

MOTION BY SUPERVISOR LINDSEY P. HORVATH

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Support for Assembly Bill 1138 (Zbur) and Senate Bill 630 (Allen): Modernizing the California Film and TV Tax Credit

The film and television industry plays a vital role in the economy and culture of Los Angeles County (County), serving as a global hub for entertainment production. However, California's iconic film and television sector is currently facing an unprecedented crisis, with a significant drop in jobs and production activity. Increased competition from other states and countries, which are aggressively vying for production opportunities through attractive incentives, has contributed to this decline.

In 2023, a report by the California Film Commission indicated that California lost 74% of production spending from projects that applied for but did not receive a tax credit, resulting in a staggering \$1.5 billion in lost production spending.¹ The Los Angeles Economic Development Corporation reported the economic output from 2015-2020 showed 157 out of the 312 projects that applied for, but did not receive a California tax credit left California for another state. The loss of this spending in California cost the state

¹ California Film Commission. "California Film Commission Film and Television Tax Credit Programs PROGRESS REPORT." Dec. 2023.

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\$7.7 billion in generated economic activity, 28,000 total jobs, labor income of approximately \$2.6 billion, and state and local tax revenues which have totaled \$345.4 million.²

In response to these challenges, Assemblymember Rick Chavez Zbur and State Senator Ben Allen, and joint author Assemblymember Isaac Bryan introduced Assembly Bill (AB) 1138 and Senate Bill (SB) 630 to modernize and strengthen California's Film & Television Tax Credit Program to retain and grow jobs and small businesses that support the entertainment industry and reinforce California's leadership as the global hub of creativity and innovation. The bills are in response to Governor Gavin Newsom's budget proposal to increase the State's incentive program from the current annual allocation of \$330 million to \$750 million, beginning on July 1, 2025.

AB 1138 and SB 630 seek to enhance the effectiveness of this increase by modifying the program's requirements, aiming to make California more competitive by:

- Raising the base tax credit rate from 20% to 35%
- Maintaining tax uplifts in the current programs including the 5% uplift for filming outside the Los Angeles Zone
- Expanding the definition of "Qualified Motion Picture" while retaining the \$1 million minimum spending requirement per production to include 20-minute television shows, animation, and certain large-scale competition shows
- Eliminating the 50% Ownership or 10-year-lease requirement for productions utilizing a certified sound stage in the Soundstage Film Tax Credit program
- Increasing incentives for Independent Productions

² Sedgwick, Shannon M. , et al. California Film and Television Tax Credit Program 2.0. Los Angeles County Economic Development Corporation, Mar. 2022.

- Providing the California Film Commission with more flexibility to move tax credit dollars across different categories to meet current demands.

The Board of Supervisors (Board) has long demonstrated strong support for the film industry and incentives to keep film and television production in the County. On September 26, 2023, the Board adopted “[Long Term Support for the Film Industry in LA County](#)” (Barger-Horvath) directing the Department of Economic Opportunity to explore ways to incentivize filming in the County, and on November 6, 2024, the Board voted to support Governor Newsom’s budget proposal to expand the incentive program, adopting “[Support for Governor Newsom’s Expansion of the Film and Television Tax Credit Program](#)” (Barger-Horvath).

Support for AB 1138 and SB 630 continues the County’s longstanding support for the film and television industry, a major economic driver for our region. The bills will ensure the retention and expansion of living wage jobs in the County as well as the small business that support production.

I, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Office-Legislative Affairs and Intergovernmental Relations to take all appropriate legislative advocacy actions to support Assembly Bill 1138 (Zbur) and Senate Bill 630 (Allen), which would strengthen and modernize the Film and Television Tax Credit Program by increasing the base tax credit rate to be more competitive with other jurisdictions, expanding eligibility for a broader range of types of production, and adjusting qualified expenditures to account for full production costs more accurately.

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