AGN. NO.

MOTION BY SUPERVISORS KATHRYN BARGER
AND LINDSEY HORVATH SEPTEMBER 26, 2023

REVISED - LONG TERM SUPPORTS FOR THE FILM INDUSTRY IN LA COUNTY

The County has long recognized the importance of the film, television, and digital media industry (Industry). According to the 2023 Otis Report on the Creative Economy, the entertainment sector of the Los Angeles economy accounts for approximately one million jobs, $114 billion in labor income, and $38 billion in tax revenue. Since the first movie studio was established here in 1911, the industry grew dramatically. By the 1920s, Hollywood had become the center of the industry. This industry accounts for billions of dollars in tax revenues, tens of thousands of direct and indirect jobs, and millions of tourists eager to see Hollywood and the movie making business up close.

Unfortunately, given the high costs of doing business in California and the County, the entertainment business has slowly begun moving productions out of state, and out of country. Many other states and countries provide significant tax breaks or tax credits to these productions, impacting and moving well paid union jobs. In 2009, California passed the first film tax credit, with the aim of keeping these productions and jobs in California. Since then, more than $2.9 billion in total tax credits has been allocated, according to the California Film Commission. More than 178,000 cast and crew were hired for jobs as a result of these tax credits, among other benefits such as money being spent in the state and County while filming.

On May 2, 2023, the Writers Guild of America (WGA) issued a strike order based on, among other things, concerns over the use of artificial intelligence being used to write or film, and concerns with revenue streams for writers due to the increased use of streaming services. On July 13, 2023, the Screen Actors Guild- American Federation of Television and Radio Artists (SAG-AFTRA) issued a strike order, joining the Writers Guild strike on July 14th. More than 20,000 workers across 600 productions may be affected by these ongoing strikes. In 2007-08, the writers' strike of 100 days cost the Los Angeles economy $2.5 billion, according to the Los Angeles County Economic Development Corporation (LAEDC). They estimate this strike could cost the County at least $3 to $4 billion if the strike lasts 100 days, stemming from lost wages, lost filming dates, and other negative impacts to local businesses that support the entertainment industry. Given the strike is already over 100 days, this estimate could be higher the longer the strike continues.

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On May 17, 2023, the Board of Supervisors (Board) passed the “Support the Extension of the California Film and TV Tax Credit” motion, which directed the Chief Executive Office (CEO) to submit a five-signature letter in support of the California Motion Picture and Television Production Credit (California Film Tax Credit) to bolster film and television production in the County and drive positive economic and social impacts for the region.

On June 6, 2023, the Board passed the “Support for the Writers Guild of America in their Strike Against the Alliance of Motion Picture and Television Producers (AMPTP)” motion that directed the CEO to send a five-signature letter to the AMPTP supporting the WGA.

On July 25, 2023, the Board passed two motions related to the entertainment industry strike. The first motion, “Supporting Workers Impacted by the Ongoing Entertainment Industry Strikes,” directed the CEO to send a five-signature letter to the AMPTP supporting SAG-AFTRA and requesting they return to the negotiating table. It also directed the Los Angeles County Departments of Economic Opportunity (DEO) and Arts and Culture to demonstrate and quantify the impacts of the strikes on employees and contractors that serve the entertainment industry.

The second motion, “Support to Small Businesses Impacted by the Entertainment Strike,” also directed DEO to demonstrate and quantify the economic impacts of the strike on businesses that serve the entertainment industry; prepare a targeted outreach and engagement plan; look into preparing a business interruption fund and identify any available federal or state resources for impacted businesses.

These recent motions do much to help us understand the impact of the recent strikes and identify how the County can help these businesses in the short term. Given the importance of the entertainment industry to the Los Angeles County economy, it is vital to proactively keep this industry located in the region and economically strong. The County can do this by ensuring we do not place additional barriers or burdens on filming, especially on County property.

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WE, THEREFORE, MOVE that the Board of Supervisors direct the Department of Economic Opportunity (DEO), in consultation with FilmLA to:

1. Release a Request for Statement of Qualifications (RFSQ) to identify an economic development firm to study various strategies that could incentivize new and continued movie, commercial, and television production in the County. The chosen firm would have predictive analytical capacity that will provide evidence-based recommendations to the County. The study should examine:
    a. Potential new revenue streams for the industry within LA County.
    b. Proposed incentive packages for foreign investment to film in the region based on input from the tourism and hospitality sector;
    c. Proposed reductions in the County's regulatory and zoning barriers for the development of additional production space;
    d. Potential payroll tax reductions for productions that shoot in the unincorporated areas (UA) of the County;
    e. Potential local sales tax reductions for productions that shoot in the unincorporated areas (UA) of the County;
    f. Potential property tax reductions or deferments for production facility capital development projects;
    g. The potential creation of creative economy evergreen capital development fund to assist with capital development or expansion of emerging entertainment technologies such as Virtual Reality and Artificial Intelligence platforms, which could also assist smaller productions with lease costs, equipment purchase, and/or other operational expenses to be additive to existing County loan funds and capitalized with additional private sector or philanthropic funding.
    h. Report back to the Board in writing within 12 months.

2. Assess a proposed Fee Waiver program for lower impact and/or student productions that shoot in the unincorporated areas (UAs) or on County property which would apply to County use fees and FilmLA permit fees. Report back to the Board in writing within 60 days with the estimated budget impact, establishment of qualifying criteria, and proposals for new funding streams to make up any loss in budget, along with proposals of how "lower impact productions" and "student productions" should be defined. The report back should also consider rebates as a way of assisting these types of productions.

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3. Report back to the Board in writing within 60 days on proposed ways the County could reuse vacant underutilized County properties for shared production space. This should be done in collaboration with CEO Asset Management and the Department of Arts & Culture. The report back should prioritize those properties that are not applicable for housing options and could be used for filming.

WE, FURTHER, MOVE that the Board of Supervisors;

1. Direct CEO – Legislative Affairs and Intergovernmental Relations (CEOLAIR) to advocate in support of enhancing the California Film Tax Incentive program, including, but not limited to, increasing the tax credit to ensure the State can stay competitive and keep filming within the County. Additionally, CEO-LAIR should advocate for strengthening the program's diversity goals, as well as adding local hire and equitable workforce development requirements.

2. Direct the County Flood Control District to remove all fee ~~and permit~~ requirements for production scout visits to County property except for cost recovery for staff time needed to open the facility and escort/monitor the production team. County departments can recover their costs for staff time if needed to open a building or escort the production through the building for a scout visit.

3. Direct DEO and the Anti-Racism, Diversity, and Inclusion Initiative to explore ways to engage with studios and unions on issues of workforce pipelines, to encourage youth and other priority populations to learn more about jobs and be connected to paid work experiences in the entertainment industry.

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