



California's Film & TV Tax Credit Program Gains Big-Budget Sherlock Holmes Project and More Out-of-Zone Production

Latest Tax Credit Allocation Includes 10 Film Projects Estimated to Generate More than \$310 Million in Qualified Spending Across the State

Hollywood, Calif. – July 29, 2019 -- California's Film & TV Tax Credit Program 2.0 continues to attract big-budget projects and bring production activity statewide with the addition of "Sherlock Holmes 3" and nine other feature films announced today by the California Film Commission.

Together, the projects (five independent, five non-independent) will generate an estimated \$310 million in qualified spending (defined as below-the-line wages and payments to in-state vendors). Overall in-state spending will be significantly greater with the addition of above-the-line payments and other expenditures that do not qualify for tax credits under Program 2.0.

The Sherlock Holmes project alone will generate an estimated \$106.8 million in qualified expenditures – the second highest project spending to date for Program 2.0 behind the \$118 million in qualified expenditures for "Captain Marvel." It is just the latest in a growing list of big-budget project wins for California's expanded tax credit program (see "Program 2.0 Big-Budget Films" list below).

"California is once again competing for big-budget film projects because it's becoming clear that chasing the highest tax credit doesn't always provide the best value," said California Film Commission Executive Director Colleen Bell. "In addition to our tax credit program, we have so many resources that other locales simply can't match."

Based on data provided with each tax credit application, the 10 projects announced today will employ an estimated 1,561 crew, 469 cast and 31,550 background actors/stand-ins (the latter measured in "man days") over a combined 453 filming days in California. In addition, the projects will generate significant post-production jobs and revenue for VFX artists, sound editors, sound mixers, musicians and other workers/vendors.

A significant portion of the production activity and spending for the latest round of projects will occur outside the Los Angeles 30-Mile Studio Zone. Eight of the 10 projects will shoot out-of-zone, spending 89 filming days in regions across the state. Topping the list is "Purge 5," with 25 filming days planned in San Diego County. To date, a total of 36 film projects selected for Program 2.0 have accounted for 524 out-of-zone filming days (see "Program 2.0 Out-of-Zone Film Projects" list below).

"A key goal for Program 2.0 is to bring the economic benefits of film and TV production to regions across the state, and that's a goal we're achieving on a consistent basis," added Bell. "It's great to see so many tax credit projects bring jobs and spending to regions beyond the Los Angeles 30-Mile Studio Zone."

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Lenny Mendonca, the Governor's chief economic and business advisor and director of the Governor's Office of Business and Economic Development (GO-Biz), affirmed, "It is fantastic to see the economic impact our entertainment industry has on this state being shared across several regions of California. I hope other industries will also take notice of our diverse regions and the opportunities they hold."

A total of 58 film projects applied for tax credits during the June 17 – 21 application period. The complete list of conditionally approved projects is provided below (see "Program Year 5 – Allocation #2 Conditionally Approved Projects"). The list is subject to change, as applicants may withdraw from the program and their reservation of tax credits is reassigned to one or more other projects currently on the waiting list.

The next application period for feature film tax credits will be held October 7 – 11, 2019.

How Projects are Selected and Awarded Tax Credits under Program 2.0

Projects approved for California tax credits are selected based on their jobs ratio score, which ranks each project by wages to below-the-line workers, qualified spending for vendors, equipment, etc., and other criteria. The top 200% ranked projects in each round (i.e., those that would qualify if double the amount of funding was available for the current allocation round) are evaluated, and those with the highest-ranked jobs ratios receive tax credits. Those not selected are placed on the waiting list. The program allocates funding in "buckets" for different production categories, including non-independent films, independent films, TV projects and relocating TV series. This allocation system enables applicants to compete for credits directly against comparable projects. As has been the case since the state launched its first-generation tax credit program in 2009, the California Film Commission awards tax credits only after each selected project: 1) completes post-production, 2) verifies that in-state jobs were created, and 3) provides all required documentation, including audited cost reports.

About California's Film and Television Tax Credit Program 2.0

In 2014, the legislature passed a bill that more than tripled the size of California's film and television production incentive, from \$100 million to \$330 million annually. Aimed at retaining and attracting production jobs and economic activity across the state, the California Film and TV Tax Credit Program 2.0 also extends eligibility to include a range of project types (big-budget feature films, TV pilots and 1-hr. TV series for any distribution outlet) that were excluded from the state's first-generation tax credit program.

Other key changes include replacing the prior lottery system with a "jobs ratio" ranking system that selects projects based on wages paid to below-the-line workers, qualified spending (for vendors, equipment, etc.) and other criteria. Program 2.0 also offers an additional five percent tax credit for non-independent projects that shoot outside the Los Angeles 30-mile zone or have qualified expenditures for visual effects or music scoring/track recording. The five-year Program went into effect on July 1, 2015 and is currently in its fifth and final fiscal year (2019/20).

More information about California's Film and Television Tax Credit Program 2.0, including application procedures, eligibility and guidelines, is at <http://www.film.ca.gov/tax-credit/>.

About the California Film Commission

The California Film Commission enhances California's status as the leader in motion picture, television and commercial production. It supports productions of all sizes/budgets and focuses on activities that stimulate and preserve production jobs, spending and tax revenues in California. Services include administration of the state's Film & Television Tax Credit Program, permits for filming at state-owned properties, an extensive digital location library, location assistance and a range of other production-related resources and assistance. More information is available at <http://www.film.ca.gov>.

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California Film & TV Tax Credit Program 2.0

Program Year 5 - Allocation # 2 Conditionally Approved Projects

	Production Title	Company Name	Production Type - Feature
1	American Pie Presents: Girls Rule	1440 Productions LLC	Non-Independent
2	Cherry	Big C Productions, LLC	Independent
3	Janis	Atlas Entertainment, LLC	Independent
4	King Richard	Warner Bros. Pictures	Non-Independent
5	Little Shop of Horrors	Warner Bros. Pictures	Non-Independent
6	Macbeth	POST ITS LLC	Independent
7	Pandora	Pandora Movie LLC	Independent
8	Purge 5	Universal City Studios LLC	Non-Independent
9	Sherlock Holmes 3	Warner Bros. Pictures	Non-Independent
10	Untitled Atomic Monster Project	Giallo Films, LLC	Independent

California Film & Television Tax Credit Program 2.0

Program 2.0 Big Budget Films

	Production Title	Company Name
1	A Wrinkle in Time	The Walt Disney Studios
2	Ad Astra	Lima Project Films
3	Birds of Prey	WB Studio Enterprises Inc.
4	Bright	FogTeeth Productions, LLC
5	Bumblebee	Paramount Pictures
6	Call of the Wild	Twentieth Century Fox Film Corporation
7	Captain Marvel	Warbird Productions, LLC
8	Ford v. Ferrari	Twentieth Century Fox Film Corporation
9	Island Plaza	Paramount Pictures
10	Once Upon a Time in Hollywood	PM Film Fund I, LLC
11	Sherlock Holmes 3	Warner Bros.
12	Space Jam 2	Warner Bros.

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Out-of-Zone Film Projects

Production Title	Feature Type	Out of LA Area Filming	Total Filming Days	Out of LA Area Counties
A Wrinkle in Time	Non-Indie	5	73	Humboldt
A Star is Born	Non-Indie	5	40	Riverside
American Pie Presents: Girls Rule	Non-Indie	11	22	TBD
Beautiful Boy	Non-Indie	10	41	Marin, San Francisco, Sonoma,
Bird Box	Non-Indie	14	45	Del Norte, Santa Cruz
Bumblebee	Non-Indie	28	73	Inyo, Marin, Mono, San Francisco, Santa Cruz, Solano
Can I Be Honest	Indie	37	37	TBD
Captain Marvel	Non-Indie	9	80	Fresno, Kern
Cherry	Indie	8	47	San Bernardino
CHiPs	Non-Indie	18	46	Orange County
Destroyer	Indie	4	33	Ventura
Drunk Bus	Indie	12	21	TBD
Fairyland	Indie	27	27	San Francisco
Flying Horse	Non-Indie	50	50	Sacramento
Ford v. Ferrari	Non-Indie	22	67	Kern, San Bernardino, Orange, Ventura, Los Angeles
Island Plaza	Non-Indie	21	73	Kings, Mammoth, San Diego
Janis	Indie	6	36	San Francisco
King Richard	Non-Indie	10	50	TBD
Lexi	Non-Indie	30	30	Alameda, San Francisco
Magic Camp	Non-Indie	1	40	Orange
Palm Springs	Indie	9	25	Riverside
Pandora	Indie	2	48	TBD
Psycho Killer	Indie	12	37	Riverside
Purge 5	Non-Indie	25	45	San Diego
Revenge	Indie	28	30	Nevada County, Solano, Lake Tahoe
Rim of the World	Indie	6	40	Ventura, Mono
Sherlock Holmes 3	Non-Indie	17	75	TBD
Suburbicon	Indie	4	43	Orange
The Devil Has A Name	Indie	10	25	Kern
Torrance	Non-Indie	14	38	San Bernardino
Twin Peaks	Indie	14	111	Riverside
Unbroken - Path to Redemption	Non-Indie	2	20	Oxnard
Untitled Atomic Monster Project *	Indie	10	41	TBD
Untitled Wonderland Project	Indie	24	30	Ventura, San Bernardino, Riverside, Kern, San Diego, Orange
Us	Non-Indie	14	40	San Bernardino, Santa Cruz
Vice	Indie	5	56	Ventura

* Selected for the latest tax credit allocation.