



MINUTES
California Film Commission Board Meeting
Friday, July 28, 2023
1:30 p.m. – 3:00 p.m.
Teleconference
7080 Hollywood Blvd., Suite 900
Los Angeles, CA 90028

COMMISSIONERS IN ATTENDANCE

Wendy Greuel (Chair)
Joshua LaFarga (Secretary)
Arturo Barquet
Assemblymember Wendy Carrillo
Steve Dayan
Robert Gleason
Bonnie Goldfarb
Jennifer Gonring
Ali Jahangiri
Peter Kaufman
Janet Knutsen
Debra Langford
Councilmember Kim Nguyen
Kerri Wood Einertson

CFC STAFF

Colleen Bell
Nancy Rae Stone
Alfonson Casey
Joseph Cruz
Eric Klosterman
Hedvig Marx
Leah Medrano
Isaiah Sandoval
Shadina Tiffith
Omar Yousif

GUESTS

Laura Mahoney
Sabrina Jurisch
Wendy Reynolds
Vijay Mepani
Erik Deutsch
Michael Walbrecht
Melissa Patack
Karla Sayles
Edmundo Cuevas
Sam Vaghani
Daniel Berlant
Emilee Generous
Pauline East
Kevin McDonald
Chris Moulton
Geoff Baum
Laura Pizer Mains
Tara Khonsari
Eddie Robinson
Eva Bitar
Michael Howard

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS – Wendy Greuel, Chair

Meeting called to order at 1:35 p.m., Chairman Greuel welcomed board members and guests, Roll Call.

II. APPROVAL OF MINUTES – Wendy Greuel, Chair

Motion to approve the Minutes from March 24, 2023 was made and approved.

III. DIRECTOR'S REPORT – Colleen Bell, Executive Director

On June 27th, SB132 was passed by the California legislature and signed by Governor Newsom. California's 2023-24 budget includes funding to extend our \$330 million-a-year Film and TV Tax Credit Program for an additional five years through fiscal 2029-30. Building upon a strong track record of success from previous iterations of the program, whose productions have generated more than \$23 billion in economic output and supported the employment of more than 178,000 cast and crew, this new budget will create the state's fourth-generation film/TV tax credit program – known as Program 4.0.

Program 4.0 will include new workforce diversity provisions and increased funding (via a required contribution from tax credit projects) for our Career Pathways Training Program, which helps prepare Californians from diverse communities for careers in the production industry.

To qualify for a full allocation of tax credits, participating projects will be required to file a diversity workplan and demonstrate a good faith effort to hire a workforce that is "broadly reflective" of California's population.

Finally, for the first time since the initial program was launched in 2009, tax credits will be refundable beginning with the 2025-26 fiscal year. Other than Indiana, California was the only State not to offer this option, which will significantly improve our global competitiveness. Refundability will open the doors to production companies that want to film their projects here, but do not have sufficient in-state tax liability to utilize a non-refundable tax credit.

This will benefit a wider range of productions to maximize economic benefits to the State, provide decision makers with more options and the certainty they need to make long term decisions, while delivering on our goal of retaining and growing in-state production.

Additionally, Program 4.0 will contain a first in the nation Safety on Productions Pilot Program, which involves a firearms training requirement and the inclusion of a specialized advisor to monitor on-set safety establishing clear and enforceable safety standards for those working on a production.

The state budget agreement, which incorporates SB 735, also establishes the nation's first safety protocols in law for television and film workers. The bill protects film and TV workers by establishing mandatory guidelines around the use of firearms and ammunition on productions, establishes training requirements and safety standards for prop masters and armorers. It also prohibits the use of live ammunition except in limited circumstances following safety rules and laws. This unprecedented production safety legislation puts California in the forefront of workplace safety.

The bill also creates a five-year safety pilot program requiring any employer who receives a motion picture tax credit to hire an independent safety advisor to conduct preproduction risk assessments and oversee safety practices and procedures in motion picture, TV and streaming productions.

The extension of our program is estimated to provide 60,000 jobs and \$10 billion investment in California. SB 132 is critically important to the future of motion picture, television, and streaming production in the state of California by keeping us competitive with other states offering incentives, while preserving good middle-class jobs that are safe and accessible to all working families in California.

Diversity

Throughout the regulations process, we addressed the concern of some members of the legislature about what was perceived to be a lack of broader, historical data on diversity.

When this program originated, it was focused on jobs retention. There was agreement that there should be better

data and as such, the Legislature advanced diversity initiatives & data publication requirements when it reauthorized Program 3.0, as such, the public is now able to access diversity information on the CFC website.

Collecting the data from projects:

On average, it takes projects about 21 months to certify their tax credits with the state and factoring in force majeure delays due to Covid, there was a gap in time from launching 3.0 before we received the data. Once we received sufficient data from projects, we posted that data. We have been in full compliance with our data reporting. It is also worth mentioning, the data the Film Commission receives is wholly dependent on what production companies submit from employees who voluntarily choose to supply this information. This data cannot be compelled due to state and federal law protections.

We appreciate the Legislature's goal to ensure the state is improving diversity and the Administration is fully committed to this too. With the recent changes in Program 3.0, we are already seeing early improvements with a 7% increase in participation by women and a 5% increase among underrepresented groups. Additionally with Program 3.0, specific project diversity information is now available on CFC's website.

The Administration has worked closely with stakeholders and legislative partners on how to evolve diversity initiatives, but we have had to be since California is the only state with Prop 209. We are limited in its approach, but we have found creative ways to increase diversity within the workforce, like the 4% opt in for 4.0 for projects to present diversity workplans that will outline the specific steps they intend to take to make their productions more inclusive. 4% of the total dollar award for each project is to be placed in reserve until the production submits its final paperwork, including a report showing how they fulfilled the commitments they make in their diversity workplans and the increase from .25% of the credit allocation that goes toward training to .50%.

Creating intentionality coupled with the data collection and publication requirements in previous iterations of the program will enhance diversity within California's program.

Unions Strike:

The Writer Guild of America (WGA) and the Screen Actors Guild - American Federation of Television and Radio Artists (SAG-AFTRA) are both on strike. Actors and writers have not been on strike at the same time since 1960. This of course is having a significant impact. There have been intense negotiations taking place. Forbes recently reported that the strikes could lead to an economic fallout surpassing the estimated \$2.1 billion lost in the 100-day strike 16 years ago and that strike solely included the writers, so you can imagine how this could impact significantly more. Per an L.A. Times article, multiple economic experts predict the current situation is even more complex due to lingering instabilities caused by pandemic shutdowns, the numerous changes to the entertainment industry because of streaming, AI, etc.

CFC:

The Governor's Appointments Office has appointed Karla Diaz Sayles as the California Film Commission Deputy Director. Ms. Sayles joined Warner Bros. Discovery in 2016 as Director of Public Affairs. In this role, she advanced the studio's state and local policy initiatives and collaborated across various business units to address production-related issues. She has extensive experience in government and legislative affairs and maintains strong relationships with government officials and industry stakeholders to support the studio's priorities across production centers in the U.S. and Canada.

We are in the initial stage of preparation in filling 3 new positions at the CFC.

IV. TAX CREDIT PROGRAM REPORT – Nancy Rae Stone, Tax Credit Program Deputy Director

Tax Credit Program Statistics 3.0

- 133 - Total # of Approved Projects
- \$7.3 Billion - Total California Expenditures
- \$2.7 Billion - Estimated Qualified Wages
- \$2 Billion - Non-Wage Expenditures
- \$2.6 Billion Non-Qualified Expenditures
- 14,003 - Total # of Cast Hires
- 23,867 - Total # of Crew Hires
- 287,867 - Background Players, Man-Days

Application Window

- Application Window #1: TV Series
- June 5-10, 2023; Approval Date: July 10, 2023
- 1 Recurring TV and 1 New TV
- Pending: 1 Relocating TV

- Application Window #2: Films
- July 31 - August 2, 2023; Approval Date: September 4, 2023

- Application Window #3: TV Series
- September 5-11, 2023; Approval Date: October 9, 2023

To date, the CFC received 46 force majeure requests due to the WGA and SAG-AFTRA strikes: 16 TV Series , 5 non-independent feature films, and 25 indie films.

V. SOUNDSTAGE FILMING TAX CREDIT PROGRAM UPDATE - Hedvig Marx, Soundstage Program Advisor

Soundstage Update

Due to the ongoing strikes, the Soundstage Program currently has all stages in Force Majeure, and our one show in production just went into Force Majeure as well, 2 weeks ago.

In the last few months, representatives for a couple of large-scale studio construction projects have been requesting technical assistance, wanting to understand the program requirements. These large projects are still early in their process and may not conclude construction for some time.

This confirms that the relatively low traffic in the Program is related to the timeframe for Phase A projects, and that Phase B applications will increase over time. We are also aware of one project coming close to submitting their Phase A application but the labor situation may cause them to wait.

Regulations

We are proposing changes to both the Soundstage Program and the Program 3.0 regulations and there will be a vote on those proposed changes today. Some of the proposed amendments relate to SB 132 statutory changes, and others are programmatic amendments to clarify the application and certification processes and ensure that the necessary requirements are in place for consistent and functional implementation. The regulations, forms, and initial statements of reason for both Programs were sent to boardmembers on 7/14/2023 for review, alongside a summary of the proposed amendments.

If approved today, Soundstage Emergency Regulations will be submitted to OAL on August 8, and OAL determination is due on August 21, 2023.

If the Soundstage ERs are adopted, we will move forward with certificate of compliance submission of the regulations right away with an anticipated public comment period between September 9 and October 24.

If there are no re-notices, we are aiming for OAL determination for the amended permanent regulations for the Soundstage Program by December 15, 2023.

If approved today, amended Program 3.0 Regulations will be submitted to OAL for Public Notice on August 1st with a Public Notice period of August 11 through September 26, 2023. If there are no re-notices, we are aiming for OAL determination by November 8, 2023.

VI. VOTE TO APPROVED REGULATORY PACKAGES FOR PROGRAM 3.0 AND THE SOUNDSTAGE FILMING PROGRAM – Wendy Greuel, Chair

With no public comments during the board meeting on the regulatory packages for program 3.0 and the soundstage filming program, Chair Greuel put forth a vote to approve the regulatory packages for program 3.0 and the soundstage filming program. CFC Boardmember Josh LaFarga motioned for adoption of the regulatory packages for program 3.0 and soundstage filming program and to authorize the Director of the CFC to submit the regulations and supporting documentation to the Office of Administrative Law for formal review and approval. The motion was seconded by CFC Boardmember Steve Dayan and approved by all boardmembers.

VII. CAREER PATHWAYS UPDATE – Kevin McDonald, Director

Career Pathways - Program Overview

- Currently starting Year 4 of the pilot program under 3.0
- Funded by .25% contributions from projects receiving CA tax incentive and .5% contributions from soundstage tax incentives
- 4 training partner organizations: ManifestWorks, Hollywood CPR, Handy Foundation, and IATSE 695 Sound/Video Opportunity Program
- Production Accounting Program began in Year 3 with entry level course
- Opportunities are promoted to a list of 205 community colleges and universities, and 34 community-based organizations
- Voluntarily self-reported participant ethnic, gender, age, education, income, employment and other data tracked

Demographics

- Y3 153% more participants served than Y2
- 130 entertainment guild members (IATSE, Teamsters, DGA, PGA)
- 13 craft pathways
- 80% of program graduates self-identify ethnically with communities that have been historically underrepresented in the below-the-line crafts
- 37% over 34 years old

Entry Level Production Accounting Course

Spring '23 Session

- 30 Graduates
- IATSE WCO Graduation & Hiring Fair in June
- 15 studio reps at Hiring Fair: Disney, HBO MAX, Lionsgate, NBCUniversal, Netflix, Paramount TV, Sony, Warner Bros. Discovery - Features and TV

CAREER PATHWAYS - LOOKING AHEAD

- Fall ELPA postponed to 1st Qtr. of 2024
- Mid-Career Prod Acct course development
- Virtual Town Halls
- Career Pathways Summit: Training Partner Leadership and Alumni

VIII. NEW BUSINESS – Wendy Greuel, Chair

None

IX. PUBLIC COMMENTS – Wendy Greuel, Chair

None

X. ADJOURNMENT – Wendy Greuel, Chair

Meeting was adjourned at 2:35 p.m.