



Film & Television Tax Credit Program
PROGRESS REPORT



Solutions

Film & Television Tax Credit Program

- Became law in Feb. 2009 as part of a broad economic stimulus package
- Program launched July 1, 2009
- \$100 million dollars of tax credits allocated for each fiscal year
- Program targeted productions most likely to flee California

Who Qualifies for the Program?

Eligible for 20% Tax Credit:

- Feature Films (up to \$75 million maximum production budget)
- Movies of the Week or Miniseries
- New television series licensed for original distribution on basic cable



Who Qualifies for the Program?

Eligible for 25% Tax Credit:

- A television series that filmed all of its prior seasons outside of California.
- An "independent film" (\$1 million - \$10 million budget that is produced by a company that is not publicly traded.)

Application Process

- Applications accepted at beginning of fiscal year
- Due to high demand, projects are selected by lottery
- Once all credits (\$100M) are exhausted, remaining applicants are placed on waiting list

Current Year Applications

- **380** Applications received on day one
- **34** projects selected by lottery
- When projects drop out of program, CFC pulls from waiting list
- Current waiting list: **331**



Credit Allocation

- Application is reviewed for eligibility and required documentation
- Credit Allocation Letter is issued:
this is a *reservation* of tax credits based on budget spending estimates.



Final Tax Credit Issuance

- Production must be completed
- Independent CPA performs an audit
- All final documentation and CPA report is submitted, CFC reviews
- CFC issues Tax Credit Certificate
- * Amount of credit is the same *or less than* the initial allocation

Estimated Tax Credit Production Spending

Program years 1 - 5

Total Allocations (reservations) to Date:

\$600 million

269 Approved Projects Aggregate Spend:

\$4.75 billion

Total Below-the-Line* Wages:

\$1.48 billion

***excludes wages paid to actors, directors, producers**



Estimated Tax Credit Production Spending

Average spending impact per each \$100 million allocated:

Average # of projects: **45**

Aggregate Spend: **\$792 million**

Total Below-the-Line* Wages: **\$250 million**

***excludes wages paid to actors, directors, producers**



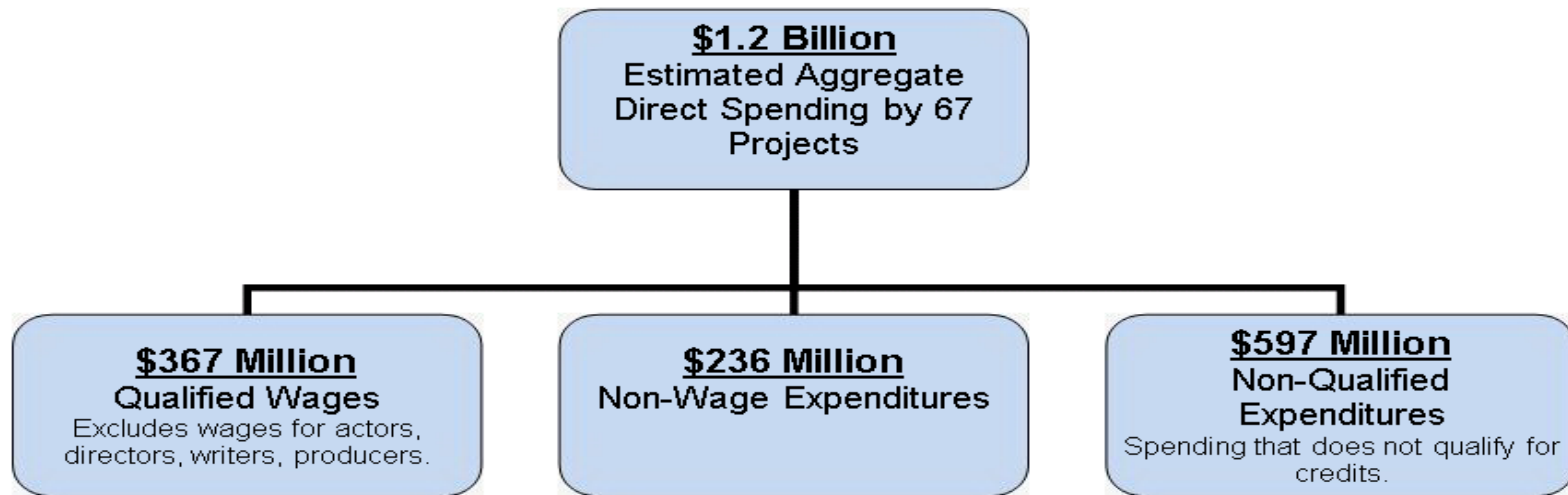
Estimated Tax Credit Employment

Average employment per each \$100 million allocated:

Estimated Cast & Crew hired: **8500**

Background Actors hired: **67,000**

II. Program Year 1 Summary (July 2009 – June 2010)



Individuals Hired

9,000 Crew Members

4,400 Cast Members

108,000 Background Players

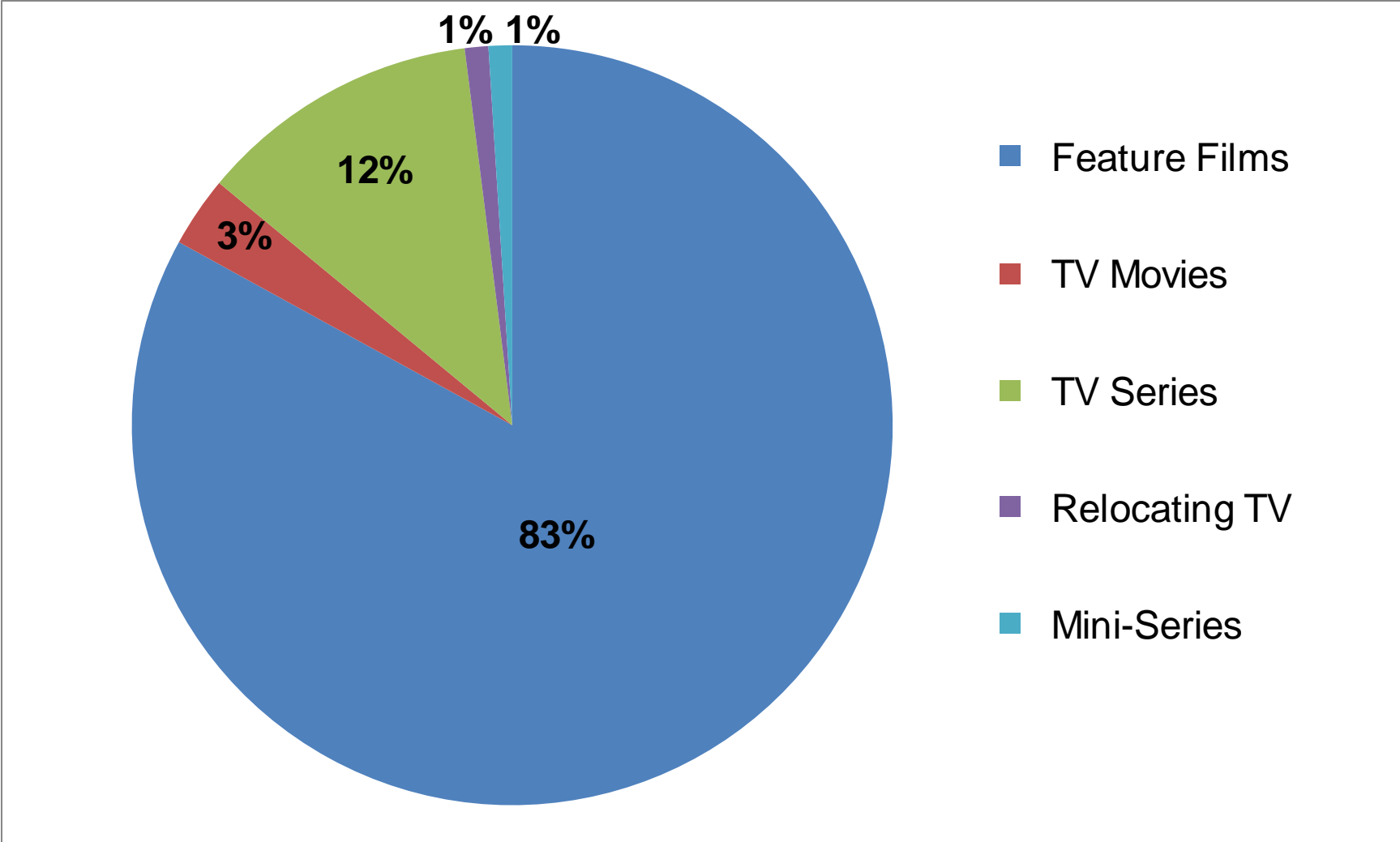
Breakdown by Project Type

	Feature Films	TV Movies	TV Series	Relocating TV Series	Mini-Series	Total
Number of Projects	46	13	6	1	1	67
Percentage of Credit Allocation	83 %	3 %	12 %	1 %	1 %	100 %

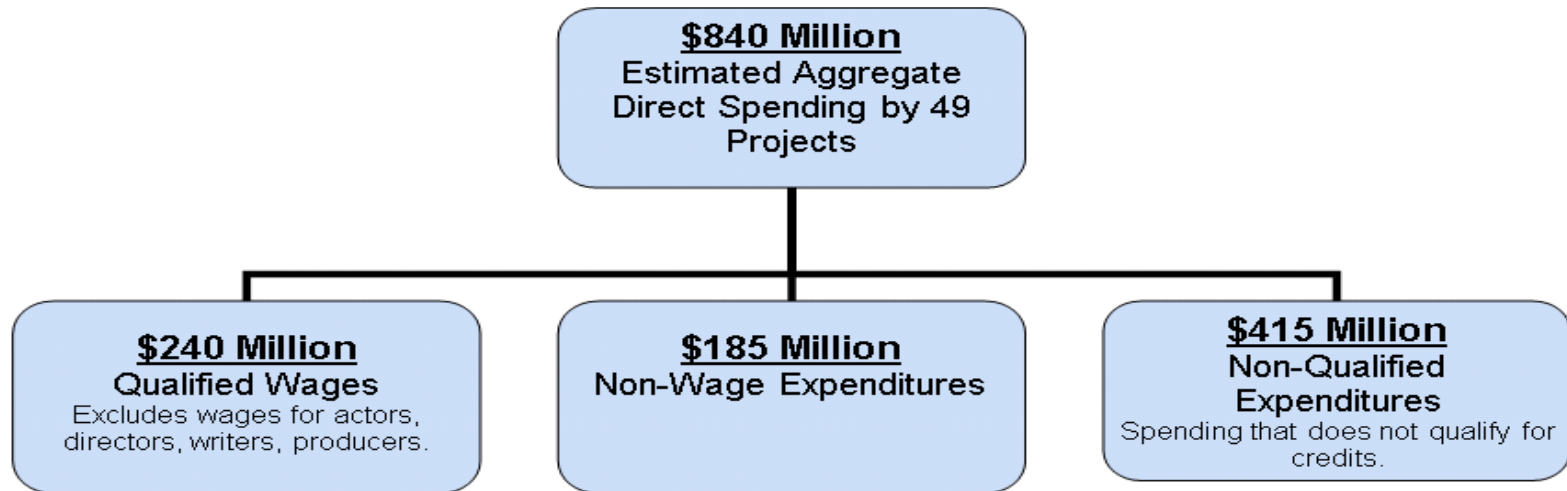
Independent VS. Non-independent Breakdown

	Independent	Non-independent
Number of Projects	30	37
Percentage of Credit Allocation	11 %	89 %

Breakdown by Credit Allocation Amount Program Year 1



III. Program Year 2 Summary (July 2010 – June 2011)



Individuals Hired

6,900 Crew Members

3,600 Cast Members

65,000 Background Players

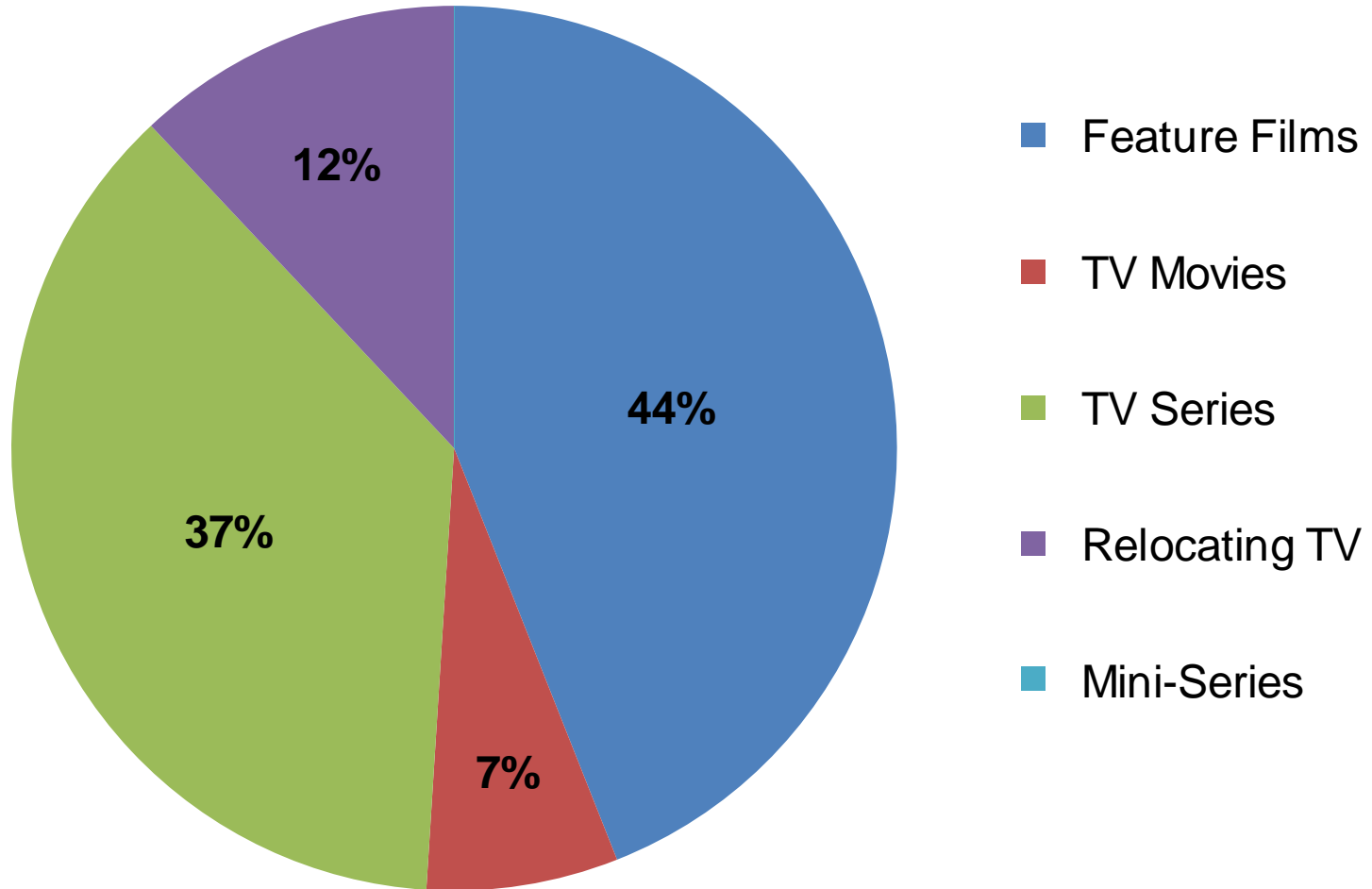
Breakdown by Project Type

	Feature Films	TV Movies	TV Series	Relocating TV Series	Mini-Series	Total
Number of Projects	24	12	11	2	0	49
Percentage of Credit Allocation	44 %	7 %	37 %	12 %	0 %	100 %

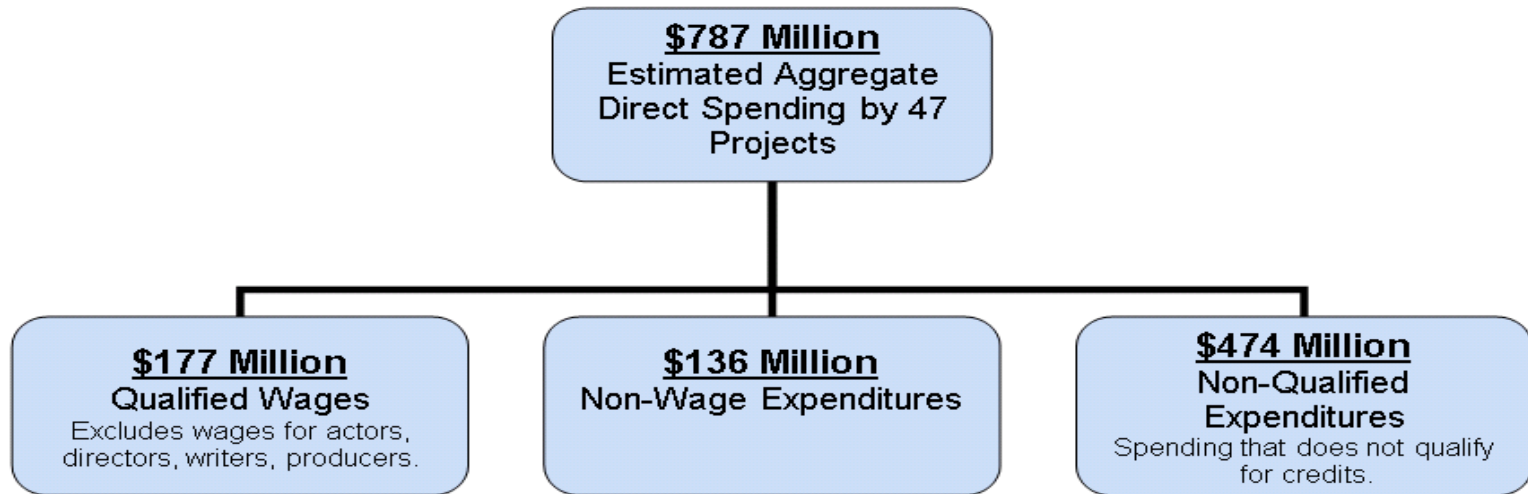
Independent VS. Non-independent Breakdown

	Independent	Non-independent
Number of Projects	28	21
Percentage of Credit Allocation	14 %	86 %

Breakdown by Credit Allocation Amount Program Year 2



IV. Program Year 3 Summary (July 2011 – June 2012)

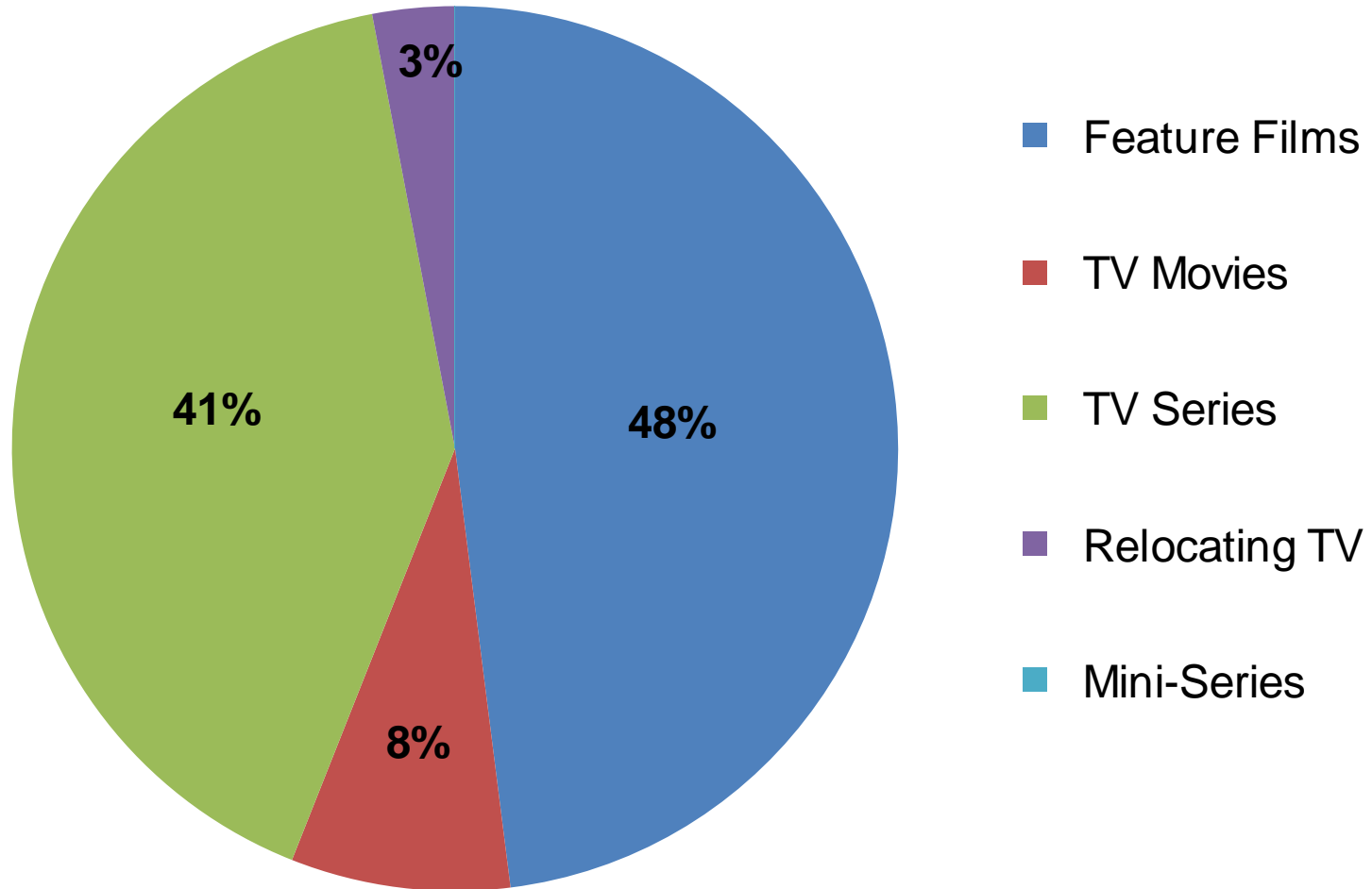


Individuals Hired		
5,700 Crew Members	3,400 Cast Members	59,000 Background Players

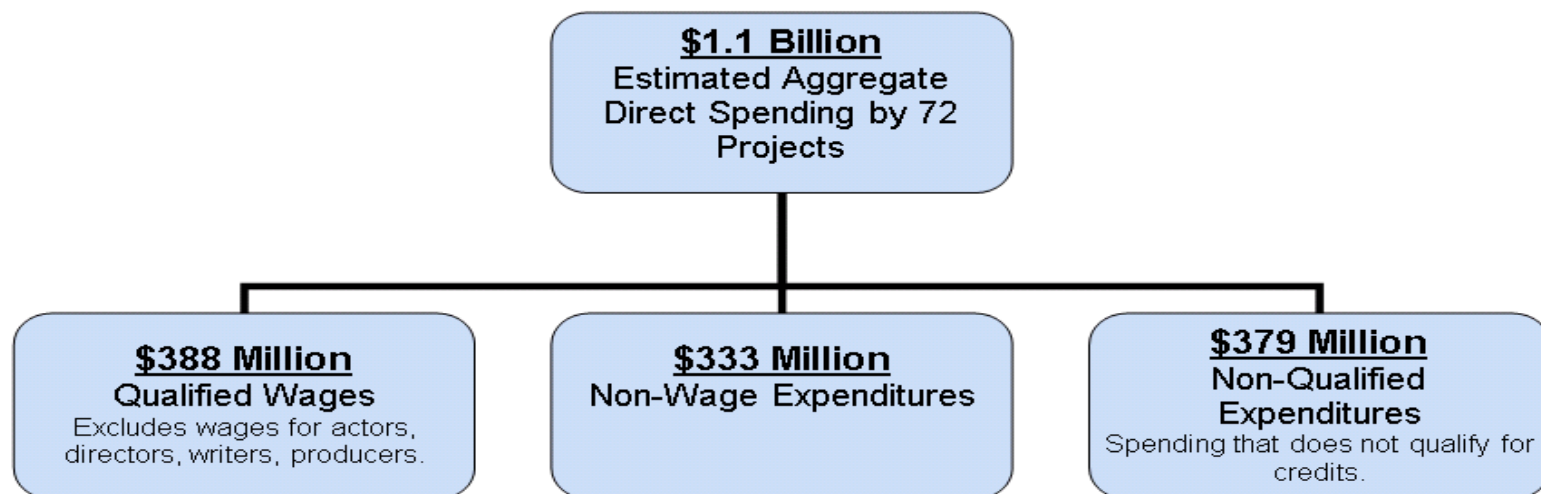
Breakdown by Project Type						
	Feature Films	TV Movies	TV Series	Relocating TV Series	Mini-Series	Total
Number of Projects	27	11	8	1	0	47
Percentage of Credit Allocation	48 %	8 %	41 %	3 %	0 %	100 %

Independent VS. Non-independent Breakdown		
	Independent	Non-independent
Number of Projects	32	15
Percentage of Credit Allocation	33 %	67 %

Breakdown by Credit Allocation Amount Program Year 3



V. Program Year 4 Summary (July 2012 – June 2013)

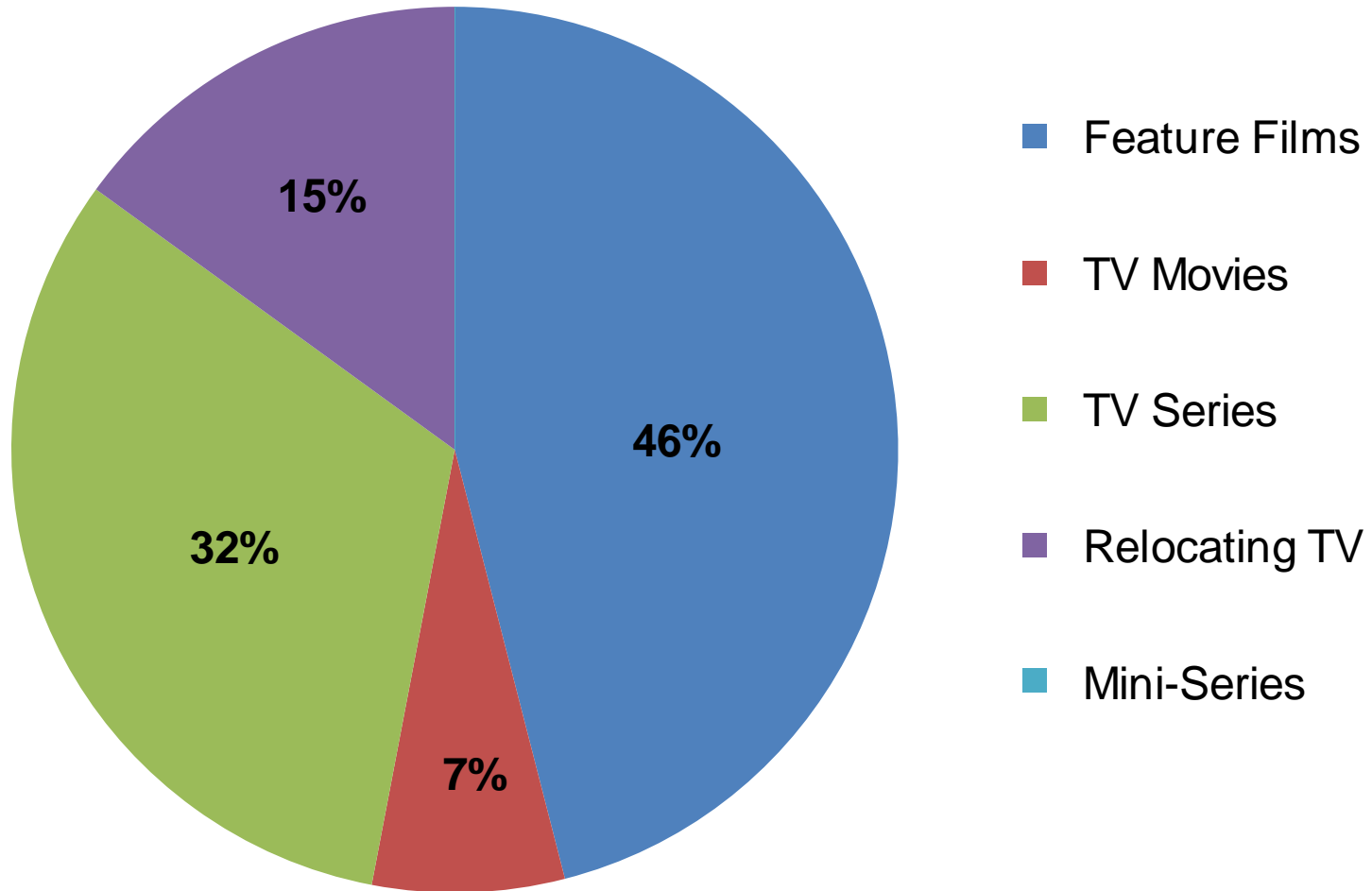


Individuals Hired		
6,700 Crew Members	4,300 Cast Members	89,000 Background Players

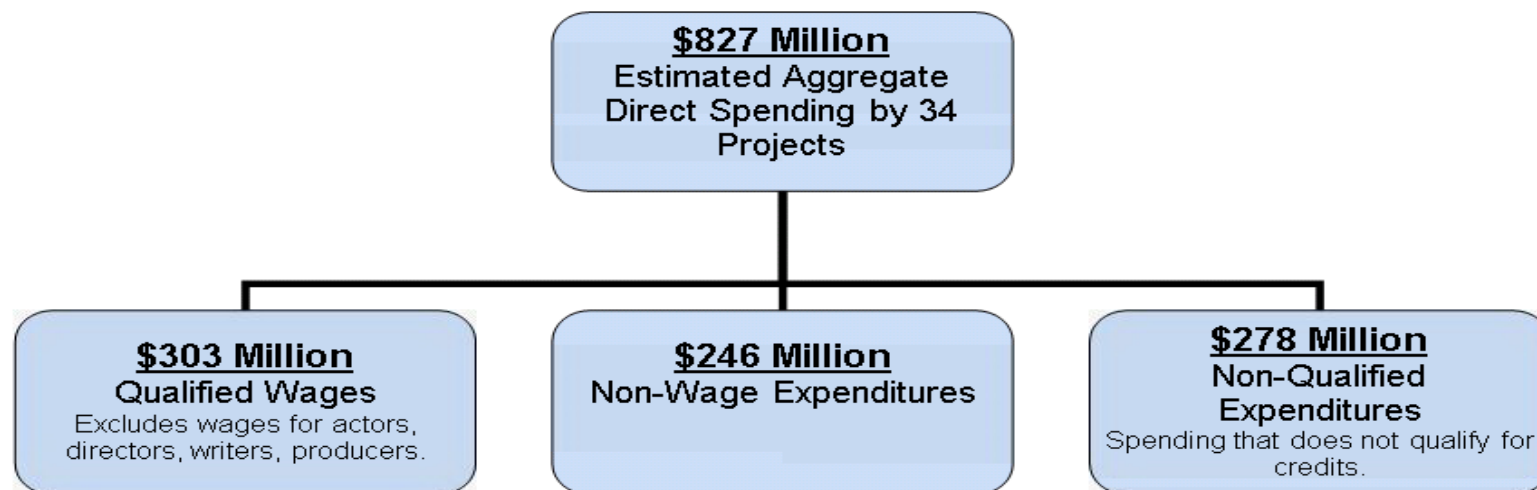
Breakdown by Project Type						
	Feature Films	TV Movies	TV Series	Relocating TV Series	Mini-Series	Total
Number of Projects	37	21	11	2	1	72
Percentage of Credit Allocation	46 %	7 %	32 %	15 %	0 %	100 %

Independent VS. Non-independent Breakdown		
	Independent	Non-independent
Number of Projects	46	26
Percentage of Credit Allocation	25 %	75 %

Breakdown by Credit Allocation Amount Program Year 4



VI. Program Year 5 Summary (July 2013 – June 2014)



Individuals Hired

3,800 Crew Members

3,200 Cast Members

83,000 Background Players

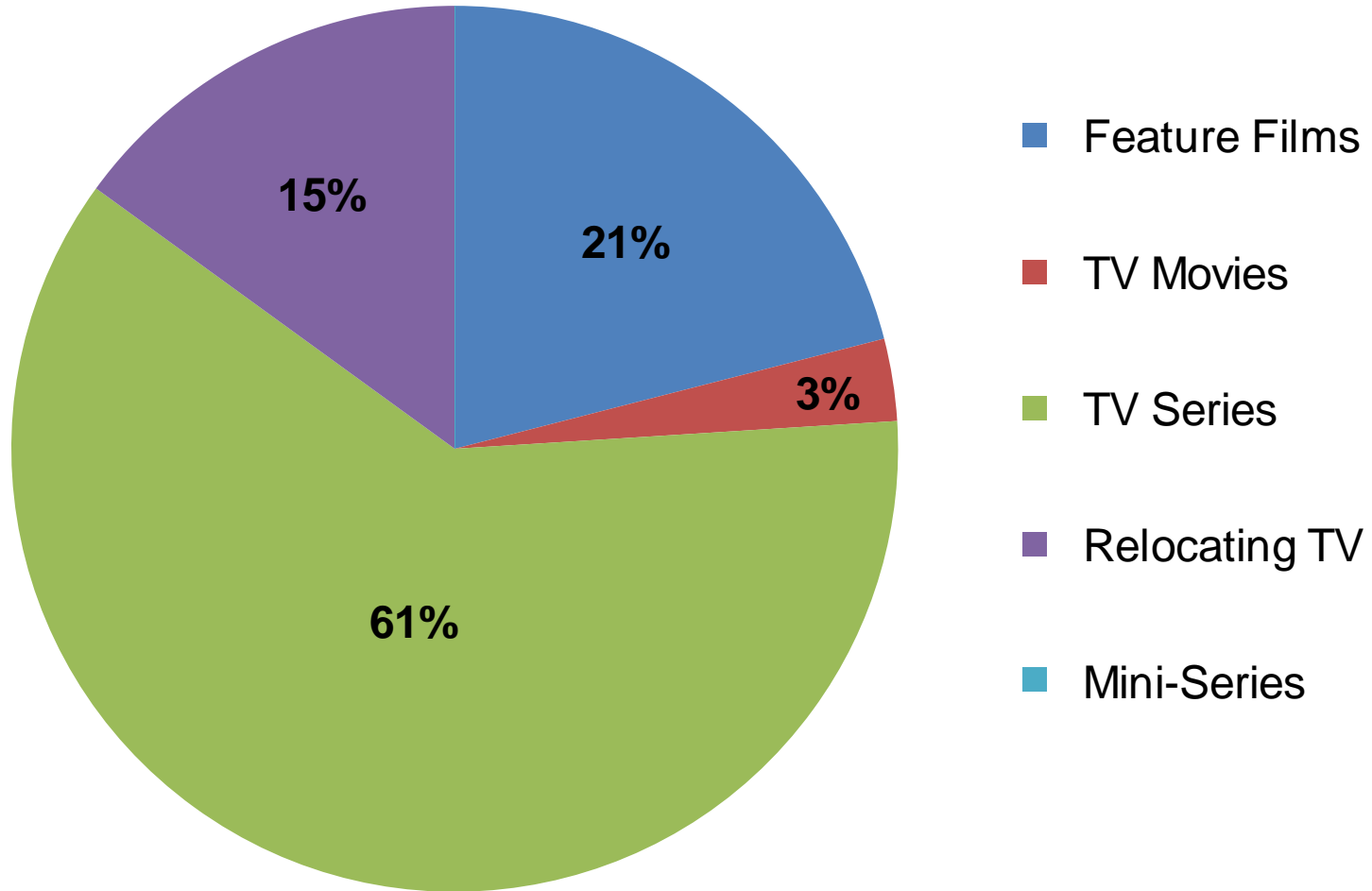
Breakdown by Project Type

	Feature Films	TV Movies	TV Series	Relocating TV Series	Mini-Series	Total
Number of Projects	15	5	12	2	1	72
Percentage of Credit Allocation	21%	3 %	61 %	15 %	0 %	100 %

Independent VS. Non-independent Breakdown

	Independent	Non-independent
Number of Projects	16	18
Percentage of Credit Allocation	14 %	86 %

Breakdown by Credit Allocation Amount Program Year 5





Tax Credit Usage

Taxpayer applies tax credit to state tax liability or
Independents can sell the credit to another taxpayer

* * * * *

Total tax credit certificates issued as of 06-2013:

\$242,575,400

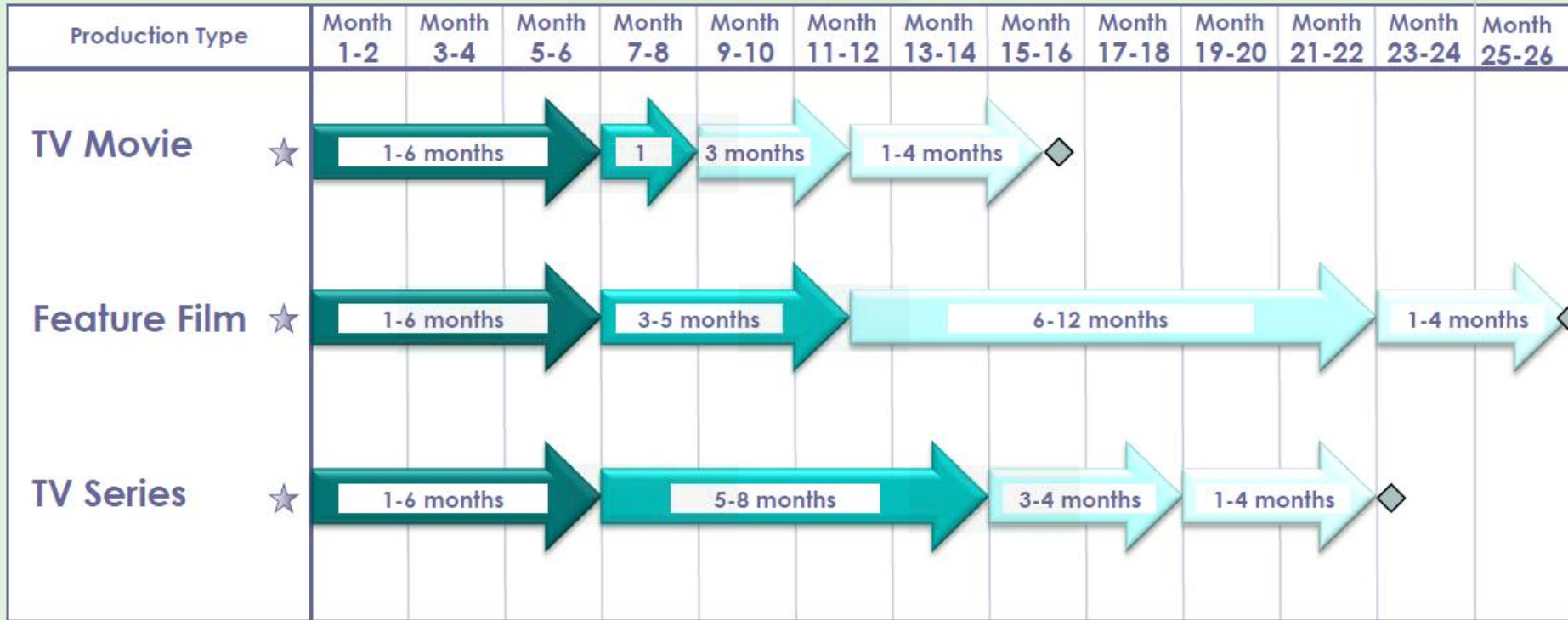
Credits claimed against sales & use taxes

\$27,541,500

Credits claimed against income tax liability

\$34,330,800

California Film & TV Tax Incentive Program Timeline

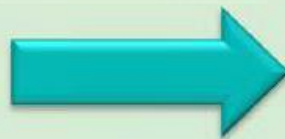


LEGEND

★
Allocation
Issued



Begin Pre-Production



Shooting Period



Post Production
Period



Final Wrap
Submit Final
Documents



Tax Credit
Issued

Local Production Impact: Ventura County

Feature Film – *We Bought a Zoo*

8 months in Ventura County

Total local spending = \$4,245,000

- Local Hotels = \$93,000
- Site rentals, police, permits and parking = \$1,206,000
- Local labor including extras = \$2,120,000
- Food and catering purchases = \$86,344
- Local purchases & rentals = 500,000

We Bought a Zoo



WBAZ-333 Benjamin Mee (Matt Damon) gets the grand tour of his newly-purchased zoo from head zookeeper Kelly Foster (Scarlett Johansson). Along for the expedition are: Benjamin's young daughter Rosie (Maggie Elizabeth Jones, far right), zookeeper Robin Jones (Patrick Fugit) and monkey, Rhonda Blair (Carla Gallo), Lily Miska (Elle Fanning) and Benjamin's son Dylan (Colin Ford, rear).

San Francisco – Local Impact Hemingway & Gellhorn

HBO Film “Hemingway & Gellhorn” filmed for 2 months
in San Francisco

Total local spending = \$12,745,000

- Local Hotels = \$205,000
- Site rentals, police, permits and parking = \$353,000
- Local labor including extras = \$7,085,000
- Food and catering purchases = \$184,000

Hemingway & Gellhorn



San Mateo County – Local Impact Chasing Mavericks

Feature Film “Chasing Mavericks” filmed for 2 months
in the San Mateo area

Total local spending = \$1,489,000

- Local Hotels = \$160,000
- Site rentals, police, permits and parking = \$248,000
- Local labor including extras = \$495,000
- Food and catering purchases = \$79,000

Chasing Mavericks



Alameda County Local Impact Moneyball

Feature Film “Moneyball” filmed for 1 week in Oakland

Total local spending = \$1,708,000

- Local Hotels = \$181,000
- Site rentals, police, permits and parking = \$172,000
- Local labor including extras = \$662,000
- Food and catering purchases = \$201,000

Moneyball



Los Angeles – Sample Impact

ARGO

Feature Film “Argo” filmed for 48 days in L.A.

Total local spending = \$46,000,000

- Local Hotels = \$210,053
- Site rentals, police, permits and parking = \$5,139,717
- Local labor including extras = \$21,917,073
- Food and catering purchases = \$475,747

Argo



Los Angeles – TV Sample Impact Justified

Season 1* (Actual Spend)	Season 2* (Actual Spend)	Season 3* (Actual Spend)	Season 4 (Estimated)	Season 5 (Estimated)
Total CA Spend \$33,000,000	Total CA Spend \$33,000,000	Total CA Spend \$39,000,000	Total CA Spend \$40,000,000	Total CA Spend \$46,000,000
Total Qualified Wage \$9,900,364	Total Qualified Wage \$11,545,171	Total Qualified Wage \$13,505,876	Total Qualified Wage \$16,083,937	Total Qualified Wage \$17,905,373

Justified estimated total spending for seasons 1 through 5: **\$191 million.**

Justified



TV 1-Hour Series Production

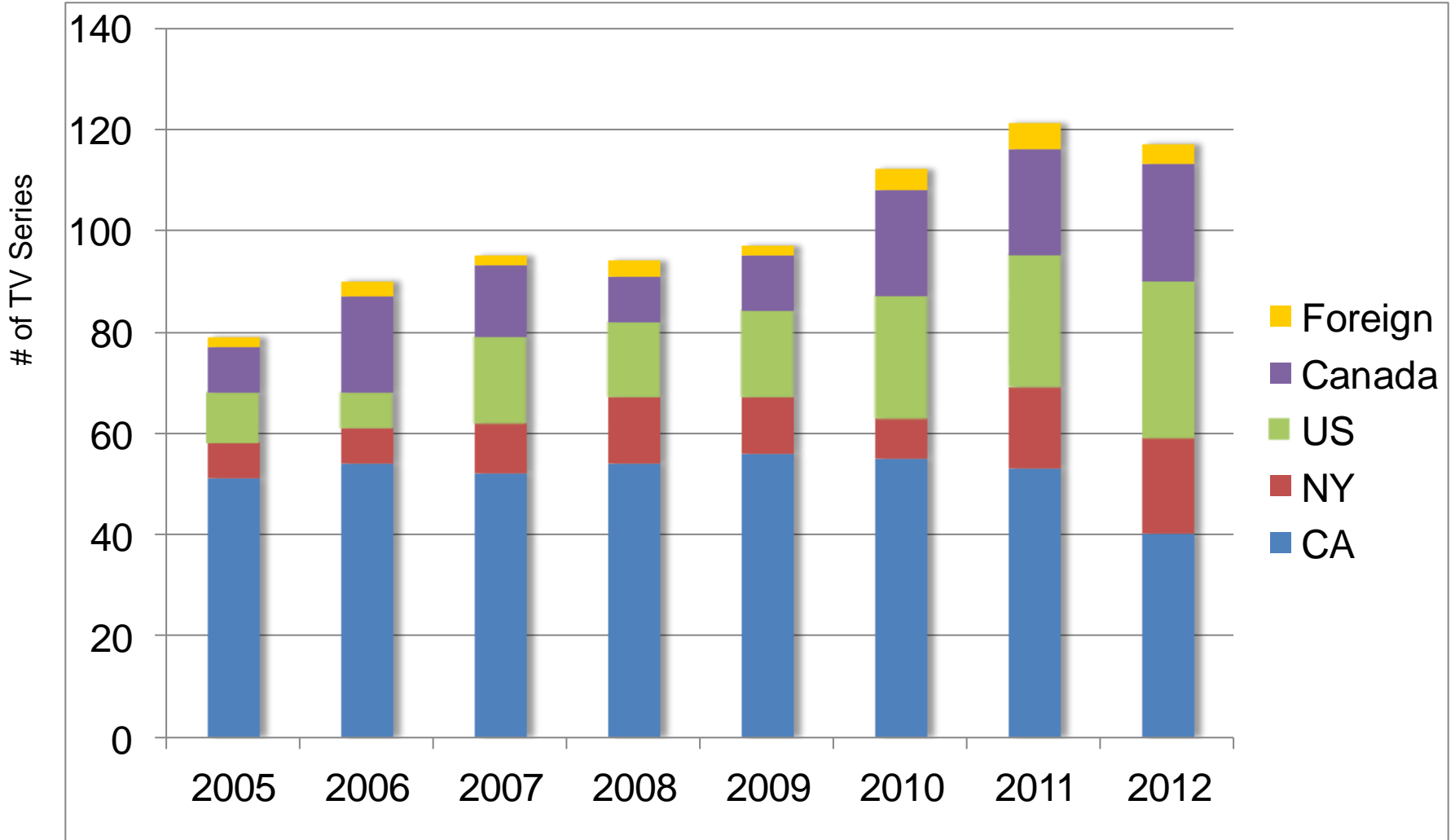


TABLE # 2: TV 1-Hour Series Production

TV 1-Hour Basic Cable Series

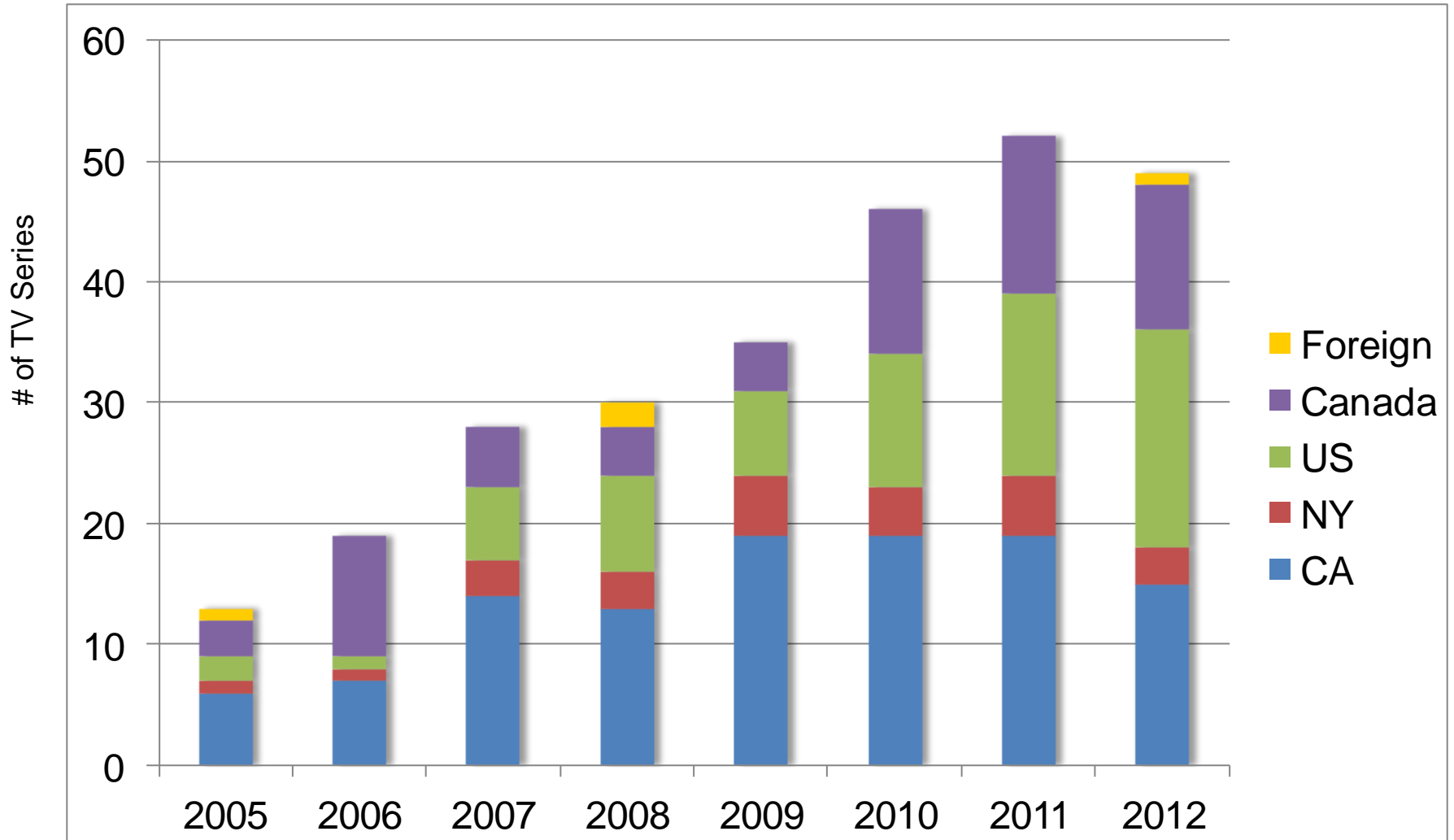


TABLE # 3: TV 1-Hour Basic Cable Series

TV 1-Hour Network Series

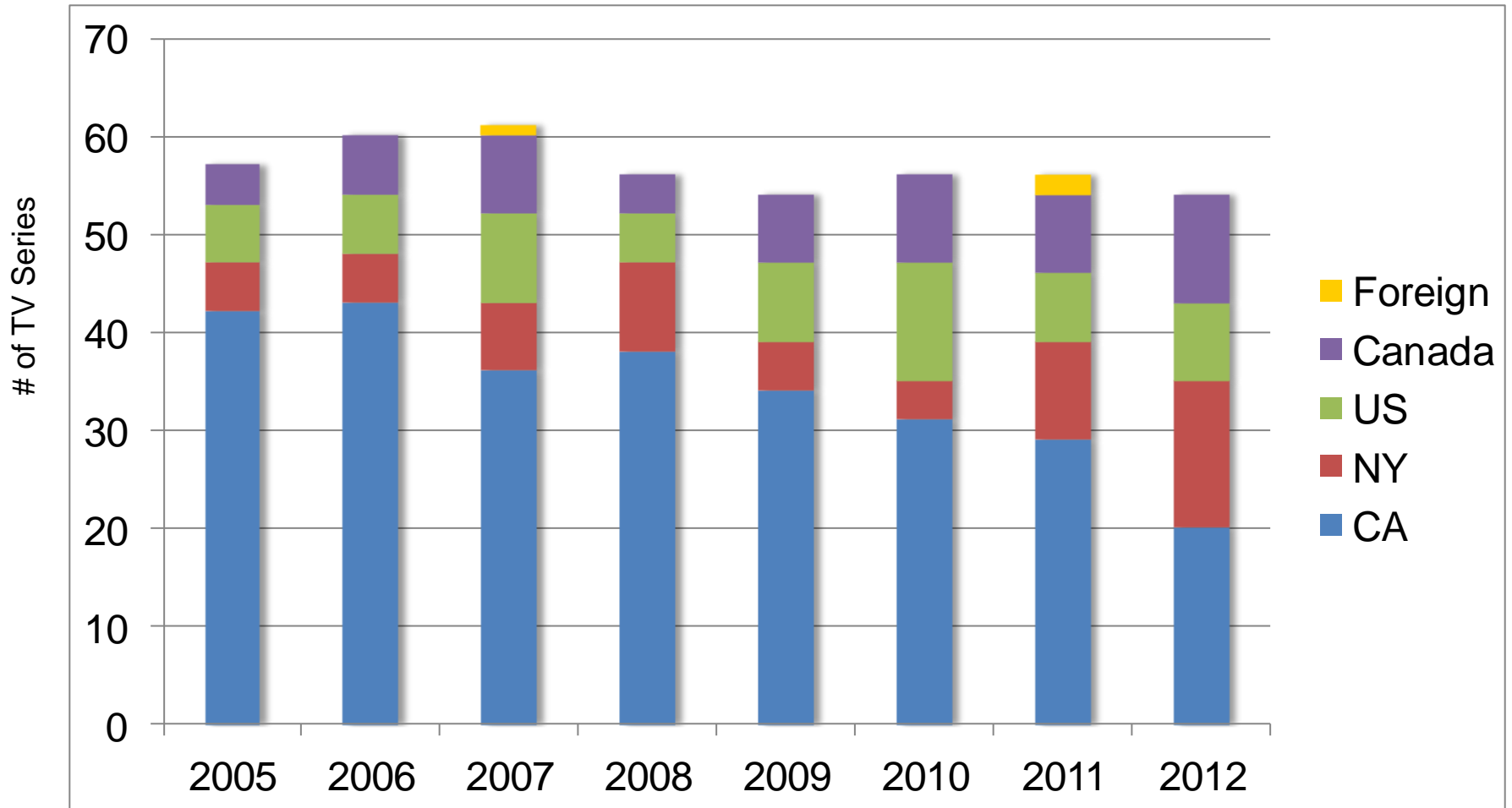
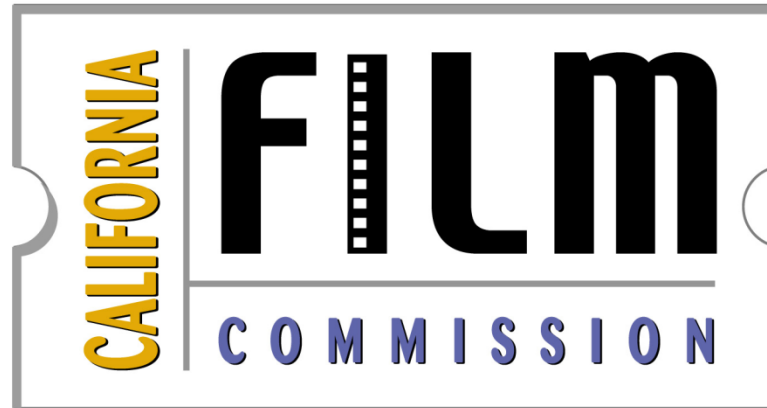


TABLE # 4: TV 1-Hour Network TV Series

Competition's Impact

- Loss of state and local tax revenues.
- California risks losing a signature industry.
- Our competitors are building up their job base and infrastructure
- Small businesses and middle class workers are hit hardest



www.film.ca.gov