



MINUTES
California Film Commission Board Meeting
March 22, 2024
Directors Guild of America
7920 Sunset Blvd., 6th Floor
Los Angeles, CA 90046

COMMISSIONERS IN ATTENDANCE

Wendy Greuel (Chair)
Joshua LaFarga (Vice Chair)
Jennifer Gonring (Secretary)
Arturo Barquet
Assemblymember Wendy Carrillo
Andy Davis
Thom Davis
Steve Dayan
Bonnie Goldfarb
Janet Knutsen
Debra Langford
Alevtina "Alya" Michelson
Councilmember Kim Nguyen

CFC STAFF

Colleen Bell
Karla Sayles
Leah Medrano
Joseph Cruz
Eric Klosterman
Hedvig Marx
Isaiah Sandoval
Fanshen Cox

GUESTS

Ed Duffy
Liz Grans
Megan Fleming
Dan Taylor
Guy Langman
Kevin McDonald
Matthew Curran
Omar Yousif
Lori Moilov
Aram Nadjarian
Giang Meyers
Lauren Pizer Mains
Ken Ziffren
David González
Manijeh Fata
Max Reyes
Lorna Leslie
Tara Khonsari
Larry Laboe
Margaret Wu

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

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

II. APPROVAL OF MINUTES – Wendy Greuel, Chair

Motion to approve the Minutes from November 03, 2023 was made by Steve Dayan, seconded by Josh LaFarga and approved by Board.

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

Executive Director Bell welcomed Board Members present, stakeholders, and members of the public. Executive Director Bell extended her congratulations to Leah Medrano who was appointed by Governor Newsom to serve as Deputy Director of the Film & TV Tax Credit Program. She also acknowledged new arrivals to the CFC Team working in the Tax Credit Program Fanshen Cox and Megan Fleming. Senior Permit Manager Eric Klosterman who started with the CFC in August 2016 will be leaving at the end of May.

The CFC issues an annual progress report to provide the public with an assessment of the economic benefits of our 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 and the Soundstage Filming Tax Credit Program. The 134 projects approved during the first three and a half years of Program 3.0 are estimated to generate \$7.3 billion in direct in-state spending, including more than \$2.7 billion in qualified wages.

- United States 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 \$21 billion in payments to over 260,000 local business, the motion picture and television industry generates millions of jobs across the United States.
- California Motion Picture Industry Employment - According to California Employment Development Department, film and television employment in California 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 the lowest figures of 157,666 in 2020 due to the Coronavirus pandemic. In total, 2,415,628 individuals were hired between 2009-2021.
- Relocating TV Series - Eleven relocating TV projects generated more than \$646 million in California, with \$268 million attributed to qualified wages. California welcomed productions from Czech Republic, Florida, Georgia, New Orleans, New York, Portland, and Vancouver.
- Feature Films - Twenty-six feature films were accepted under Program 3.0 with a total credit allocation of \$296 million. With an aggregate sum of \$2.6 billion in California expenditures, 16 out of the 26 feature films have production budgets ranging from \$78 million to \$229 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, 85 projects in Program 3.0 have completed the Career Readiness requirement, with \$218,012 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. In September of 2022, the Handy Foundation was added as a training provider. A total of 218 diverse individuals have participated in the program: 37 for Hollywood CPR, 60 under ManifestWorks, 62 for The Handy Foundation, and 59 in the Production Accounting Course – all under Year 3.
- Regional FILMING - Thirteen feature films and television series spent close to \$7 million outside the City of Los Angeles 30-mile zone. These expenditures include \$1 million for local wages, \$1.8 million in local purchases and rentals, \$2.3 million for local hotels, and \$2.1 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.
- 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 74% of production spending by those projects that applied for but did not receive a California tax credit; 39 out of 66 projects that did not receive a tax credits, left California to be produced out-of-state. These runaway projects accounted for \$1.46 billion 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 which allowed productions to monetize their tax credit continue to draw productions. Due to recent legislation, monetization in California will begin in July 2025.
- 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 \$10.5 Billion 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 Arizona, Illinois, Kentucky, Louisiana, Mississippi, New Jersey, New Mexico, North Carolina, South Carolina, Texas, Australia, Hungary, Ireland, Malta, New Zealand, and Saudi Arabia.

By the end of 2022, filming activity in the Greater Los Angeles area had already been on the decline, according to FilmL.A, a nonprofit organization that tracks on-location shoot days and filming permits in the region. This downward trend was compounded by the overlapping work stoppages, which effectively shut down filming across the United States for six months.

Additionally, in the aftermath of the streaming wars which saw several companies greenlight a significant amount of content, studios seem to be tightening their belts, reducing their staffs, restructuring their businesses and slimming down their production budgets and slates.

The resulting lag poses a significant threat to California, where TV, film and commercial shoots are a sizable driver of employment supporting not just directors, producers and movie stars but also all the below-the-line laborers, craftspeople and myriad ancillary businesses that keep the industry moving. Although, I still believe California offers the best value, some decision makers say California is finding it particularly hard to bounce back from the walkouts because it is more expensive to shoot here. That makes Los Angeles less attractive to studios looking to cut costs after the labor stoppages.

Hence our need to improve our competitiveness.

We are watching a situation that might be unfolding now in anticipation of a potential strike by Hollywood crew members' union IATSE, whose contract with the AMPTP expires July 31. Although folks in Hollywood aren't nearly as certain of an IATSE walkout as they were with the writers, entertainment companies may be playing it "overly cautious." : Producers may be concerned about launching projects that won't wrap by the summer, when contracts representing more than 66,000 unionized Hollywood crew members are set to expire.

The slower than expected rebound in SoCal has affected local prop houses, florists, marketing agencies, drivers, dry cleaners and the many other small businesses that rely on a steady rate of Hollywood productions.

IV. DEPUTY DIRECTOR'S REPORT – Karla Sayles, Deputy Director

Location/Production Support

Our Locations Team is hard at work with the uptick of production activity resulting in requests for locations and

production support. The Locations Team works closely with productions needing assistance identifying locations statewide. We have seen an uptick of location assistance requests. Productions can use our website to reach out to our Location Resources Advisor and Coordinator to request ideas for specific locations they're searching for. Our team also connects productions with regional film partners to support them in their search for locations in specific regions.

We are discontinuing the sale of our Location Professionals list that has traditionally been used to market homes as production locations to location managers. In lieu of this list, our team is developing guidelines to begin accepting homeowners for listings in our location library CinemaScout.

Regional Film Partner Program

The Film Commission has over 60 Regional Film Partners in its program. Regional Film Partners are the City or County film offices recognized by the state to support and promote production activity. After becoming Regional Film Partners, local film offices are also eligible to join the Filming on Location in California (FLICS).

The Film Commission recently received notice that Sonoma County is shutting down their Film Office. They will be removed as a FLICS member and Regional Film Partner.

The Film Commission is also starting to meet with new jurisdictions that are interested in serving as film offices. We recently welcomed the City of Rancho Cordova as a Regional Film Partner.

The Film Commission is hosting a meet and greet with Regional Film Partners at the end of March to reengage with local film offices and create more awareness around the ways the CFC can support their work.

Communications

We are bringing back Location California Magazine in 2024. Issues are due out in May. Our long-time distributor, Boutique Editions, will be distributing the magazine worldwide starting with the Cannes Film Festival.

Operations

Our office will be undergoing a remodel later this year as part of a planning effort that began in 2019. Our team will be working remotely during the remodel.

We also have some open recruitments and recruitments that are about to launch. Please share the open roles with great candidates. We are launching recruitments for a Permit Manager (SSM I – Supervisory), a Tax Credit Program Manager (SSM II – Supervisory), and now with Fanshen on Board, hiring for the additional two positions on the DEI team.

V. TAX CREDIT PROGRAM REPORT – Leah Medrano, Tax Credit Program Deputy Director

Program 3.0

Program 3.0 began on July 1, 2020. To date, 163 projects incurred more than \$8 billion in total California Expenditures in the state of California. \$3.2 billion out of the 8 billion were attributed to qualified wages. Since the last Board Meeting in November, the tax credit program held two application windows for tax credits.

On February 26th, the Film Commission approved 15 projects with a total of 579 filming days. 6 of the 15 projects plan to shoot 235 filming days outside the Los Angeles Studio Zone, bringing production jobs and spending all over the state in areas such as Alameda, Joshua Tree, Marin, San Francisco, and San Diego.

These 15 projects are on track to bring \$610 million in total production spending in California, including \$408 million in qualified expenditures. The film commission allocated \$59 million dollars during this application round. The 15 projects are on track to employ more than 2,252 crew and 598 cast members.

Also happening in April is our TV application window, the last one under fiscal year 4 of Program 3.0.

We accepted tax credit applications for eligible television series between February 26 until March 6, where we received 16 applications. Approval letters for eligible television series will be sent out on April 8, 2024. More details will be presented during our June Board Meeting.

In terms of projects currently in the program, here is a quick update on force majeure. With the labor strikes concluding in November 2023, we've had some production activities from approved projects in the tax credit program. Initially, 70 projects requested to be placed in force majeure status due to the WGA and the SAG-AFTRA strikes. Unfortunately, due to various reasons such as production scheduling, 14 projects ended up dropping out of the Program. With a backlog of lead talent and key creatives engaged in delayed productions due to the strikes, 8 projects submitted another force majeure request. To date, 10 projects resumed principal photography and wrapped since November. 7 projects are currently filming and 31 are slated to start principal photography between now and June 2024.

FY 2024-2025: Application Windows

Starting July 1, 2024, we will begin the end of Program 3.0. The last fiscal year under Program 3.0 starts in July and sunsets on June 30, 2025. The first application window will begin in June for television projects, with approval letters going out on July 8, 2024. Two additional TV application windows under this fiscal year will be held in September, and the last window scheduled in March 2025. For films, both indies and non-indies, the application window will begin on July 29th, with approval letters going out on September 2nd. Six months after that, we will hold the second window for films, scheduled in January 2025. These are the upcoming application windows for the last fiscal year of Program 3.0. Program 3.0 sunsets on June 30, 2025.

Program 4.0 Regulations Timeline

Early this year, we started drafting the regulations, having internal discussions within CFC tax credit personnel. On April 15th, we plan to submit a draft of the regulations to our external stakeholders. This workgroup will consist of studio government executives, independent producers, labor representatives, and a CPA. Workgroup agenda items will include refundability provision, new diversity requirements, and set safety, to name a few.

The Labor-Management Safety Committee has convened a workgroup made up of studio and union members to begin conversations around the Set Safety Pilot Program. The CFC is monitoring their progress and will continue to engage with union and studio partners as we prepare for the roll out of this program, as part of Program 4.0

As we finalize the draft of the Regulations in July, we will seek final approval from GO-Biz Legal, as well as the Franchise Tax Board and the California Department of Tax and Fee administration. The 45-day comment period begins in August. Shortly thereafter, we will forward the regulations, along with any public comments received to the Board, to obtain approval during our October 25th Board Meeting. The final set of rulemaking packet will be forwarded to the Office of Administrative Law in Sacramento. Ultimately, if all goes as planned, Program 4.0 regulations will be in place by December 18th, 2024.

The first quarter of 2025 will be spent hosting informational sessions to production companies, studios, labor partners, and other stakeholders. At the same time, we plan to streamline and finalize the application portal with new requirements in place as we set to start Program 4.0 on July 1, 2025.

Career Pathways Program

Our training providers are finalizing their first quarter training sessions and will have several graduates within the next two months.

ManifestWorks PA training program is currently underway and will complete in late April.

At the end of this month, The Handy Foundation will conclude with three programs focusing on Production Audio, Production Coordinator, and Assistant Editor Programs.

We are scheduled to begin our entry level accounting course in the spring. A Mid-Career course is currently being developed and will pilot this Summer.

A few weeks back, NBC Universal selected a few entry-level accounting course alumni for their Production Accounting Accelerator Program.

Kevin McDonald, Career Pathways Program Director is meeting with Disney to discuss production accounting opportunities for the big-budget film the *Mandalorian* and *Grogu* film.

During our next Board meeting in June, Kevin McDonald will be able to give further updates on graduate statistics from our training providers and the accounting program.

Career Readiness Program

We continue to build our career readiness video panels. We have a dozen projects in the pipeline to launch on our YouTube page. To date, we have published career educational videos from production personnel from The Rookie, Tragedy of Macbeth, and 80 for Brady, to name a few.

Most recently, independent film Starstruck from Imani Media conducted a panel to Inclusion Films. Started in 2007 by veteran filmmaker Joey Travolta, Inclusion Films organization teaches filmmaking to individuals with developmental disabilities at six dedicated production studios throughout California from San Jose, Bakersfield, Livermore, Sacramento, San Bernardino, and all the way down to San Diego.

VI. SUMMARY OF END CREDITS AMENDMENTS FOR PROGRAM 3.0 AND SOUNDSTAGE PROGRAM REGULATIONS - Hedvig Marx, Soundstage Program Advisor

The CFC is pursuing amendments to regulations that were approved by the Office of Administrative Law (OAL) on December 22, 2023 for Program 3.0 and August 18, 2023 for the Soundstage Program pertaining to on-screen end credit acknowledgement requirements.

We have become aware of incompatible language between the previously approved end credit requirements and certain labor agreements and amended the regulatory language to resolve this unintended incompatibility.

The proposed amendments revert the end credits requirements for both Programs back to the original structure and includes language to capture projects issued a Credit Allocation Letter during the time the current, incompatible language is in effect.

The proposed amendments were provided to you for review on March 8.

The 45-day public notice period for these amendments is currently ongoing began on March 15 and will run through April 30, 2024. The CFC expects an OAL determination by mid-June, if no public comment related to the amendments is received that necessitates additional action or changes.

Question was asked by board member Arturo Barquet:

When you say the amendments will apply to projects already issued credit allocation letters, does that mean projects may have to re-do anything?

Response by Soundstage Program Advisor Hedvig Marx:

No, the effect is not retroactive in the sense that it impacts anyone who has already complied with this requirement. Any projects that enters the CA Film & Television Tax Credit Program 3.0 or Soundstage Filming Tax Credit Program is bound to the regulations that were in effect at the time their Credit Allocation Letter (CAL) was issued. Those projects in either program that received a CAL during the time this incompatible language has been in effect have not yet reached the part of the process where they complete the requirements related to end credit acknowledgement, as that falls at the end of the qualified motion picture project's process. Setting a past date for these corrective amendments to apply means ensuring that the projects issued CALs during the time the conflicting provision was in effect are able to fulfill those requirements without labor agreement conflict when they arrive at the part of the process where they take steps to fulfill them. No one is required to change anything that has already been done; it's a correction to apply in future steps for the impacted productions.

VOTE TO APPROVE REGULATORY END CREDITS AMENDMENTS – Wendy Greuel, Chair

With no public comments during the Board meeting on the Regulatory End Credits Amendments, Chair Greuel put forth a vote to approve the End Credits Amendments for Program 3.0 and Soundstage Program Regulations. CFC Board member Thom Davis motioned for adoption of the End Credits Amendments for Program 3.0 and Soundstage Program Regulations 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 Board member Josh LaFarga and approved by all Board members.

VII. STATE PERMITS UPDATE – Eric Klosterman, Senior Permits Manager

Permit activity is steady. After a slow start to the year, the number of applications awaiting approval has increased from

a low of 40 to a high of 105 then settled in between 80 and 95. In 2023 we issued 312 permits for filming between January 1 and March 22. This year we have issued 330. Permit totals for 2023 were down from 2022, due in large part to the two strikes that halted most Film and TV production for 5 months. Here is a look at 2023:

Permits for State parks make up the largest share of those issued
State Parks - 85%; Caltrans - 17%; Buildings & Facilities – 8%

Caltrans Permits

We issued 258 permits for a total of 396 shoot days on state highways. Hwy 1 from Northern California to Orange County is the most popular highway film location

Productions include:

'The Code'; 'Lincoln Lawyer'; 'Callback'; 'Good Trouble'; 'Mayans'; 'Welcome to Platteville'; 'Interior Chinatown'; 'How to be a Bookie'; 'Electric Love'; 'Freaky Tales'; 'SWAT'; '1923'

State Parks & Beaches

We issued 1146 permits for a total of 1858 shoot days. Crystal Cove, El Matador and Leo Carrillo are the most popular State park filming locations

Productions include:

'American Idol'; 'And Just Like That'; 'Botched'; 'CTRL ALT DEL'; 'Electric Love'; 'Family Switch'; 'FBoy Island'; 'FGirl Island'; 'House Hunters All Stars'; 'Loot'; 'Real Housewives of OC'; 'Rookie'; 'Selling The OC'; 'Snowfall'; 'The Puritan'

Buildings & Facilities

This category includes all other State-owned buildings and facilities, from the State Capitol to State prisons and Exposition park. Total of 117 Building and Facility permits were issued in 2023. Total of 236 film days in 2023. Most popular buildings & facilities were Exposition Park, San Quentin Prison, State Capitol.

Productions include:

'All American'; 'Master Chef'; 'Paris in Love'; 'Pickleball Documentary'; 'Snowfall'; 'This Fool'

Filming With Drones

We have been tracking the use of drones for the last 5 years. They have become a popular tool for all kinds of filmmakers. Total of 181 permits with drones in 2023. Total of 362 film days in 2023. Multiple brands, automobile manufacturers, commercials, tv shows, music events, and features shot with drones on State Properties by licensed FAA operators.

In summary: 1521 permits for a total of 2490 shoot days. 2124 permits processed by our team of three permit coordinators

VIII. NEW BUSINESS – Wendy Greuel, Chair

None

IX. PUBLIC COMMENTS – Wendy Greuel, Chair

None

X. ADJOURNMENT – Wendy Greuel, Chair

Meeting was adjourned at 3:05 p.m.