk-ups (on Sunset and additional \$600, in a y other commercial area an additional \$400).
- ❖ For cast and crew of 9-15 on all private property: City application fee is \$625, which is half price.

Riverside County

- ❖ Waives all film permit fees in unincorporated areas. Free use of County-owned properties for projects lasting 10 days or less.
- ❖ Waives transient occupancy tax (TOT) at participating hotels.
- ❖ Palm Springs offers a \$5,000 grant for qualified productions within the City of Palm Springs.
- ❖ San Jacinto – waives film permit fees, with no location fees for filming on city-owned property.
- ❖ Hemet – Waives film permit fees.

City of Sacramento

- ❖ Sacramento Film + Media will award six \$10,000 production grants and two \$5,000 post-production grants during fiscal year 2023 in two grant rounds.
- ❖ Grants will be for required services and permitting fees by City of Sacramento staff and/or departments.
- ❖ Reimbursement awards for qualified expenses that occur within the city. Reimbursement awards for post-production support.
- ❖ The Sacramento Film + Media Grant Program is open to productions filming at least 50% of the project in the Sacramento region with at least two locations in the City of Sacramento. The program is also open to productions where 75% of post-production is done locally.

City of San Francisco

- ❖ Fees paid to City Departments for the use or rental of City property, equipment, or employees including: Port, MUNI, SFPD, SFFD, DPT, DPW, Treasure Island, Recreation and Parks, and all City buildings. All daily use fees paid to the San Francisco Film Commission
- ❖ All payroll taxes paid to the City and County of San Francisco.
- ❖ Vendor discounts from participating businesses in the Scene in San Francisco Vendor Discount Program.
- ❖ Post-production Sales Tax Relief, partial sales tax of 5.25%, for the purchase of teleproduction and post-production equipment to businesses primarily engaged in teleproduction and post-production.

City of Santa Clarita

- ❖ Offers a three-part film incentive program that refunds basic permit fees for locally based, recurring, and California Film & Television Tax Credit Program-approved productions. Provides partial refunds of Transient Occupancy Taxes (TOT).

Shasta County

- ❖ Shasta County is dedicated to serving the film industry. Qualifying productions can receive up to \$25,000 through the local incentive program.
- ❖ The local incentive program is aimed at retaining and increasing feature and television production in Shasta County by subsidizing permit fees, offering hotel rebates and direct spend incentives.