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**

As of 07-2013

Estimated Tax Credit Production Spending

Average spending impact <u>per each $100 million</u> allocated:

Average # of projects: **45**

Aggregate Spend: **$792 million**

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

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

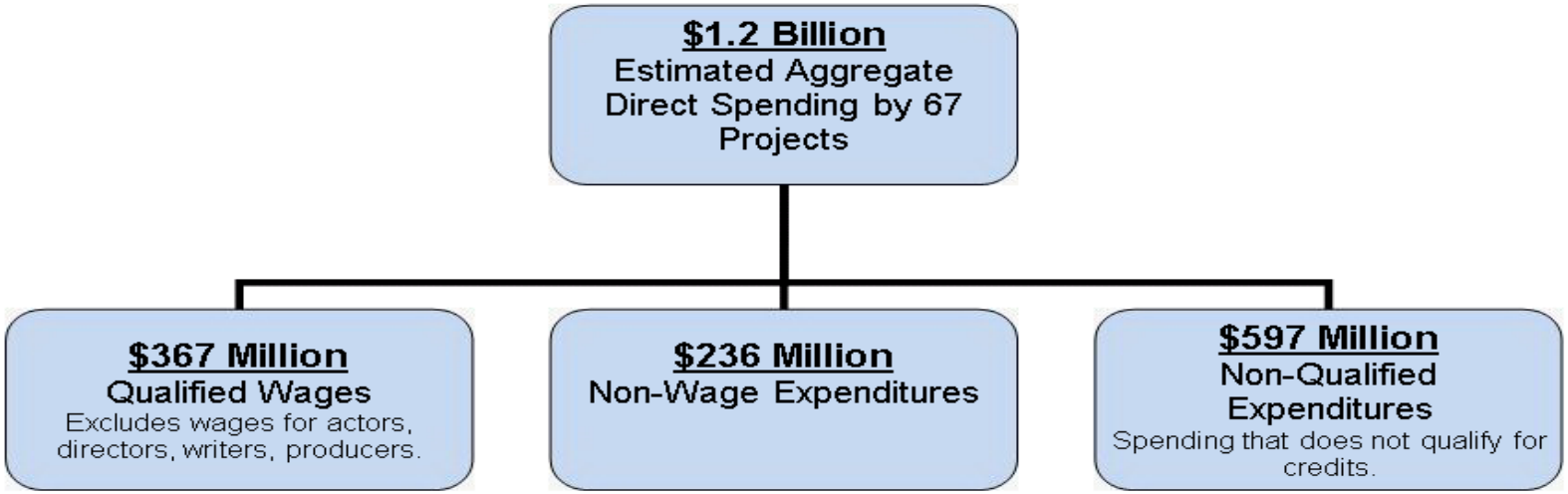
Estimated Tax Credit Employment

Average employment <u>per each $100 million</u> 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

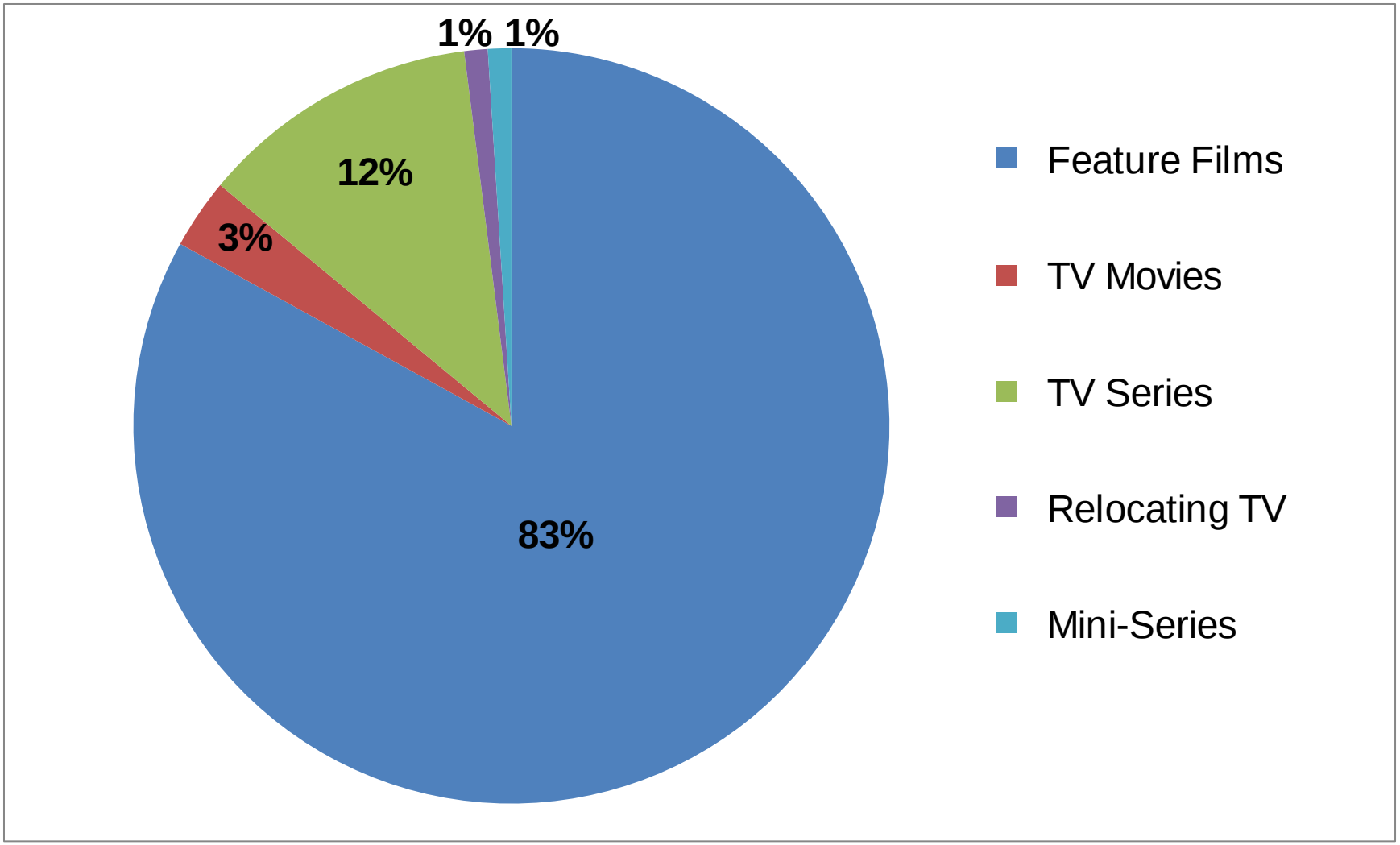
Breakdown by Project Type

	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 %

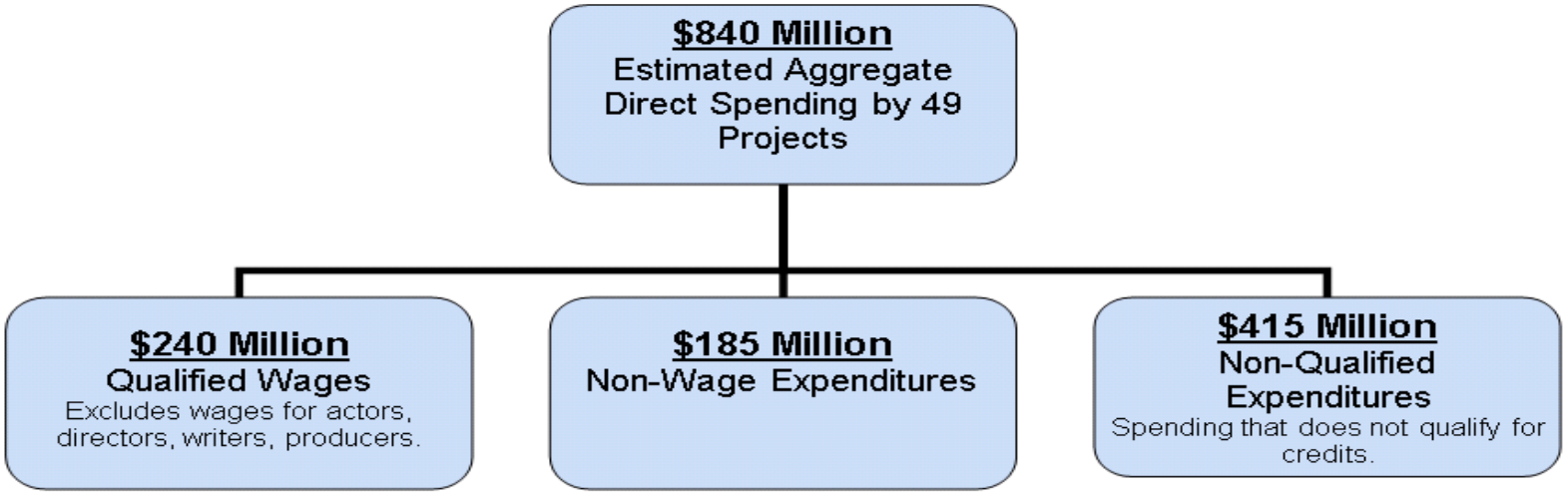
Independent VS. Non-independent Breakdown

	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

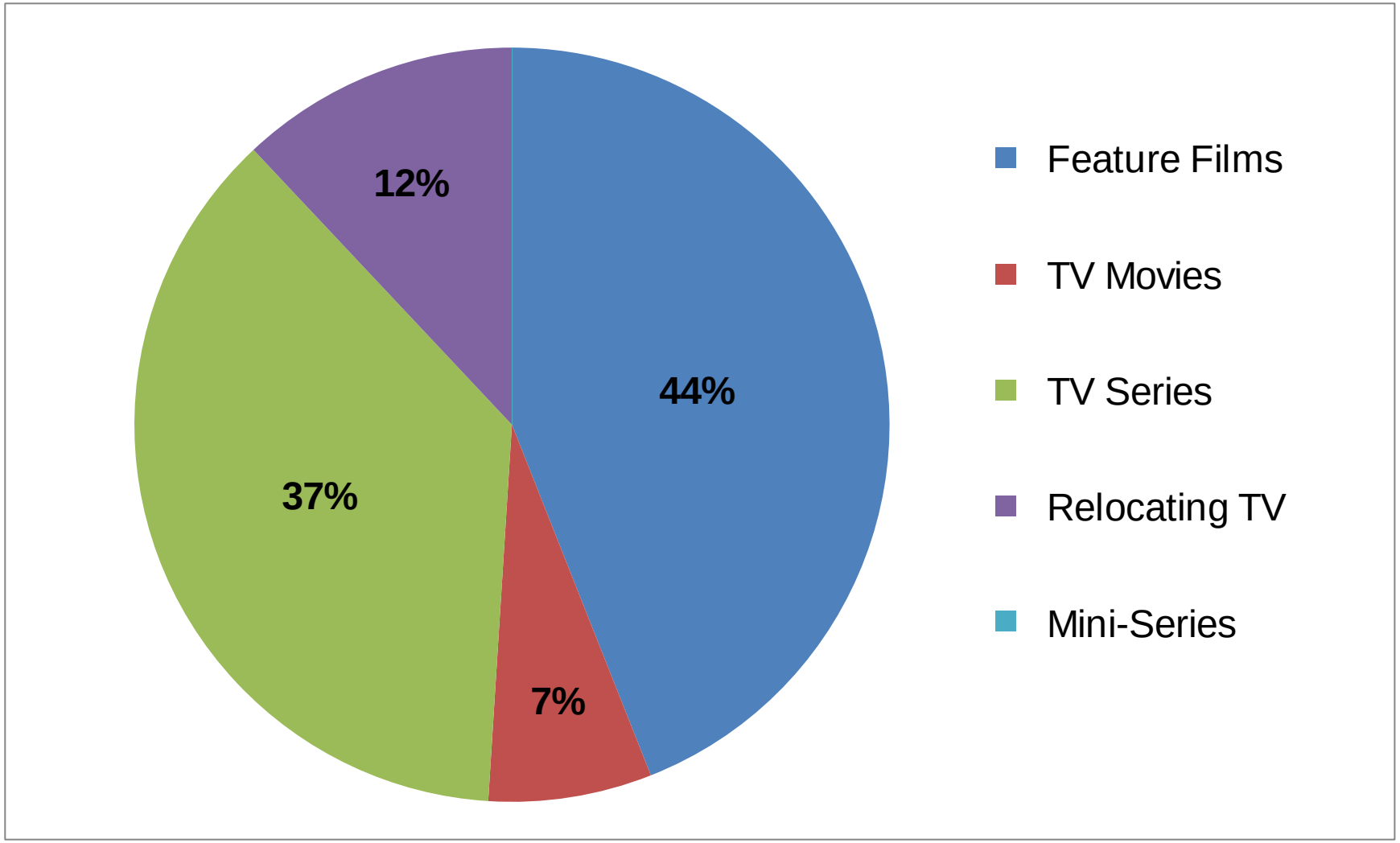
Breakdown by Project Type

	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 %

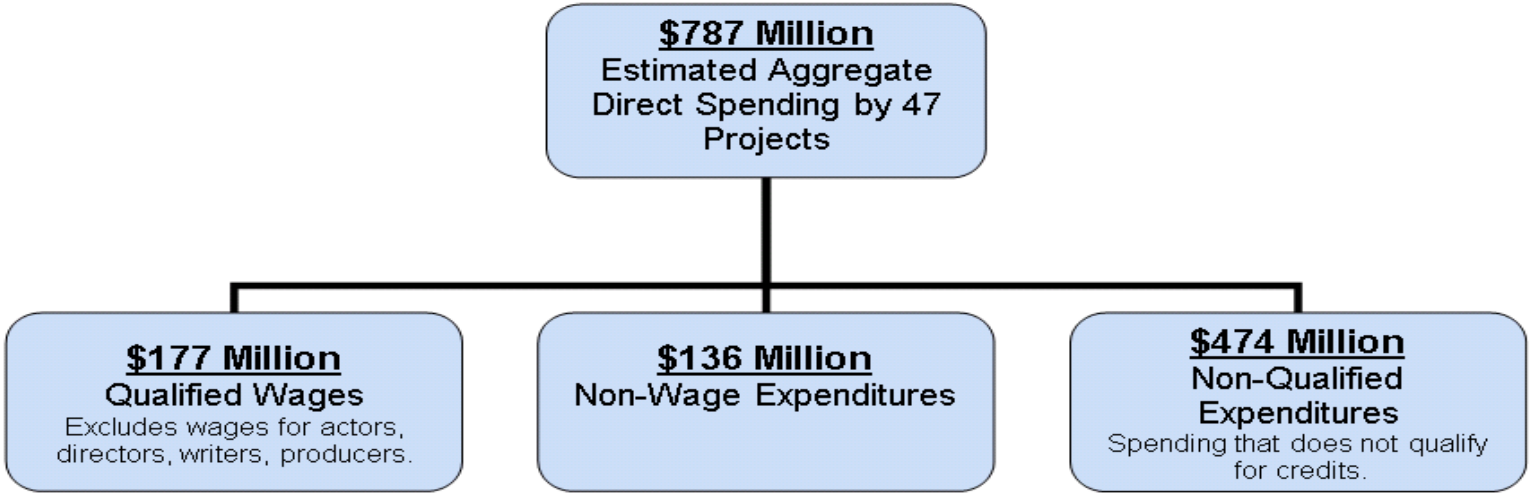
Independent VS. Non-independent Breakdown

	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

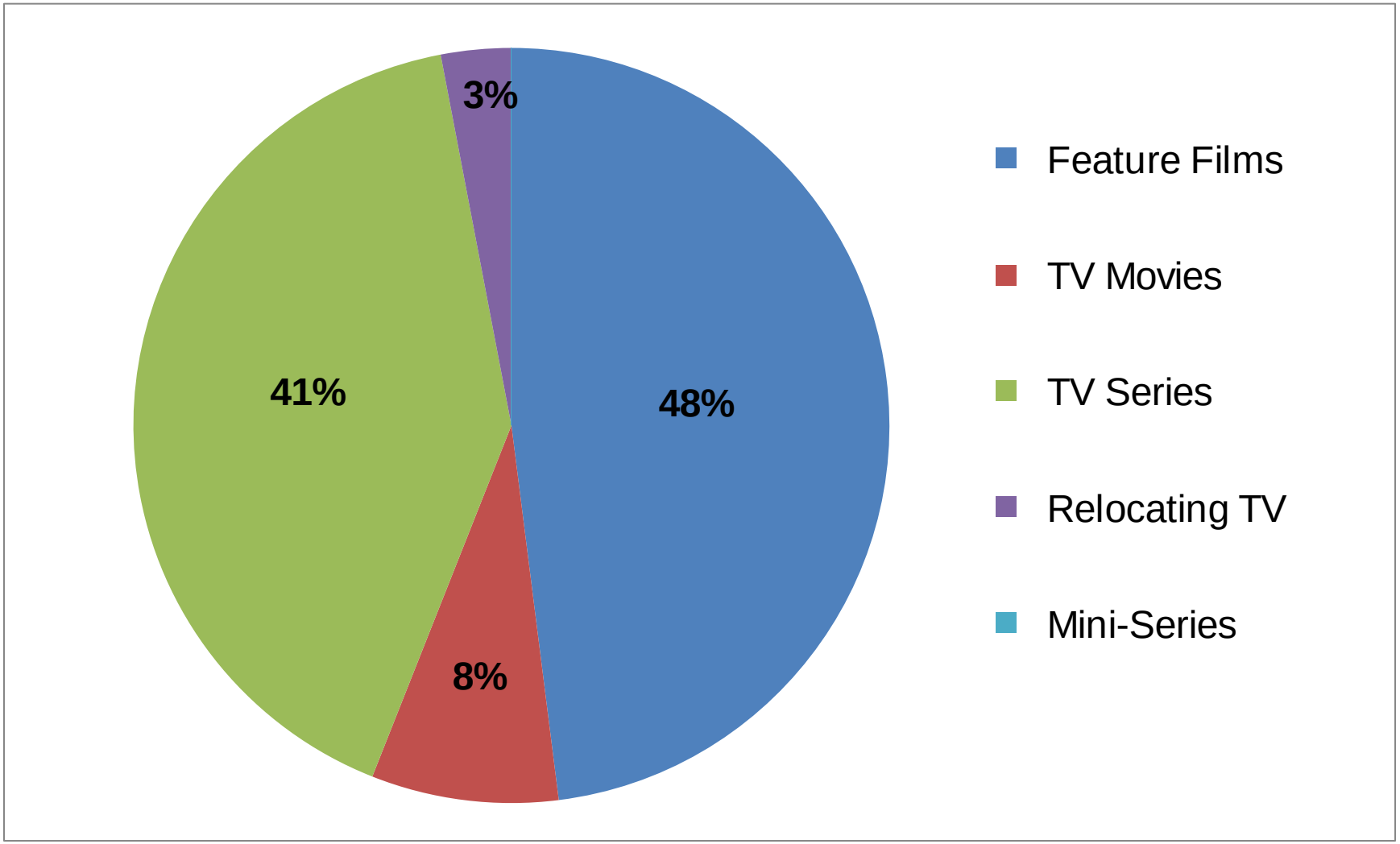
Breakdown by Project Type

	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 %

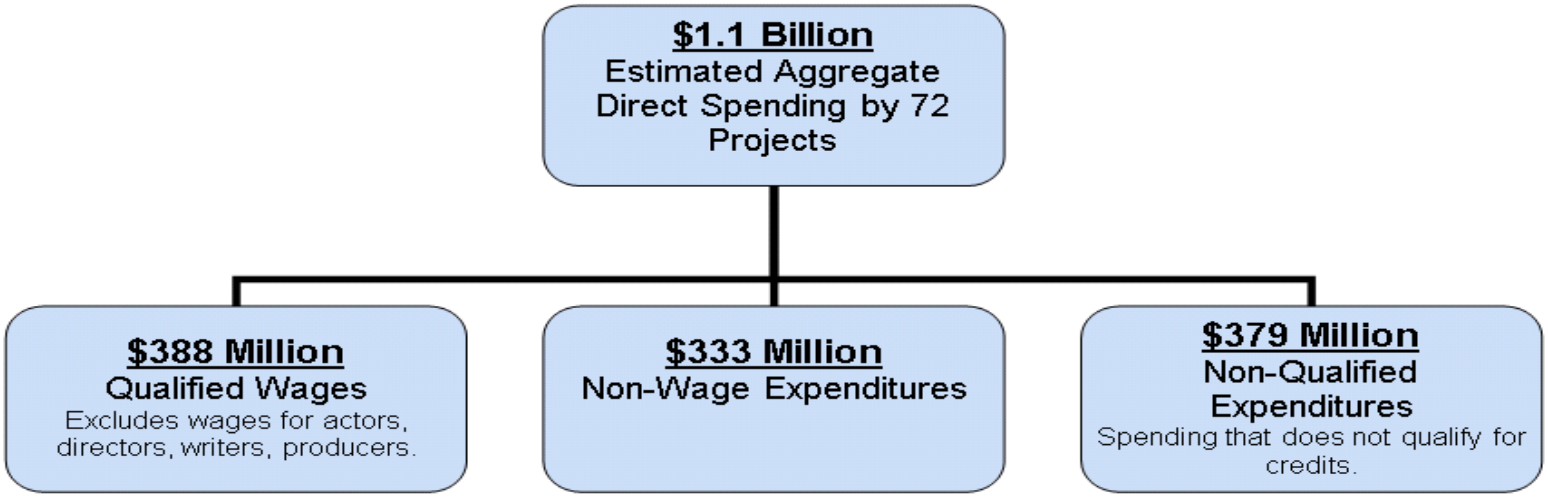
Independent VS. Non-independent Breakdown

	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

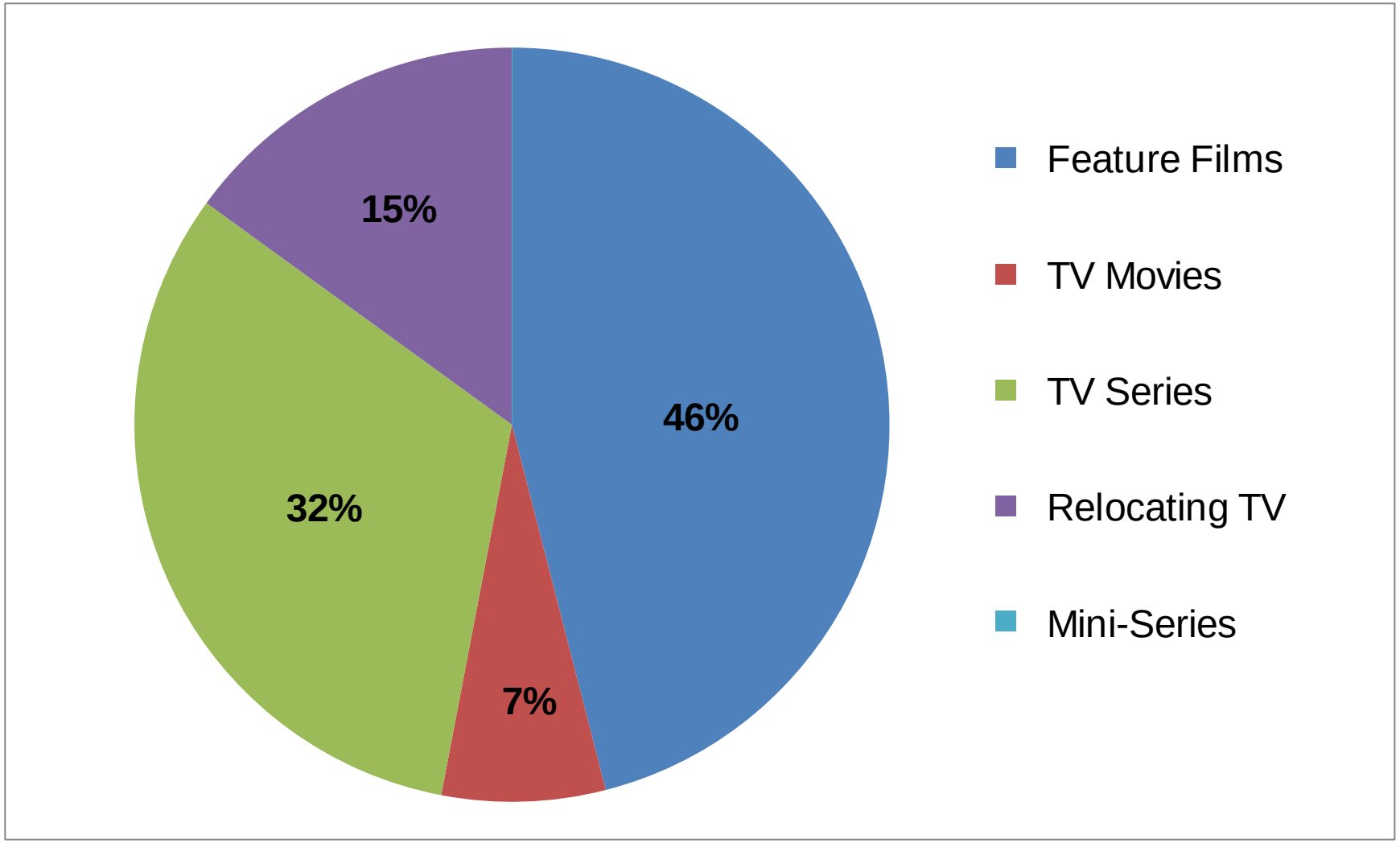
Breakdown by Project Type

	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 %

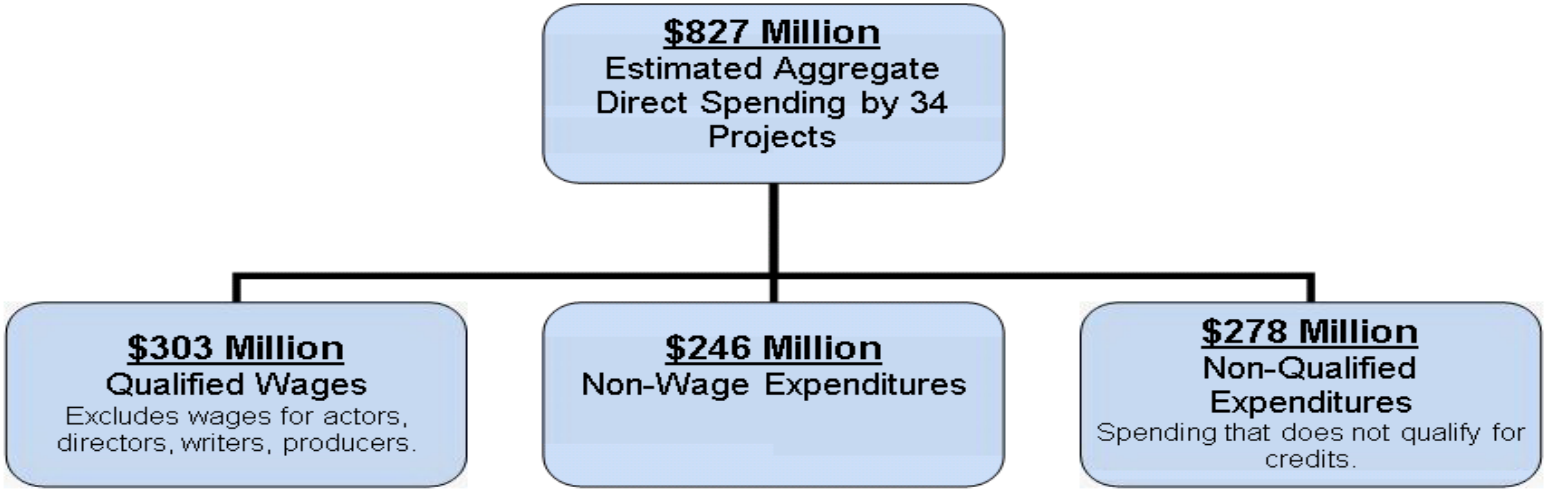
Independent VS. Non-independent Breakdown

	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

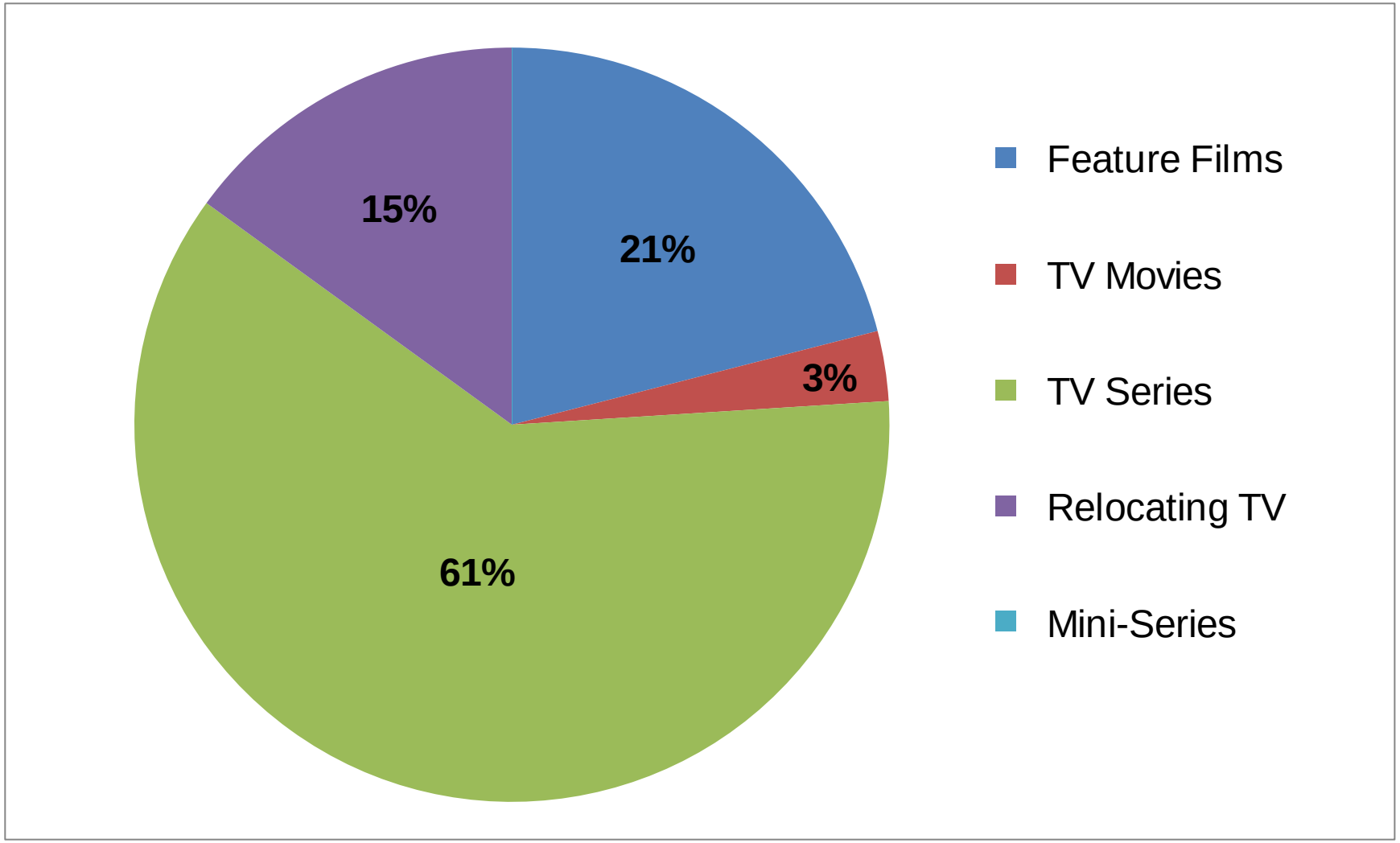
Breakdown by Project Type

	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

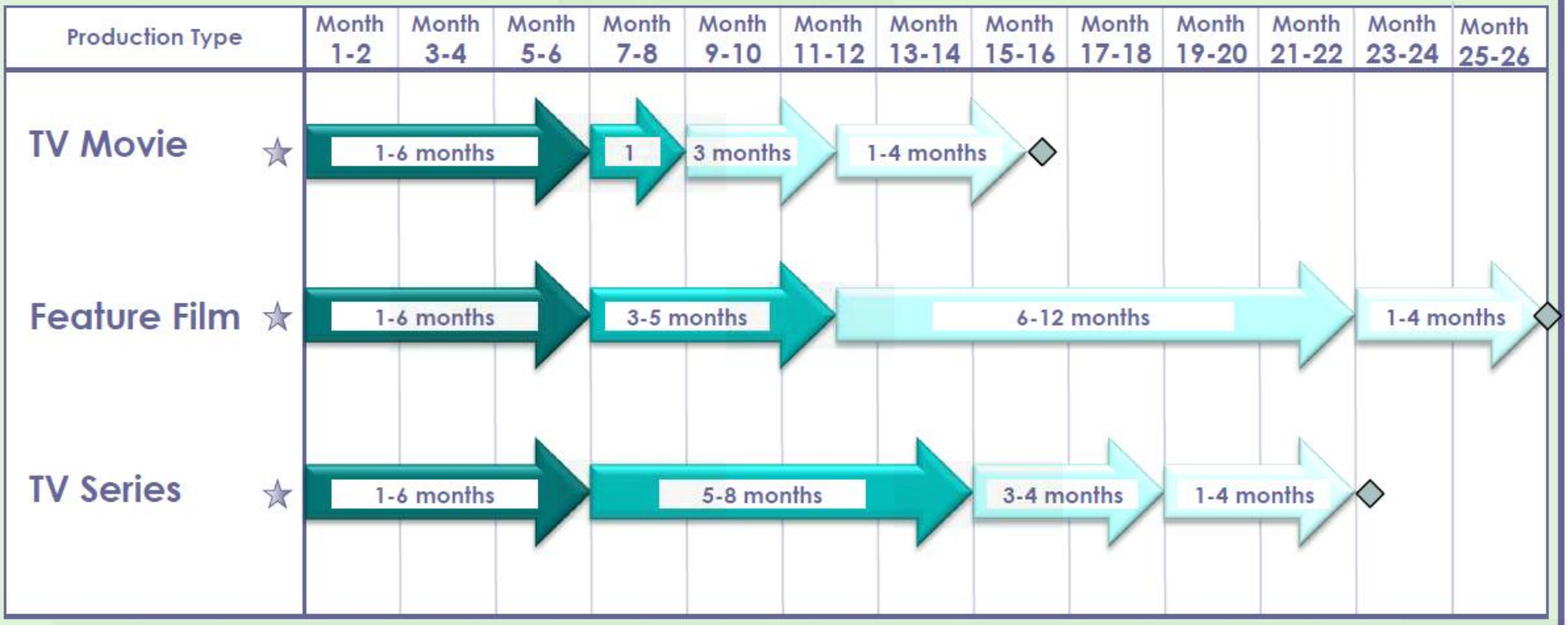
Credits claimed against sales & use taxes

$27,541,500

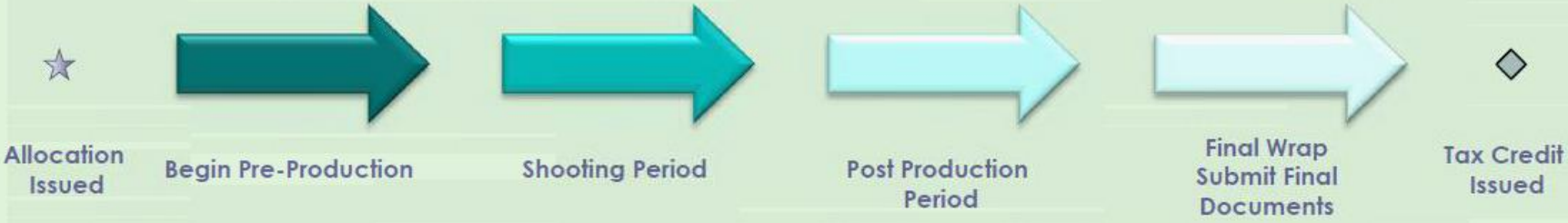
Credits claimed against income tax liability

$34,330,800

California Film & TV Tax Incentive Program Timeline



LEGEND



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).

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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

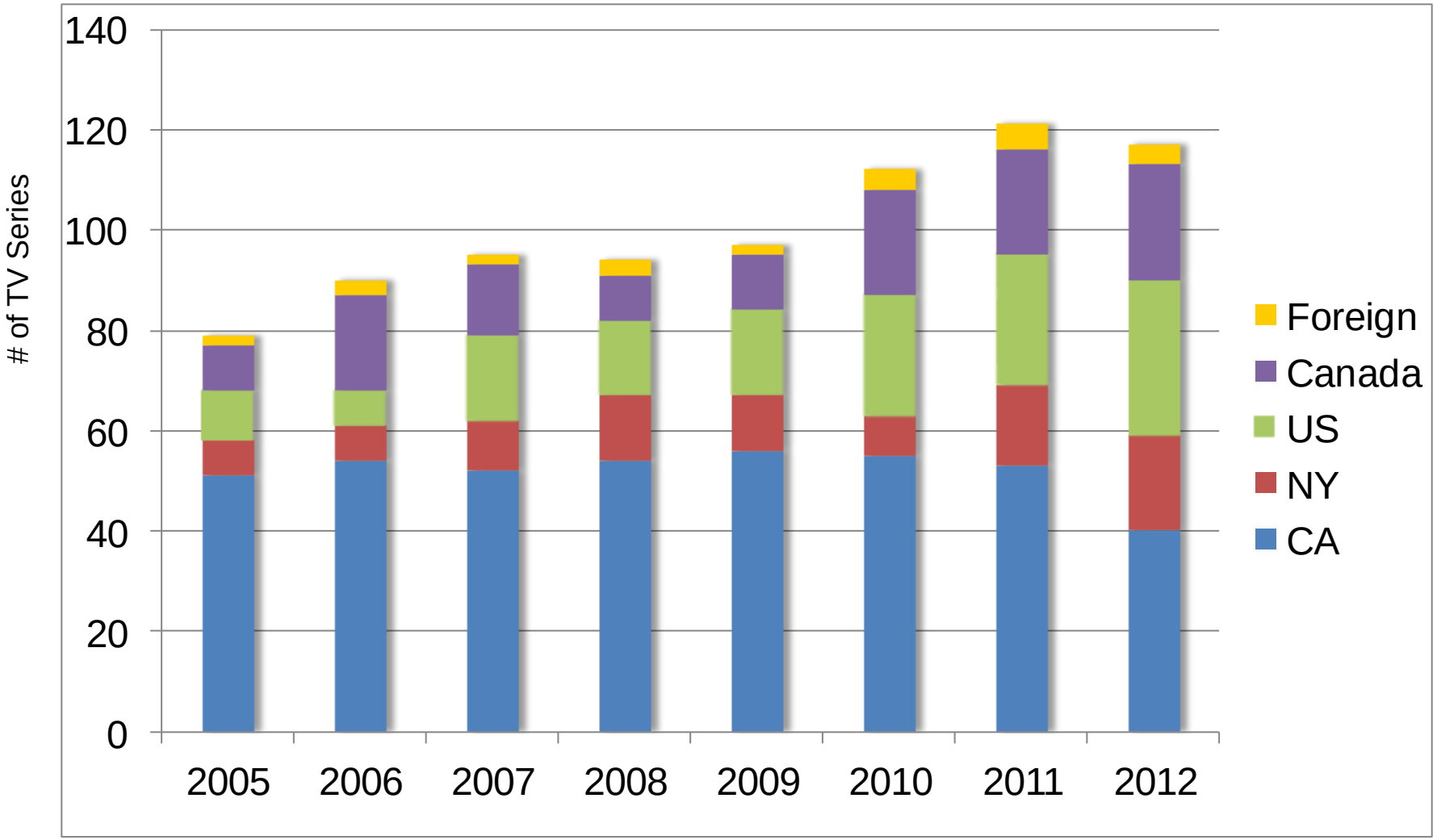

TABLE # 2: TV 1-Hour Series Production

TV 1-Hour Basic Cable Series

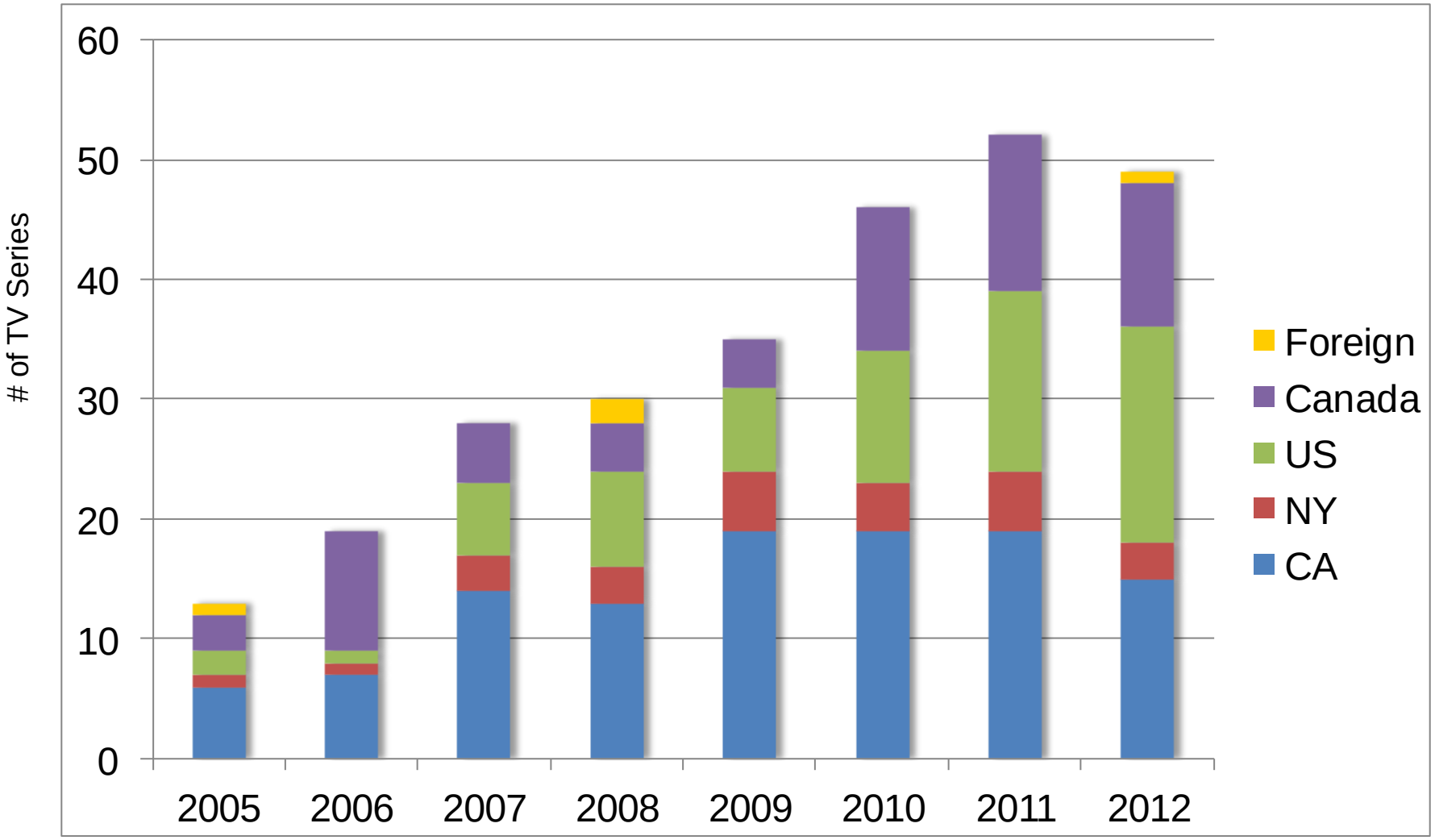

TABLE # 3: TV 1-Hour Basic Cable Series

TV 1-Hour Network Series

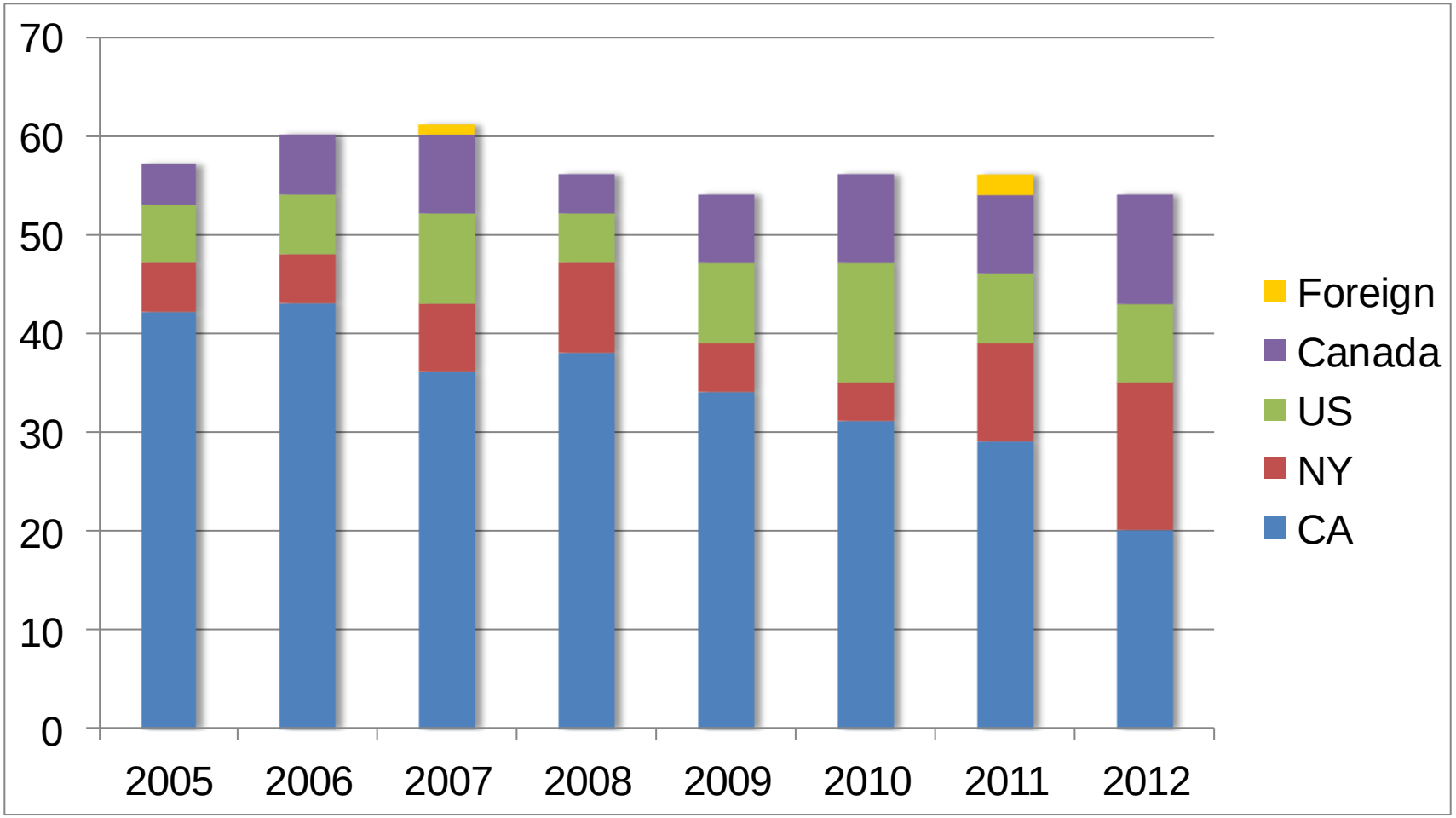

TABLE # 4: TV 1-Hour Network TV Series

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

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