CALIFORNIA
Film Commission

Program 4.0 Frequently Asked Questions

California Film and Television Tax Credit Program 4.0
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GENERAL

Q: Is it true the California Fim Commission still awards tax credits based on a lottery?

A: No. Tax Credits are rewarded to projects based on a figure calculated from the budget and the schedule, called the Jobs Ratio. This system is designed to favor productions that are most likely to increase jobs and economic activity in the state, compared to other productions.

Q: I may have missed this. Has the tax credit rate gone up?

A: Yes. It is now 40% for relocating TV and 35% for all other categories

Q: What is Refundability?

A: As of Program 4.0, regardless of your project's category, tax credits are refundable.

Q: If 50 projects apply and 10 are accepted, am I correct that these are the projects with the highest Jobs Ratio figures?

A: The projects are ranked by Jobs Ratios within their categories; those with the highest Jobs Ratios will receive a tax credit reservation, as long as there is funding available.

Q: What if my budget is small? Won't I automatically lose out to bigger projects?

A: We have three categories of film projects: Non-Independent, Independent films with budgets over $10 million and independent films with budgets $10 million and under. Television projects, which can never be independent, are considered separately. Your project's jobs ratio will only be measured against the JRs of other projects in the same category. Please also refer to our Program 4.0 Guidelines.

Q: If we spend less money than our estimated credit amount, will we be penalized?

A: There is no penalty if your budget decreases.

Q: If our production costs exceed our budget, will we be eligible to receive a higher tax credit amount?

A: No. Productions are capped by the amount on the Credit Allocation Letter.

Q: Is preproduction spending qualified?

A: Only if it takes place after the Credit Allocation Letter (CAL) has been issued. Preproduction spending prior to the CAL date is permitted, but those expenditures **will not be qualified**. Please exclude any costs prior to CAL from your qualified spend budget when submitting it for evaluation.

Q: Are there any exceptions to this rule?

A: Office/stage rentals, completion bonds, and insurance premiums, may be pro-rated.

Q: How are insurance premiums prorated?

A: Insurance premiums are usually prorated 10% for pre-production, 70% for production and 20% for post-production. However, applicants may request a statement from their insurance brokers which would state the amount of premium proration.

Q: Are there incentives given for a production that is ONLY doing post-production in California?

A: No. However, almost all post-production expenses are eligible for incentives for any project that has qualified for a tax incentive.

Q: Do we need to complete our orientation before commencing principal photography?

A: Yes.

ELIGIBLE PROJECTS

Q: What, exactly, is a Qualified Motion Picture?

A: See APPENDIX A at the end of this document. For more complete information please refer to AB-1138. For a more condensed version refer to our Program 4.0 Guidelines.

Q: Do you give tax credits to commercials?

A: No, we do not currently offer incentives for commercial productions.

Q: Can indie feature films with budgets under a million dollars apply for a California tax incentive?

A: No, we do not currently offer incentives for productions whose total production budget is under $1 million.

Q: Can you explain what constitutes the $1 million minimum spend with regards to the Total Production Budget?

A: This refers to **both Qualified and Non-Qualified expenditures in California.** So above-the-line (ATL) talent, although a non-qualified expenditure, would count toward your Total Production Budget as long as services are provided in California. Overhead costs do not count towards the $1 million minimum spend requirement

Q: I understand the categories for qualified motion picture projects have been updated.

A: As of January 2026, applicants may apply for tax credit allocations in the following categories:

- Non-independent feature film, live action or animated (at least 75 minutes long).
- Independent film with a qualified expenditure budget over $10 million, live action or animated (at least 75 minutes).
- Independent film with a qualified expenditure budget of $10 million or less, live action or animated (at least 75 minutes).
- Pilot, scripted or animated (at least 20 minutes long, excluding commercials).
- New television series, scripted or animated (at least 20 minutes, excluding commercials).
- Recurring television series, scripted or animated.
- Large-scale competition show.
- Miniseries/limited series, scripted or animated.
- Reboot television series, scripted or animated.
- Second season television series, live action or animated.
- Relocating television series, scripted or animated.

Q: How do you define an "Animated Project"?

A: Animated Project is a qualified motion picture in which movement and characters' performances are created using a frame-by-frame technique; animated projects may be 2D, 3D, or stop-motion, and may include utilization of motion capture. See "Animated Projects" section below for more details.

Q: Can you give clarity on what you consider a Large-Scale competition show?

A: Large-scale competition show means a television project consisting of a minimum budget of $1 million per episode, which must have the following elements:

- Contestants who compete, and which competition ultimately result s in a person or group of people winning, or one or more persons being awarded a financial or other benefit or consideration.
- A winner of the competition is chosen by a live or broadcast audience, a panel of judges, a single judge, other contestants, through a head-to-head competition, or is the contestant who has achieved the highest score or most points or other metric or is the last remaining contestant who has not been otherwise eliminated.
- Large-scale competition shows do not include traditional reality shows, game shows, talk shows, or docufollow television programs.

Q: For the purposes of tax credit allocations, how do you define a "game show"?

A: Game show means a show that is closed-ended, which means the competition aspect is self-contained within an episode and does not carry over between episodes, with the winner being chosen at the end of each episode.

Q: Is there a new QEC for Competition shows?

A: Yes. You can find it here.

Q: What is a "Reboot Series"?

A: Reboot television series refers to a television series that has not previously received a credit allocation under the Film and Television Tax Credit Program or the Soundstage Filming Tax Credit Program and that has completed principal photography of its previous season **more than 48 months prior to applying for a credit allocation** under either program.

Q: Tell me about the new "Second Season television series" category.

A: "Second season television series" is a television series that did not commence principal photography before July 1, 2025.

- For fiscal year 2025-2026, a television series with a minimum running time of 40 minutes, that has applied for, but did not receive, an allocation for the first season is eligible to apply for season two.
- A television series with a minimum running time of 20 minutes that was previously ineligible to apply for the Tax Credit Program and that completed principal photography in California for its first season is eligible to submit an application for allocation for its second season.
- Beginning fiscal year 2026-2027, a television series, with a minimum running time of 20 minutes, that has applied for, but did not receive, an allocation for the first season is eligible to apply for season two.

Q: Can a production begin principal photography outside of California before receiving a Credit Allocation Letter (CAL)?

A: Yes, however any principal photography filming in California before the CAL date will disqualify the project from the program.

Q: For each of the categories below, can you please let me know the per-project caps that will apply?

Non-Independent Films, Recurring TV, New TV Series, Limited Series, Pilots, Reboot Series, Second Season TV, Animated TV, Large scale competition shows

One hundred twenty million dollars ($120,000,000) of your qualified expenditures, that will effectively cap your tax credit at $42 million.

Independent Films
Twenty million dollars ($20,000,000) of your qualified expenditures. That will effectively cap your tax credit at $3.5 million or $7 million if you are an Indie over $10 million.

Relocating TV Series
Twenty million dollars ($120,000,000) of your qualified expenditures. That will effectively cap your tax credit at $48 million.

Q: Is there any allowance for productions with segment lengths less than 20 minutes? Can episodes be grouped? For example, we are planning 51 8-minute segments for distribution on streaming. Can we combine segments into 'episodes' during production for the sake of achieving the runtime and budget targets, even if the individual segments will be distributed separately?

A: The short answer to your question is "yes." You must cluster segments into an episode that totals a minimum length of 20 minutes and a minimum budget of $1 million. In your example, that would mean you must group three 8-minute segments together to form an episode.

Q: Are there other requirements, new to Program 4.0?

A: Yes, particularly around DEIA and Safety. See below.

APPLYING FOR TAX CREDIT

Q: How do I apply for a tax credit?

A: A good start to learning the application process is to explore the tax credit webpage. Check out these links: The Basics, Budget Tagging and Tracking Tips, Tagging Your Budget. In addition, we give classes in how to apply to the tax credit program for first timers. Write to incentiveprogram4@film.ca.gov for more information.

Q: When is the next allocation window for television? For Independent and Non-independent productions?

A: You can find our calendar here. The most efficient way to stay informed is to sign up to receive our Production Alerts.

Q: What documentation do I need to provide?

A: For Non-indies this is the checklist. For Indies (both under and over $10 million) this is the checklist.

Q: Where can I find out what the different Phases represent?

A: Please refer to the 4.0 Guidelines.

Q: What is the Detailed Narrative Statement?

A: It is a written statement which describes the extent to which the credit is expected to influence the choice of filming locations with respect to financial considerations. It should include other locales which have or would be considered in the absence of a California tax credit, and/or an indication that the project might not be filmed at all, absent the tax credit.

Q: Could our Detailed Narrative Statement be a deciding factor as to whether our production will be granted approval for tax credits?

A: No. The only deciding factor is the Jobs Ratio, as compared to the Jobs Ratio of other projects in your category.

Q: When does it need to be submitted?

A: You will need to submit it – along with the other documentation (see appropriate checklist) during Phase II of the application process

Q: What kind of proof of financing do you require?

A: The production company must show a viable plan to finance the production with evidence that it has at least 60% of the financing **of the production budget** in place. The application requires a detailed listing of your funding sources and verification of this funding must be submitted upon request.

Acceptable forms of documentation include financing agreements with signed letter(s) on letterhead from your investor(s), stating the amount of funds secured from the investor along with a bank or brokerage statement which verifies the funds are on hand. If you have concerns regarding confidentiality, please call the CFC to discuss.

Q: Regarding the 75% spend test: What if I am shooting a portion of the film in another state or outside the country?

A: The 75% spend test is based on total production spend – not just qualified expenditures. We recommend breaking out the out-of-state rentals/purchases onto separate budget lines and tagging them separately, for ease of calculation. (See "Tagging" section for related question.)

Q: I know when the last list of new CA Film/TV Tax Incentives was published, they included the counties that each production would shoot in. Would it be possible to get that information?

A: Here you go.

PRODUCTION COMPANY FORMATION

Q: Two different companies are financing my film and both members are partners in the production company. Both of them have a tax liability in the state. Do I need to provide the tax ID for both?

A: We accept only one taxpayer ID on the application, which should be the tax ID of the company that is formed to produce the project. One thing to be aware of, however, is the disproportionate allocation rules governed by the IRS. California conforms to IRS code section 704(b). Applicants should consult their tax advisors with respect to allocating credits to investing entities.

Q: I am an independent producer. All of the financing for the movie I am producing is coming from a studio subsidiary, but they are not involved in the production beyond the financing. Does our project qualify in the independent category?

A: As long as the applicant company (for example, your LLC or "special purpose vehicle") is not publicly traded or owned more than 30% by a publicly traded company, the project will be considered Independent. To qualify as an Independent, the studio may not be directly or indirectly involved in the actual production.

Q: When applying for the tax credit as an independent producer, do I need to have established the production-specific entity in order to apply? Or can I apply under my company for now, and update my application with the production-specific LLC when it has been created?

A: Yes, applicants may apply under a parent company or other entity or individual that is principally engaged in the production of the qualified motion picture and that controls the film or television program during pre-production, production, and post-production. If a special purpose vehicle entity or LLC is created for the project, the applicant may submit a request to the CFC to reissue the Credit Allocation letter to the specific LLC, prior to the start of principal photography.

Q: Must the applicant be a California corporation?

A There is no requirement for an applicant entity to be listed in the California business portal, or to be incorporated in California, or even to be incorporated, but it must be registered to do business in California.

Q: Does this mean I can apply as a sole proprietor?

A: Yes, the tax credit can be issued to a sole proprietor, using his/her social security number. It's unusual not to create a company with its own taxpayer ID when making a film, but there is nothing in the statute that prevents us from issuing a tax certificate using someone's SS#.

Q: What if my production entity is not registered to do business in California?

A: We can initially issue a CAL using your US-based or foreign entity (which we assume is not registered to do business in CA). However, either that entity or whatever new special purpose vehicle you create to produce this movie **must register with the state immediately upon issuance of the CAL.** Once you have an entity registered with the state, we can reissue the CAL.

Q: What is the timeline for complying with this process?

A: We need a taxpayer ID **no later than the CAL date**, and your state-registered

Q: I am planning to apply with Indie project and have 60% of my budget in place. If Netflix takes over the financing of the movie, can I change my category to non-independent feature?
A: NO: **once you apply with a project you cannot change categories**.

Q: What if Netflix, in this example, took over the project with the intention of receiving the tax credit?
A: The project would have to withdraw from the program but would be eligible to reapply in the non-independent category in the following window, providing no photography took place in California prior to reapplying.

BUDGET TAGGING - General

Q: The Application form says to submit a budget of "qualifying expenditures." What's that?
A: The "Qualified Expenditure Budget" ("QEB") is a budget **in industry-standard format** which includes only those line items which the state of California considers qualified wages and expenditures.

Q: Where can I locate that information?
A: The Qualified Expenditure Chart ("QEC") is a guide to what is qualified in the tax credit program, and which tags to apply to the most common expenditures in your budget. **Please read it and use it as you prepare your budget**. It will answer many questions. There are now three separate QECs:

- Film & Television
- Animation
- Large scale competitions

Q: Are there other resources to be aware of?

A: YES:

- The CFC Guidelines are essential.
- Refer to the Budget Tagging and Tracking Tips 4.0 for a full explanation as to how to create a qualified budget.

Q: Do I have to use the same Chart of Accounts (template) as the CFC qualified expenditure charts?

A: No, but please refer to the QEC to be clear which expenditures are qualified.

Q: Do pension and health payments and California state income tax withholding count as qualified wages in the Jobs Ratio calculations?

A: FICA, FUI, Medicare FUTA and California solvency tax **do not qualify**. (Please be sure to zero out those fringes when you submit your Qualified Expenditure Budget!) Pension and health payments DO qualify.

Q: When calculating the Jobs Ratio, can items like fringes, meal penalties, cell phone allowances and per diems be included as qualified wages?

A: The Qualified Expenditure Charts are a reliable guide to what is considered wage and non-wage. Of the items you listed, all are considered a qualified wage. This applies to *qualified labor only*. Please note that Housing and Living Allowance should be split out: Housing allowance and Living allowance are QE. Per Diem (up to guild or state per diem rates) is QW.

Q: The California Healthy Workplace Family Act requires employers to provide paid sick leave to employees. Will wages for those days be considered qualified?

A: Yes. The sick days taken must be indicated on the timecard as well as listed on the daily production report to qualify. Please bear in mind that this requirement only goes into effect after the employee has worked at least 90 days on the production.

Q: Let's say…a production is going to rent an aircraft, which will not be operational. The company they're renting from has the master rights to lease the plane, but the plane itself is owned by someone else. The owner isn't a CA resident/business, but the leasing company is registered and active in CA. How should the rental be tagged?

A: If the production chose a plane off the internet that lived in Albuquerque and they flew it to LA for filming, that would be XX. But if the plane lives in a hangar in Santa Monica and is rented out by a company at the Santa Monica airport that delivers an invoice to the production, that's QE, no matter where the owner lives.

Q: We have a project that is filming in both California and Texas (receiving the CA tax credit). When the production moves to Texas to shoot, the lab (here in Burbank) will be doing the film processing for those shooting days. Can we qualify those expenses for the CA incentive?

A: The proper way to think of it is the same as insurance or equipment rental. It should be prorated. If the film is shooting 75% in CA and 25% in TX, the lab should be prorated the same.

Q: What are the most frequent errors from applications you've reviewed?

A: Receiving application materials in which

1. In the QEB, Federal fringes (FICA, MEDICARE, FUTA) ARE NOT set to 0%
2. Producers, Writers, Directors, Cast are (mistakenly) tagged as though qualified
3. Scripts are not numbered
4. Oneline schedules do not
    a. match script's scene numbers
    b. match application's dates/number of shoot days
    c. correctly reflect planned holidays, travel days, hiatus dates.
5. Costs incurred prior to anticipated CAL date are (mistakenly) qualified.
6. Tags are misused, particularly
    a. "ZW" vs "ZC" vs "ZE" (Tip – "ZE" is almost never used)
    b. Indies mistakenly tagging with "Z" s
    c. "LW" (see p 25 for a deeper dive)

7. Equipment, office, box rentals and car allowance spans do not match the respective crew spans
8. Remember:
    a. Box rentals are QW: the ONLY fringes we allow are PR+WC
    b. Car allowances are QW; the ONLY fringes we allow are PR+WC

BUDGET TAGGING – Above the Line

Q: Our Line Producer is also the UPM. How are the wages treated with respect to qualified and nonqualified wages?

A: Producer or Director hyphenates (ATL/BTL functions) are allowed a maximum of $100,000 exclusive of fringes, box rental, etc.; the rest of the salary/fee is NQ. The BTL salary and rentals must be commensurate with those of other department heads at the project's budget level. The BTL function must be credited on-screen for the BTL salary to qualify. This is true for any such combination: DP/Director, Editor/Co-producer, 1st AD/Associate Producer.

Q: Does Per Diem for cast (or other non-qualified personnel) qualify?

A: No.

Q: Would a box rental or car allowance for a producer be qualified?

A: Only if they are a qualified hyphenate (see above); in which case the rate equal to that of other department heads will be qualified.

Q: Are dancers considered qualified labor?

A: If they are paid under a SAG/AFTRA talent contract, they are considered performers and do not qualify. If they are paid under a background performer contract, the payments are qualified.

Q: Would utility stunts that don't appear on screen be qualified?

A: YES, but they must be notated as "not photographed" on the production report and Exhibit G.

Q: One cast member has a clause in her contract requiring that the production pay for (for lack of a better word) her entourage. The contract language is below:

> *Company will provide reasonable and customary "crew" travel and expenses for Artist's designated Security Guard, hair stylist, makeup artist, and wardrobe personnel.*

Do these payments qualify?

A: If the entourage member is paid directly by the production for work performed during the qualified period, the wages qualify. If they are paid through the artist's loan out it will be considered part of the artist's compensation and is therefore NQ.

Q: Can I just put in an allowance for cast perks, or do they have to be itemized?

A: If perks are itemized, wages are QW and non-wages are QE. If perks are a non-itemized allowance, they are tagged "QE" and capped at $50,000 per cast member.

BUDGET TAGGING – Below the Line

Q: Do fees for Below-the-Line crew, paid to an agency in California, qualify for the incentive? If so - would they be qualified wages or qualified expenses?

A: Agent fees for BTL crew would be a qualified expenditure (QE). They must not be included as a fringe, or they will be zeroed out. They must be on a separate line and tagged QE.

Q: Do purchases from food delivery services such as Postmates, Caviar, and Uber Eats qualify as QE? How about tips?

A: Yes, and yes, provided receipts are turned In and legible.

Q: Alcohol is clearly denoted as NQ in the food/craft purchases sections of the QEC, but can alcohol purchases qualify if they are utilized for cleaning/utility purposes rather than for human consumption?

A: As it is impossible for the CPA to verify that the alcohol was used exclusively for that purpose, I'm afraid it must remain NQ.

Q: Are internet purchases permitted?

A: Yes, with qualified back-up receipts verifying the item was purchased in California from an in-state California vendor and shipped from a California location. However, purchases made from a pass-through such as Amazon **do not** qualify.

Q: If a vendor has a presence in California, but their billing comes from another state (like Staples), will they qualify for California tax credits?

A: The definition of an in-state vendor is "*… a vendor or supplier which has an office or other place of business in California and is registered or qualified with the California secretary of state or is required to file a return with the California Franchise Tax Board under Parts 10 or 11 of the Revenue and Taxation Code.*" Check here to see if a company is registered with the Secretary of State.

Here are the guidelines:

- Goods purchased or rented from an out-of-California business that is registered to do business in California qualify, as long as those goods are rented or purchased **in California**.
- Internet purchases from online vendors such as Best Buy or Staples which have physical stores in California qualify **as long as the goods are purchased in California** (shipping label verification).
- Goods purchased online that are shipped from a California fulfillment center (e.g., Amazon) **would not qualify**, as a fulfillment center is considered a "pass through business".

Q: Location rentals where the payment is made to an individual: Do these individuals need to be registered as a vendor in CA in order for the expense to qualify?

A: Individuals renting CA property do not need to be registered as a vendor. The site rental fee is QE, even if paid to an individual.

Q: If we are using a church for a location, does the fee qualify?

A: If a location fee is paid, and there is a location agreement, and the production is actually utilizing the location in CA, it would qualify. There is no restriction on paying non-profits. However, if the money is paid strictly as a donation, then it would not qualify.

Q: Are charitable donations qualified?
A: No, as there is no tangible personal property rented or purchased in the state.

Q: I understand that a contingency amount of up to 10% of all qualified expenditures can be added to the budget when figuring out the tax credit amount. Does the contingency get tagged as an expenditure or can some of it be tagged as wages?
A: Neither. Contingencies (as well as completion bonds) need to be set up as **contractual charges** on the top sheet of the qualified expenditure budget. They are not line items. They should also be reflected in the application.

Q: If a production donates an asset at the end, do they still get the tax credit?
A: If an asset is donated so that it constitutes a charitable contribution, it will not qualify for a tax credit.

Q: Several expensive cars were donated to "Just Donate," and were reduced to 50% for about $17,000 each. Since they are donated and getting a tax deduction, do they still qualify for a tax credit?
A: Tax-deductible donated items do not qualify for a tax credit as it would represent a double credit.

Q: Do stage holding fees qualify for the incentive? If so, is there a cap on the qualifying amount?
A: Stage hold fees qualify within the qualified period, so as long as the fees are incurred as of the date of the CAL (or prorated as of the date of the CAL) and no more than 30 days after creation of the final element

Q: If the stage holding fees were incurred more than 30 days after the final element, would they be a qualified expense for the following television season, assuming we receive our CAL?
A: If the CAL for your next season is dated after the 30-day final element deadline for the previous season, there will likely be a gap in terms of "hold" fees that are not covered by either CAL. However, if there is overlap, then the following season's CAL could pick up the hold fees

within its qualifying period.

Q: On live shows, do technical directors qualify?
A: Yes, they act under the direction of the director, like assistant directors. The QEC for competition shows addresses these types of jobs.

Q: If a parent company purchases personal protective equipment (PPE), and then is reimbursed by production, would these costs qualify for the incentive?
A: This transaction would be seen as a reimbursement. In order for it to qualify, you would need to provide documentation to the CPA performing the audit that the materials were purchased from a CA vendor, or a vendor registered to do business in CA.

Q: How should we handle reimbursements for ATL people for items purchased in CA, with backup for the reimbursement?
A: The production should directly pay for any production-related items for non-qualified individuals. Reimbursements to non-qualified ATL personnel do not qualify.

Q: Quick question for you on VFX vendor payments. The guidelines state - *"Under Program 3.0, VFX vendor costs must be tagged 70% labor and 30% non-labor."* Does this mean that any VFX vendor payment should be tagged in our accounting software 70% labor/30% non-labor, even if the labor is broken out on the invoice and the split is different (i.e., 50% labor/50% non-labor)? Or is this the max labor you can claim, meaning if it is broken out 80% labor/20% non-labor, you tag 70% labor (or if it's 50% labor/50% non-labor, you tag 50% labor)? Just want to make sure we get this correct since it says "must".
A: VFX vendor costs **must** be split 70% QW/ 30% QE
This is not a guide; it is a statutory requirement. It cannot be split 80/20, nor can it be split 50/50.

Q: OK, so just to double check what you're saying - even if the VFX company breaks it out on their invoice 30% labor/70% non-labor, we are to tag 70% labor/30% non-labor?
A: Yes, that's correct!

Q: Our picture is shooting in Los Angeles and also out of the LA zone at "Location X". Los Angeles based VFX crew travels from LA to Location X for two weeks. For the qualified positions, would the labor be tagged "QW/ZW/VU"?

A: Yes, that is correct. QW/ZW/VU for the VFX crew during the Location X shoot, If the project is a non-indie. Indies do not get Z's. And Indies $10 million and under do not get VU.

Q: Does "Los Angeles-based crew members" mean Los Angeles area residents? I'm asking because I have a non-resident UPM & POC; when the Location X shoot happens can we tag their labor with "ZW"?

A: Your UPM and POC will get ZW when shooting in Location X, if it's a non-indie.

Q: Must crew members be California residents?

A: No. There is no residency requirement.

Q: Do employees ever have to submit proof of residency?

A: Only under one set of circumstances: Qualified labor that is **hired** outside the LA Zone **to work** outside the LA Zone must produce documentation to prove their OZ residency in order for a project to get the LW Uplift (add'l 5% or 10%). But they still get QW whether or not they prove OZ residency.

Q: How do we tag Box Rentals from qualified employees from out-of-state?

A: We should consider them to be XX. If, say, your Camera Assistant comes from New York, it is likely that they will have purchased the equipment that constitutes their box outside of California.

Q: How do we handle allowances, paid through payroll or directly, for home internet and home office expenses? Does it matter how it is paid? What if the individual is being paid as a loan out?

A: These are all QE as long as they are related to the production and individual receives qualified wages.

Q: How should we handle prepaid gas receipts?
A: We must have actual gas receipts provided from the gas station for review.

Q: Do we need to do any tax withholdings on loan-outs?
A: That is not what the California Film Commission does. We do not audit for that. You should check with your legal department and with the California Franchise Tax Board what your tax obligations are.

Q: Our actors will be rehearsing for several weeks prior to photography - can we allocate a portion of their salary as QW?
A: No. Actors are not qualified.

Q: We will also be rehearsing dancers and singers – will their rehearsal wages qualify?
A: Yes, but only if your dancers and singers are paid on extra vouchers as opposed to SAG/AFTRA contracts.

Q: How should we handle the crew that stay on payroll until the production finishes shooting out of state: the production office staff? Accountants? Other department heads? We need them to wrap the show. Is their work qualified during the out of state shoot?
A: They still represent proper qualified costs, since they are working in CA; Yes!

LABOR

Q: Do productions have to be signatories to Unions, IA, Teamsters, SAG, DGA, WGA?
A: No, there are no Union or Guild requirements.

Q: Can an individual who is paid via AP/1099 qualify as QW, assuming they provide services in CA?
A: Individuals working in qualified positions who are paid via AP can be tagged QW.

Q: Are the payments to Extra Casting Agencies (a percentage of the moneys paid to the background players) properly included as fringes?
A: **No**. This must be shown as a line item and tagged QE.

Q: Are dancers considered qualified labor?
A: If they are paid under a background actor contract, the payments are qualified; if they are paid under a SAG/AFTRA talent contract, they are considered performers and do not qualify.

Q: When we were shooting in a water tank, we had our stunt riggers working in the water, helping to pull the on-camera stunt person through the water. They were never on-camera; however, they were paid stunt adjustments due to working in the water. Would I be able to count those stunt adjustments as qualified spend since they were provided to qualified labor?
A: Yes.

Q: One of the shows we are working on had to pay penalties related to late payroll for several SAG extras. Should this be tagged QW or NQ?
A: NQ. We liken it to union grievances, which are also NQ.

Q: If we outsource set construction to a company that breaks out labor versus materials, does the labor qualify as labor or expenditure?
A: In order for an expenditure to be considered qualified wage, the wage must be paid directly by the production company or its payroll company. Wages paid by a vendor are QE.

Q: If an item is manufactured outside of CA, but then shipped to the CA location and the production rents the item from the CA location, any issues qualifying?
A: There are NO issues - the item is qualified.

Q: I was wondering if the below categories are eligible for the 70%/30% or 80%/20% QW/QE split if not detailed.
A: Only the following categories allow for splits in non-detailed budgets (generally 70% QW/30% QE, except as noted):

- Construction
- Greens
- Custom Signage
- Set Striking (80% QW / 20% QE)
- 2nd or additional units (80% QW / 20% QE)
- Camera/Hair/Makeup Tests
- Music Scoring Costs
- VFX (MANDATORY for both budgeting and final audit)

The following are NOT eligible for percentage splits:

- Set Construction Shop Set-up
- Set Decoration Warehouse Shop Set-up
- Layout Board
- Wardrobe Shop Set-up

BUDGET TAGGING - Postproduction

Q: Do preview costs qualify?

A: No. Items such as preview travel, screening room rentals, projectionist, audience recruitment costs, focus group costs and any additional labor (outside of the normal picture and sound editorial crew) do not qualify.

Q: Are promo dubs eligible?

A: No. Publicity-related costs do not qualify.

Q: Are legal fees qualified?

A: Legal fees paid to a CA based attorney are qualified, with the exclusion of fees related to financing, distribution, litigation, or marketing.

Q: We have a project that may be scoring in California and currently have composer contracts that are "all-in" package deals. Meaning, we don't process hard costs on the show level but pay a package fee to the composer that covers the composer fee and scoring costs that they manage themselves. If we wanted to capture the music scoring costs for the CA tax incentive, what do we need to provide to show the split between the music composer fee & the rest of the package?

A: Package deals in which all payments go to the composer are considered NQ. If you want to qualify music expenditures, the production must pay for them directly and pay the composer a separate (NQ) fee.

Q: Our composer is also a band musician. Instead of orchestra work, we are doing a lot of recording of bands. Can we deduct the musician fee from his composer fee?

A: A composer who is performing as a musician - a BTL capacity - can be compensated for BTL work as long as his timecard/invoice is for his work **as a musician** and the compensation is at the same rate as other band musicians.

Q: If an AFM musician's rehearsal sessions are filmed and used for the film, would their wages be qualified? or only for their off-camera work?

A: If they are paid as Sideline Musicians, the wages are qualified.

Q: Production company "A" works with payroll company "XYZ" which pays their musicians and is reimbursed by "A" via accounts payable. Should these costs be considered QW, and would they be eligible for "MW"? Or should these costs be tagged as QE since they are paid through AP?

A: Musicians and any other positions outlined in our regulations that qualify for music labor bonus points which are paid through a music payroll service (like EP or Cast & Crew) can be tagged QW/MW.
By the way, if the 3rd party vendor is the Composer on an all-in deal, then the whole thing is NQ.

OUT-OF-ZONE

There is a comprehensive explanation of Out-of-Zone uplifts in the preface of the QEC.

Q: I understand that for non-independent productions (excluding Relocating tv projects) there is a 5% uplift for shooting out of the studio zone. How is the studio zone defined?

A: "*Los Angeles Zone means the area within a circle 30 miles in radius from Beverly Boulevard and La Cienega Boulevard, Los Angeles, CA and includes Agua Dulce, Castaic (including Lake Castaic), Leo Carrillo State Beach, Ontario International Airport, Piru, and Pomona (including the Los Angeles County Fairgrounds). The Metro Goldwyn Mayer, Inc. Conejo Ranch property is within the Los Angeles zone.*"
Please utilize this link to view the studio zone.

Q: So, to be clear, **any** location in Pomona, say, is considered inside the zone?
A: Yes.

Q: What about the "secondary studio zone"?
A: For purposes of the uplift, the tax credit program **only recognizes the studio zone** – not the secondary studio zone.

Q: So, are you saying that films eligible for a 35% tax credit could receive as much as 45% with the uplift?
A: No. It is not helpful to think of the uplifts as raising the tax credit percentage. Doing so will only hurt your budget estimations. Qualified expenditures receive a tax credit of 35% (or 40% for Relocating TV). Then, on top of that, certain expenditures may receive an extra 5% or 10% if they qualify. But that does not mean that the tax credit percentage goes up to 40% or 45%.

Q: Regarding tagging for out-of-zone expenditures, what is the difference between ZE and ZC?

A: Items purchased or rented outside the zone AND used or consumed **entirely** outside the zone should be tagged ZC. 100% of the cost of ZC items is eligible for the 5% uplift.

Items purchased or rented outside the zone and used or consumed **partially** outside the zone and partially inside the zone should be tagged ZE. These items will be subject to a proration based on the percentage ratio of OZ shooting days to the total number of shooting days in California.

No examples should be given, since there are many items that could be ZC if only used OZ or could be ZE if used both OZ and in LA.

Q: Why is AirBNB qualified while VRBO, which does exactly the same thing, is not?

A: AirBNB headquarters are located in California, while VRBO's are not. Please see the QEC for more complete information on other companies.

Q: Our crew is building a set outside of the zone that will be used inside the zone. Do the labor and set both qualify for the uplift? How about the meals we serve?

A: The labor working outside the zone is eligible for uplift and should be tagged QW/ZW.

- Since the set will not be used outside the zone, it is not eligible for uplift and should be tagged QE.
- If the meals are purchased and consumed outside the zone, they can be tagged QE/ZC.
- If the labor required to provide those meals takes place out of zone, it can also be tagged QW/ZW, but only if photography is OZ. If the main unit is filming in LA, there is no ZW even for crew that are working OZ.

(This is not totally correct. ZW is based on principal photography taking place OZ. If there is no OZ filming, then there is no ZW even if the construction shop is located OZ.)

- In the case of a Location Manager scouting and prepping an OZ location, the prep time may be considered ZW.

Q: Do 2nd/Stunt/VFX unit expenditures count for the 5% Out of Zone uplift?

A: Not if the main unit is filming inside the LA zone. Additional units only get the Out of Zone Uplift if the main unit is also filming OZ.

Q: Does the 5% uplift for filming outside the 30-Mile Zone apply to projects shot in San Francisco?

A: Yes. San Francisco is outside the Los Angeles zone. The Uplift applies to all qualified wages and qualified purchases/ rentals utilized in San Francisco related to the applicable period: prep, shoot and strike.

Q: Do permit fees for out-of-zone locations qualify for the uplift?

A: Permit fees for outside the zone locations paid to offices outside the zone do qualify for uplift. However, if the vendor is within the Los Angeles zone, they do not qualify for the uplift.

Q: We are using an in-zone vendor to coordinate an outside-the-zone shoot. Do wages and service fees paid for outside-the-zone work qualify for the uplift?

A: No. Since the vendor is within the Los Angeles zone all expenditures are considered inside the zone and are tagged QE.

Q: Do we need to shoot the full day out-of-zone to qualify for the uplift?

A: No. To qualify for the uplift **only the first scene of the day** must be filmed at the outside-the-zone location.

Q: Please clarify the rules as they relate to the Out-of-Zone Uplift on a 2nd unit.

A:

- If your main unit's first scene is OZ, the day qualifies for the ZW. If you are simultaneously running an Out-of-Zone 2nd Unit, those expenditures will also qualify for the ZW.
- If the main unit's day does not qualify as ZW, any simultaneous 2nd Unit OZ wages will not be eligible to be tagged ZW.
- If your OZ 2nd unit shoots after principal photography has been completed, it will not be eligible for ZW by virtue of its taking place after the Applicable Period.

Q: Does 2nd unit work count toward bonus points as out-of-zone days, or only 1st unit work?

A: Only 1st unit principal photography days count toward OZ bonus points.

Q: If we park the crew inside the zone and shuttle them out to the location every day, is that still considered outside-the-zone spend for those shooting days? I'm unsure because the website says that if a day is split between places in and outside the zone that you have to start outside the zone. In this instance, my first shooting location would be outside the zone, but their report to location would be inside the zone.

A: As long as the main unit's first scene of any day is filmed outside the zone, that day will qualify as an out-of-zone principal photography day.

Q: If we travel the crew to an out-of-zone location and shoot on the same day, would the day still count as an OZ Day (even though some of the day was travel)?

A: Travel salaries out of the zone count toward the uplift. You would need to shoot the first scene of the day the same day you travel to have that day count as an OZ principal photography day. Travel to an out-of-zone location without shooting still counts towards the uplift – just not as a principal photography OZ Day.

Q: If we purchase lumber out of zone, bring it into the zone to build the sets and then bring the sets out of the zone to shoot, can we qualify the lumber towards the uplift?

A: The lumber would qualify for the uplift; the labor to build the sets inside the zone would not.

Q: Does the out-of-zone uplift apply to sales taxes on items purchased and used out of the zone?

A: Yes, for any expenditures eligible for the out of zone uplift. Such items, along with the sales tax, should be tagged QE/ZC; all other out of zone purchases with sales taxes should be tagged QE/ZE.

Q: Do car allowances for out-of-zone labor qualify for the uplift?

A: Car allowances paid to qualified out-of-zone labor do qualify and should be tagged QW/ZW. If it is for a car that is rented from an out-of-zone vendor and used both in- and out-of-the-zone, it would be tagged QE/ZE.

Q: One of our productions is going to film in Northern California. Crew will fly into Sacramento, rent a car at the Sacramento airport, and then drive their rental cars all over Northern California (e.g., Sacramento, Eureka, etc.) Can you confirm that we can qualify these car rentals as QE/ZC?

A: If it is used only out of the zone, it would be tagged QE/ZC. If even a single day of principal photography takes place inside the LA zone, it must be tagged QE/ZE, as the auditor will not be able to trace where the car was driven and whether it was used inside the zone or not.

Q: Would location scouting labor that occurs OZ be considered ZW – even if no principal photography occurred on those days, or if principal photography was occurring in-zone?

A: As long as all of the scouting can be shown to be OZ, **yes**, it would be ZW. For scenes that are filmed OZ. If the production decides not to shoot OZ, then ZW would not apply, even if the LM spent time scouting OZ locations.

Q: Would a VFX Coordinator qualify for both VU and ZW if they accompanied the production to an OZ shoot and were paid for that day?

A: Yes.

Q: If we have a VFX Data Wrangler (LA hire) working during the shoot and the individual travels out of the zone (San Diego), are we allowed to tag both ZW and VU?

A: Yes, for both.

Q: Would build labor and expenses that occur OZ be considered "ZW/ZC" – even if no principal photography occurred on those days, or if principal photography was occurring in-zone? For example, what if a Construction Coordinator who lives in, say Ventura, has his entire shop and crew out of the zone and do all their work out of the zone for a show that is shooting in the zone.

A: The uplift is for work performed out of zone which pertains to filming outside the LA zone. Work performed out of the zone for filming inside the zone does not qualify for the uplift.

Q: If we hire a vendor in San Francisco to shoot miniatures, will these days qualify as principal shoot days and the costs eligible for the uplift?

A: Principal photography days involve the principal director and usually the lead actors, so a miniature shoot carried out by a vendor would not qualify as principal photography. If you contract with an out-of-zone vendor to perform services outside the zone, payments to that vendor will qualify for the uplift (ZC) if the main unit is shooting OZ.

Q: How should we handle box rentals while out of the zone?

A: It will be "QW/ZW" for LA-zone residents working on an out-of-zone day (e.g. – a Los Angeles resident, working in Ventura), and "QW/LW" for any out-of-zone residents working an out-of-zone day (e.g. – a San Francisco resident working in San Francisco).

Q: If a vendor is located outside the L.A. Zone, but not in the county where filming occurs, does the expenditure in the ledger require an out-of-zone county tag if the item IS NOT utilized in the out-of-zone county being filmed in? (For example, an item is purchased in Oakland County, but is utilized in Los Angeles County and not at the out-of-zone filming site)

A: The Local Community Expenditure Report reflects the amount of money spent in a given out-of-zone county for filming **in that county**.

- If an expenditure is made in an OZ county but is used for filming in the LA zone:
    - it does not qualify for any uplifts.
    - it does not qualify for any bonus points.

    - it does not need to be reflected on a Local Community Expenditure Report.
- If an expenditure is made in an OZ county and is used in a different OZ county,
    - it cannot be said to be an expenditure made in the county where filming takes place.
    - Therefore, it would not be tagged with either the county it was made in or the county it was used in.

Q: If a production films in Alameda County, but has local crew that renders services in L.A. County, should this labor be reported on the local community expenditure report?

A: If the project is filming OZ (in Alameda County, per the example) but the crew is working in LA (the accounting staff, some wardrobe people or prop people buying stuff, postproduction, VFX etc.), their wages are NOT reported in the Local Community Expenditure Report. They would not be eligible for any uplifts, no ZW and no LW.

Q: If a crew from LA goes to film OZ, do their wages get reported on the Local Community Expenditure Report?

A: The answer is **no**. Their wages are not expenditures made in the OZ county where filming takes place. The same is true of non-wage expenditures such as equipment rentals made in LA but used in an OZ county. However, the LA crew filming OZ should be tagged ZW. OTOH, the non-wage expenditures are NOT tagged ZE or ZC when rented or purchased in the LA zone.

TRAVEL

Q: If airfare is purchased from a CA vendor but it is for travel outside of CA, is it NQ or XX?

A: It would be considered XX. To qualify, both the **origin** and **destination** must be within California ("**intra**state".)

Q: Would the travel agent fee qualify as QE?

A: No, the travel agency fee only qualifies for travel within CA.

Q: Does a CA travel agency need to have a specific number of employees located in the CA office? (or at least one?)

A: There is nothing in the statute that sets the minimum number of employees of the travel agency. However, it must be registered to do business in CA and have whatever other qualifications are necessary to form a travel agency business. There may be standards or certifications for someone to act as a travel agent as well.

Q: Is it required that the travel booking be done within the CA office? (i.e., would the travel be disqualified if booked out of a NY office?)

A: The booking needs to be made in California through a California travel agency. This includes the billing and the ticketing.

Q: Does the travel agency need to charge any specific taxes for the travel and their fees to qualify?

A: If you are working with a travel agency registered to do business in CA, they will be aware of any taxes and fees that must be charged.

Q: Would a private jet from LA to San Francisco or Palm Springs qualify?

A: As long as the company is registered to do business in CA, yes it would. However, the CFC discourages the use of private jets and would hope if they are used, the company will purchase carbon offsets.

Q: Can travel invoices come from the travel agency or does it need to come from the airline/hotel/etc.? Do the film production and the travel agency need to enter any sort of agreement for the travel and fees to qualify?

A: The CPA performing the audit is tasked with verifying that expenditures are qualified, and that includes that they were made with a qualified CA vendor. **Please keep in mind that any transactions made with a vendor who does not meet program standards will not qualify.**

Q: I understand that airfare outside of California does not qualify. What about travel day salary payments to qualified crew?

A: Travel day payments to crew flying out of or into California are **not** considered qualified expenditures.

Q: For intrastate airfare, for example Burbank to Sacramento, do we need to purchase tickets through a California travel agent for it to qualify, or can we simply purchase tickets from the airline, Southwest for example?

A: Airfare, ancillary charges, and agency fees **do** qualify when purchased from a California travel agency for intrastate travel. If you purchase a flight from an airline's website, this cost will not qualify.

Q: What about airfare for companion tickets based on contractual obligations?

A: The following must BOTH be true for the cost to qualify:

- The person whose companion is being considered must be QW, and
- travel must be within the state of California.

Q: What if a cast member pays for such expenditures. Can they be reimbursed?

A: If a cast member is compensated for outlaying these expenditures, those costs will not qualify; any monies paid to a cast member are NQ.

Q: For intrastate flights, if the airfare or luggage fee was purchased via a show purchasing card or a personal credit card, would that travel-related cost qualify based on the fact that the cost was absolutely a California expense?

A: As long as the airfare was purchased from a CA travel agency/agent for travel within California, ancillary fees would also qualify. The use of a company or personal credit card will require the CPA performing the audit to request multiple statements to make sure that the airfares were not refunded at some future date (unless there are boarding passes to provide proof that the airfare was utilized), or they may look for credits in the ledger.

TELEVISION – Recurring TV, New TV Series, Pilots, Limited Series, Reboots, Second Season TV, Animated TV, Large-scale Competition Shows

Q: We are planning to shoot a tv season of four episodes. Will that qualify?

A: A <u>television season</u> is defined as *the initial exhibition of a set of interrelated new television episodes lasting no less than six (6) episodes and no more than thirty (30) episodes within a period of twelve (12) months.*

For fewer than six episodes, you will need to apply as a **limited series**.

Q: Do I have to have my pick-up in order to apply?

A: Pickup requirements:

- A pilot, new, relocating or limited series must submit a pick-up order during Phase II of the application
    - if more time is needed, permission must FIRST be obtained from the Deputy Director of the tax credit program. **In no case may it be submitted later than five calendar days prior to the CAL date.**
- Recurring TV projects may submit applications without a pick-up order but shall not receive a credit allocation until proof of a pick-up order has been submitted. They have 140 calendar days from the CAL date for the allocation period for which they applied to furnish their pick-up order. If they have not supplied it by that time the application will be removed from the queue.

- Animated projects, both television and feature must submit, in lieu of a pick-up order, a **greenlight notice**, defined as documentation confirming final approval from its funder and/or distribution source authorizing the project to proceed into production phase.

Q: We received our pickup letter last month, but we messed up and neglected to send it to you until today. Meanwhile, we've been prepping for several weeks already – can those expenditures be qualified?
A: No, expenditures made prior to the date of issuance on the CAL **do not qualify**. Once a pickup order is received, the CFC will issue a CAL on the following Monday.

Q: We have a series in the program. Are we guaranteed a tax credit for next season?
A: Once a series is accepted into the program, it will be awarded credits for the life of the series regardless of its Jobs Ratio, as long as funds are available.

Q: Does a recurring tv production have to reapply every subsequent season for consideration for continued tax credits?
A: Yes

Q: We have a series in the program, but it will be a year or more before we receive a pickup for a subsequent season. If we skip a year – or two – or more? – will we still be assured of our acceptance when we DO receive that pickup notice?
A: Part of the new Program 4.0 language addresses this:

- recurring television series application must be submitted **within 18 months from the completion of principal photography for the previous season** in order to receive a credit allocation guarantee.
- If an approved recurring television series under Program 3.0 does not submit an application within 18 months, the project will no longer receive a credit allocation guarantee and will be ranked with new television projects.

Q: Our pilot was accepted into the program. Are we guaranteed a tax credit if we are picked up for a full season?

A: No, you are not guaranteed a tax credit. However, your project will receive priority before other "new tv" projects within that allocation period.

Q: If our pilot is accepted into the tax credit program and we subsequently receive a pickup order for the series, will we need to apply separately for the series?

A: Yes, you will need to submit a separate application during a TV allocation period

Q: If we shoot a pilot here in CA, can we apply for Season 1 as a "New TV" project even if that original pilot was not in the program?

A: Yes, the tax credit program considers a "pilot" as its own type of production, and therefore a series from a pilot may apply for the program regardless of having shot the pilot in the state.

Q: Can a limited series apply as an independent film project?

A: Limited series fall under the TV category and as such can only apply in TV application windows. The project will be considered non-independent by virtue of being in the TV category.

Q: How would a mid-season additional episode order be treated? Let's say there is a 10-episode order that qualifies for credit, then mid-season more episodes are ordered.

A: Television producers can apply for tax credits for additional episode orders in the TV allocation period prior to when the producers anticipate filming of the additional episodes. A Credit Allocation Letter will not be issued until a pickup order is confirmed. As a Recurring TV series, the additional episode order will be automatically accepted into the program. Having said that, if the series received its capped tax credit amount from the previous season, no additional tax credits can be allocated.

Q: Can you explain the distinction the CFC makes between **Fiscal Year** and **Show Season**? How is the cap determined?

A: The way the statute is written, the cap for a renewal season is not based on the previous SEASON. It is based on the previous FISCAL YEAR. There are ways in which you could have 2 seasons applying the same fiscal year. For instance, season X applies in June for an early July CAL. Season X+1 applies in April of the same fiscal year for a May CAL. When Season X+2 applies, the cap would be the CAL of Season X PLUS the CAL of Season X+1.

The same thing applies for back orders – what we refer to as Season X.5.

For example, if you have a Season 2 with a CAL of $8 million, you can still apply for a season 2.5 up to the previous **fiscal year's** amount – not the previous **season's** amount.

Similarly, if you have a Season 3 that will be at $12 million but your previous year caps you out at $8 million, it behooves you to apply at the beginning of the fiscal year for a shorter Season 3 for the $8 million and then apply for the rest with a back order Season 3.5 which could be also for as much as $8 million. If both the Season 3 and Season 3.5 get CALs for $8 million in the same fiscal year, then your Season 4 would be capped at $16 million, not $8 million.

Q: We have a straight-to-series show. We plan to shoot one or more "enhanced" episodes. Do the extra days for those episodes qualify?

A: Yes, enhanced episodes are allowed. The additional costs should be specified as line items in the amortization budget. If you submit a separate budget for the enhanced episode/s it will be returned to you, and you'll be asked to incorporate the figures into the amort budget.

Q: We will be broadcasting our show live. How do we deal with the final element date and letter requirement?

A: Since your final element will be created at the time of the live broadcast, the date of airing will be the date used for final element creation. A letter from the producer stating that the final element was created during the broadcast will suffice; the letter must include the initial airdate.

TELEVISION - Relocating

Q: My TV series is moving to California from out of state. Is there a form for the relocation statement?

A: All relocating series applicants must submit a letter on letterhead (a "relocating statement") stating that the tax credit provided is the primary reason for relocating. A Detailed Narrative Statement is **not** required if submitting this document.

Q: If our pilot was shot outside CA and we want to bring the series to LA, would that be considered a relocating series?

A: To qualify as a relocating series a television series must meet the following criteria:

- Provide a certification (statement) from the applicant that the tax credit provided is the primary reason for relocating to California.
- Produce episodes of any program length, filmed at least 75% of its most recent season outside of California, and have a minimum production budget of $1 million per episode.
- Therefore, a proposed series based on an out-of-state pilot would not be eligible as a relocating series. However, the series would be eligible to apply as a new television series.

Q: For a new series, we don't have our screenplay ready during the application period. Can we get an extension past Phase II for when we are obliged to submit the screenplay?

A: You may submit it after CAL issuance, but no later than 30 calendar days prior to the start of principal photography.

Q: For a relocating tv project, if we do not yet have a screenplay for the upcoming season in CA, would a script from a previous season suffice?

A: Yes.

Q: I'm working on a project which is in the program as a relocating show; say we are in Season 2: If for Season 3 we should decide to film outside the state, would we still be eligible to claim our position in the program if we want to return to CA for Season 4?

A: It would be considered a relocating series.

Q: If my TV series films 6 episodes out of state, can I then apply to the program as a relocating series for the remaining 5 episodes?

A: Per the statute: *Applicant must state that at least 75 percent of principal photography days of its most recent season was filmed outside of California*.
Therefore, you would need to have shot at least 75% of your season outside of CA before you could apply as a relocating TV series.

ANIMATED PROJECTS

Q: Are there separate application windows for animated projects?

A: No, animated films apply in film windows and animated TV projects apply in TV windows.

Q: When in the animated project's timeline do costs begin to qualify?

A: Beginning on the CAL date. Animated projects are required to have a greenlight notice on or before the CAL date.

Q: What do you consider the start of principal photography to be in animation?

A: Principal photography does not apply to an animated project unless it is a motion capture animated project.

Q: What if my schedule is longer than 30 months? Is there a way to extend the 30-month deadline to complete?

A: Only force majeure can extend the deadline. In order to receive a tax credit, the project must deliver their final element before the 30-month deadline. If your project is longer than 30-months, we suggest that you back into the CAL date from your anticipated completion (final element creation) date.

Q: So if my project has already begun storyboarding or even animation, I can still apply?
A: Yes, but costs will only qualify beginning with the CAL date.

Q: Is it OK if my animated project includes live action elements?
A: With the exception of motion capture, if any live action onscreen elements are used, it will not be considered an animated project.

Q: What uplifts or bonus points apply to animation?
A: Music wages (MW) bonus points only.

Q: What if I outsource my animation to a visual effects vendor, will I qualify for the visual effects (VU) uplift or bonus points?
A: No, animation is not considered VFX.
Q: If I do outsource my animation, do I split it 70% QW / 30% QE if the work is done in CA?
A: No, since animation is not considered VFX the 70%/30% split does not apply. If the vendor itemizes their labor and expenses, those wages (QW) and non-wage expenditures (QE) will be qualified. However, if the vendor does not itemize, all expenditures (wages and expenses) will be considered QE.

Q: What if I outsource my animation to a vendor outside of CA?
A: Those costs would not qualify. Additionally, those costs would not count towards the 75% spend test. For an animated project to be eligible for the tax credit program, 75% of the production budget must be utilized for goods, services and/or wages in California.

Q: Do I need a set safety advisor for my animated project?
A: Any animated project that incorporates motion capture in its production, shall require a set safety advisor.

Q: Please clarify "Motion Capture"

A: "Motion capture" is a production technique in which the movement of a performer is digitally recorded usings sensors, or camera-based tracking systems, and then transferred to computer-generated character or object so it can replicate the performer's motion in animation or visual effects.

Q: Please define "Motion capture animated project"

A: This is an animated project in which motion capture data provides the primary source of character animation, rather than serving as a supplemental or reference tool.

Q: What special rules apply to motion capture animated projects?

A: Applicant must provide start of motion picture date (if applicable), as well as providing motion capture days in place of principal photography days

Q: Is there a new QEC for Animated projects?

A: Yes. You can find it here.

JOBS RATIO & BONUS POINTS

Q: Does the money we spend on a completion bond count as a Qualified Expense when it comes to calculating our Final Jobs Ratio?

A: No, the bond is calculated outside of the Jobs Ratio, both before and after filming.

Q: Why doesn't the contingency count toward the Jobs Ratio calculation?

A: Contingencies are not included in the Jobs Ratio calculation since they are funds that **might not be spent**, and it is difficult to estimate wage vs. non-wage. Also, many projects do not include contingencies.

Q: If our post-production house provides a letter indicating how much of their invoice is labor, will it count as QW and not QE, even though it does not go through our payroll?

A: Labor that is paid via a third-party entity must be tagged QE.

Q: Our project has a budget of $150 million in qualified spend. When calculating the Jobs Ratio (on both the initial application and final report), should we ignore the $120 million cap and calculate the Jobs Ratio based on the entire $150 million?

A: When calculating the Jobs Ratio, you should input the correct qualified wages and non-wages, even if that amount is higher than the qualified expenditures cap in your category. The Tax Credit will automatically be capped by the maximum eligible qualified expenditures amount.

UPLIFTS

Q: Since the tax credit for non-indies is based on a cap of $120 million in qualified expenditures, is that inclusive of any uplifts?

A: No. Uplifts are on top of the amount. The statute allows a maximum 10% (5% for Relocating projects) of the qualified expenditures with respect to tax credits above the cap, which means, for example, a non-indie could receive up to $48 million in tax credits.

Q: Can a movie lump multiple uplifts together to receive as much as 20% uplift?

A: No. Uplifts are calculated on specific spend or days of principal photography and so do not apply to the entire budget.

Q: How do we get the uplift for hiring local labor?

A: Local Hire Labor should be tagged "QW/LW" in order to receive the uplift. There IS a requirement for this: Local Hire employees need to demonstrate that they reside outside of the L.A. zone by providing a California driver's license, state ID card or Passport **plus** one of the following as proof of domicile outside the LA Zone:

- utility bill dated within the last three months
- current home or apartment rental agreement

- mortgage statement
- home internet/phone provider
- apartment renter's insurance or homeowner's insurance bill.

Proof must be requested by production accountants at the time of hire and provided to the CPA performing the audit. Lack of proof of a crew member's domicile will result in the denial of the Local Hire Labor Uplift for that crew member.

Q: Does a camera package which will be rented in Los Angeles, but brought to San Francisco for our production, qualify for the 5% uplift?

A: No. Tangible personal property used outside the Los Angeles zone must be purchased, rented, or leased from a vendor through an office or other place of business outside the Los Angeles zone to qualify for an uplift.

Q: Do all wages and non-wage expenses credited to visual effects ("VFX"), including practical shooting costs, qualify for the uplift?

A: No. VFX Producers do not qualify. The qualified expenditure charts indicate those VFX expenditures that qualify for the VFX uplift and for VFX bonus points (they are the same accounts).

- VFX Digital Artists and VFX upper management staff (as indicated on the Qualified Expenditure Chart) who are hired directly by the production company **do qualify** and should be tagged "QW/VU" (both qualified wage and VFX uplift).
- All VFX accounts concerning third party vendors providing CG asset creation qualify for the VFX Uplift.
- All vendor payments must be split 70% Wages (QW) and 30% Non-wages (QE). Such expenditures will be figured at the same ratio by the CPA handling the audit for the AUP.

- Qualified VFX expenditures in-state must equal at least $10 million OR 75% of the total worldwide VFX costs to qualify for uplifts. (Indies with qualified spend budgets $10 million and under are not eligible for the VFX uplift.)

Q: Is that $10 million in **qualified** spend?

A: Yes. Nonqualified expenditures, such as VFX Producers should not be included in the calculation of the minimum VFX spending for eligibility purposes.

Q: In calculating the VFX $10 million spend / 75% threshold: can any qualified costs in the VFX category on the Chart of Accounts count, even if not tagged for VU Expenditures like craft service, meals, furniture rentals, equipment rentals, mo-cap, office rentals, on-set PAs?
A: Yes. When determining the spend test, we can consider all in-state VFX spend, even if it doesn't garner an uplift as long as it pertains to the VFX department.

Q: Do visual effects expenditures qualify for uplift during prep and post-production periods?
A: VFX expenditures which are indicated on the Qualified Expenditure Charts as qualifying for the uplift (with VU) qualify during prep, shoot, and/or post.

Q: Is motion capture work considered VFX?
A: Not for purposes of the uplift or bonus points. However, they should be included when calculating the percentage of VFX work incurred in California.

Q: What about virtual production costs?
A: Virtual production costs which pertain to digital asset creation, world capture (location/set scanning, volumetric capture, and visualization) **do qualify.**

WAITLIST

Q: How does the waitlist work?
A: If there are more qualified applicants than funds available, the applicants within the top 200% ranked projects which did not receive tax credits will be notified and placed on the waitlist within their project category, in descending order of jobs ratio. Should tax credits become available in a category, the CFC will notify the applicant at the top of the waitlist in that category to determine if the applicant is still

interested in receiving a tax credit allocation. If they are, they will be asked to submit an **updated schedule** as well as **any changes in their financing situation**. The waitlist expires when the next allocation period begins for that project category

Q: If my project is on the waitlist, can I revise my budget and credit estimation?
A: The initial credit reservation cannot be increased, but a budget and corresponding schedule may be modified to reflect the anticipated production plan more accurately.

HIATUS

Q: We are planning to film one day of principal photography and then go on hiatus for a while, as described in the Guidelines. I have some questions about that single shooting day:
Does the footage need to appear in the final cut of the show?
A: No, it does not.

Q: Do we have to shoot a minimum number of hours, or screen time or script pages, etc.?
A: The regulations state:
Principal photography refers to days in which the principal unit director and lead actors are usually present. It does not include the filming of primarily backgrounds, visual effects, action, and/or crowd scenes by second, stunt, establishing shots, inserts or visual effects units.
Once you assemble the crew, along with the principal director and actors (lead or supporting or day players), and shoot a single scripted scene or more, you have complied. We usually see at least a 6-to-8-hour day as the crew and cast are normally being paid for at least 8 hours. There is no minimum page count or screen-time requirement.

Q: Can the day be shot entirely on location?
A: There is no obligation to shoot on a stage.

Q: What are my obligations regarding the California Film Commission?

A: Prior to shooting your day and starting your hiatus, the specific plan **needs to be approved** by the CFC.

Q: Are there other approvals involved?
A: Yes. After your pre-hiatus shoot, the CFC must receive
- the first day's call sheet
- approved production report, and
- a copy of the first day's dailies.

You can send the documentation to the CFC Incentive email box. Once this has been submitted, you need to receive **approval from the CFC**.

Q: When does our new 120-day hiatus begin? The day after our shoot or upon CFC approval?
A: There is no "new" hiatus period. The day following the day you shoot will be Hiatus Day #1.

Q: What happens if I am not able to shoot on or before day 120?
A: Once you shoot a day in California, if you do not resume within 120 days, the project **will not be eligible for the program**, now or in the future.

Q: After resuming principal photography, we want to take a break from filming to allow for the change of seasons. Can we take more than one hiatus without losing our tax credit?
A: Once principal photography has resumed, a project is not required to request another hiatus for a subsequent break or interruption.

Q: Does any of this affect the 30-month after the CAL date completion timeframe?
A: **No**. Implementing a hiatus does not impact the 30-month timeframe for completion of the final element

Q: Can we add the two-week Christmas and New Year's Eve end-of-year holiday extension to the 180/240-days start date or hiatus requirement?
A: No. There is no exclusion for the winter holidays.

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY (DEIA)

Q: I understand there are new DEIA provisions for all applicants. Where can I find information on that topic?

A: That is correct; please refer to the 4.0 Program Guidelines and the DEIA Page of the CFC website.

Q: Is every applicant required to submit a summary of its voluntary diversity programs and/or initiatives?

A: Yes. **ALL applicants** must submit this summary.

Q: If I opt in to the DEIA provisions, do I still have to submit diversity initiatives?

A: Yes.

Q: If I opt out of the diversity provisions, do I still have to submit the Checklist, Form DEIA1?

A: Yes.

Q: If I am in the Independent Films $10 million and Under category, do I have to choose to opt in or opt out of the DEIA Provisions?

A: No, projects in this category are exempt from the optional DEIA provisions and their final tax credit amount will not be impacted.

Q: Do the DEIA provisions apply to animated projects?
A: Yes, all animated projects, except for those in the Independent Films $10 million and Under category, can choose to opt in or opt out of the DEIA provisions. Please see the guidelines (link) for additional details about the DEIA provisions.

Q: What do I need to do if I opt in to the DEIA provisions?

A: Your DEIA contact must attend a DEIA orientation, and submit a DEIA Workplan, Interim Assessment and Final Assessment, which are narrative forms stating how the project will set, make and/or meet good-faith efforts on its DEIA goals. If the CFC determines good-faith efforts have been made or met, the project will be eligible to receive

100% of its allocated tax credits, provided all other program requirements have been satisfied.

Q: What happens if I don't satisfy the DEIA requirements or choose to opt out of the DEIA provisions?

A: Your project will be eligible for 96% of the allocated tax credits.

Q: What are the first deadlines I should be aware of in regard to the DEIA Provisions?

A: The DEIA orientation meeting needs to be completed within 20 calendar days of your CAL date. Attendance by the DEIA contact is mandatory, but other show leadership such as creative leadership, the line producer and heads of departments are recommended to attend. The next deadline is the Workplan - Form DEIA2, which is due within 30 calendar days of receiving your CAL.

SAFETY

Q: I understand there is now a pilot program for Safety Requirements for projects in the tax program. What can you tell me?

A: Each project must hire or assign a **safety advisor** for California filming activities who will, among other tasks, perform risk assessments and complete a final safety evaluation report.

Safety advisors must

- meet certain training requirements outlined in the Labor Code,
- be assigned **exclusively to one project at a time**, and
- work **only in the role of safety advisor** on that project.

Tax credits allocated under Program 4.0 will not be certified unless the required Final Safety Evaluation Report has been submitted by the applicant.

Q: What is the CFC's role in this?

A: Here you go:

- CFC will maintain the list of safety advisors who have completed the training and have been certified to work on movies and television projects.
- We require the production to
    - have a safety advisor that has been certified and is on the list.
    - furnish us with the name of that person, and
    - provide us with the safety evaluation report within 60 days of completion of photography.
- The safety advisor, having taken the training, should know whether there is anything during the pre-production phase that would require their presence. It is not within the purview of the CFC to require you to have or to not have the safety advisor during that phase.

Q: Is that all?

A: The pilot is not administered or enforced by the CFC, but we will provide Program 4.0 applicants with as much guidance as possible.
If you have questions, please reach out to *IncentiveProgram4@film.ca.gov* and include "Safety on Productions" in the subject line or visit the Contract Services safety advisor training page.

Q: When does the safety advisor need to be on set?

A: The safety advisor is supposed to take part in safety meetings. That would suggest that, as most productions start their workday during production with a safety meeting led by the 1st AD with the director and all department heads, the safety advisor would be present every day during production. But again, **that is not mandated or monitored by the CFC**.

Q: Where can I find the list of Safety Advisors that have been through the training?

A: You can find it here.

Q: Is the Final Safety Evaluation Report the only form that needs to be prepared and completed?
A: Yes, the Final Safety Evaluation Report is the only form required by the CFC. As to whether the Safety Advisor has other documents to file with other entities, that is not something we monitor.

Q: Can productions hire the safety advisor indirectly, through a company?
A: Yes, however if they are not paid directly by production, their wages will be QE.

Q: Is there a place where I can access information on the Safety Program?
A: Here is all the information there is concerning the Safety Advisor Pilot Program. Safety in Motion Picture Productions | California Film Commission

CAREER READINESS

Q: How do we find interns, instructors, or schools who want to participate in the Career Readiness requirement?
A: The CFC has a database to help match productions with local high schools, community colleges and state colleges (no four-year institutions) and Career-Based Learning Organizations, both in LA and throughout California.

Q: Are you able to share that database with me?
A: It is not a public facing document, so no. But if you reach out to us by phone or email (*IncentiveProgram4@film.ca.gov)* we will find a satisfactory match for you.

Q: I'm familiar with a worthy Career Based Learning Organization which CFC has informed me is **not** in their database of approved CBLOs. How can they obtain approval?
A: Have them fill out and submit this questionnaire, and then check in to see if they have been approved.

- In Program 4.0, until the CBLO is on our list of approved organizations**, their participation is not allowed**.

Q: Is that also a requirement for a non-approved educational organization, to which we wish to make a financial contribution?

A: Yes.

Q: Our production wants to make a financial contribution – how do we do that?

A: The Career Readiness page has a section for financial contributions which includes forms and copies of W9 forms for both the high school and community college funds that will be receiving the contributions.

- Be sure to go to the individual websites for either the high schools or community colleges for more detailed information.
- The filled-out form (see below) and check should be mailed to one of the funds listed.
- The check should include the name of the project and indicate that the contribution is for satisfying the Career Readiness requirement
- Request a receipt including the name of the project.
    - Submit the form on the portal, and send a copy of the receipt to the CFC, for approval
    - Keep a copy for submittal to the CPA performing the Agreed Upon Procedures, along with the verification form.

Q: Can we use an intern as a production assistant? Can they make runs?

A: The intent of the Career Readiness Program is for the people involved to be exposed to jobs in the industry and to **learn.** They should **not** be largely required to make deliveries and pickups, get coffee, make copies. Such tasks are not considered learning experiences and **will not** satisfy the Career Readiness requirements.

Q: We would like to hire interns for a craft position (grip/electric/sound/camera/etc.). Is it necessary to notify the respective unions?

A: Yes, when hiring interns in any union categories, productions must contact the prevailing union to inform them of the names and dates when interns will be on set. Union crew members on your show may not understand the situation and notify their unions that non-union workers are on set.

Q: If we hired paid interns for the Career Readiness requirement, is the salary qualified?
A: Yes. The salary of paid interns qualifies for a tax credit.

Q: How much do we have to pay them?
A: No less than California minimum wage, but you may choose to pay them more.

Q: Can interns work a full day?
A: It is completely negotiable.

Q: I keep hearing about asking interns and others to provide video testimonials about their time on the show. Is this a requirement of the program?
A: No, it isn't a requirement, but it is highly encouraged. (CFC is particularly appreciative if they refer to the California Film Commission as originator of the opportunity – by name.)

Q: Where can I find the Verification forms for Program 4.0 Career Readiness? They used to be linked to from the website, but those are all from Program 3.0
A: Good eye! We have upgraded the system so that they are found only on the portal:

- Within your show, go to Phase IV > Career Readiness & Pathways Programs.
- Set Final Form Submitted dropdown to "No".
- Set Chosen Form from dropdown that corresponds to the option you have completed.
- Press "Save".
- You can now fill out the form/forms.
    - If you need information from the School/Learning Program who participated, reach out directly to them.
        - For Financial Contributions – fill out and print out the form, sending it along with the check to the institution.

        - For Interns - fill out one form for each intern. You must check the "reviewed timecards", "Verified intern age" and "Survey completed" boxes before submitting. (The Survey MUST have been completed before you can submit the form.)
        - For Educator Externship – fill out one form for each educator
    - Click to submit.
- Be aware that any filled-out **form/forms need to be approved by the CFC** before you can consider the requirement satisfied. If you haven't received an email confirming successful completion of the requirement after a reasonable amount of time, please reach out to CFC to follow up.

AUDIT

Q: What happens if after the audit of all my expenditures my Jobs Ratio has gone down?

A: You may be penalized if your Jobs Ratio is reduced by more than 10%. Please refer to the Program Guidelines for more information.

Q: I need clarity on the Jobs Ratio penalty.

A: If the CFC determines that the Jobs Ratio has been reduced by more than 10%, the credit **will be reduced by an equal percentage**, unless the qualified applicant demonstrates reasonable cause exists for the reduction.

If the Jobs Ratio has been reduced by more than 20%, **in addition** to the reduction of the credit as described above, the CFC shall not accept an application from that company's **entire combined reporting group (or the company and its affiliates)** for one year from the date of determination.

Q: Can the penalty be waived in case of "reasonable cause"?

A: In special cases, yes. It is wise not to wait until the audit to lay the groundwork for your claim of "reasonable cause."

Q: Per the statute RTC 17053.98/23698(d)(2): B) (i)
*If the California Film Commission determines that the jobs ratio has been reduced by more than 10 percent for a qualified motion picture, the California Film Commission shall reduce the amount of **credit allowed** by an equal percentage, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.*
In this context, is "Credit allowed" the same as the "Verified Tax Credit"?

A: No, any CAL cap **must first be applied to the Verified Tax Credit,** before the penalty is deducted

Q: One requirement is that the script supervisor's lined script be submitted with final documentation. For a TV series, how many episodes' lined scripts episodes are required?

A: When submitting final documentation, a copy of the lined scripts for episodes #2 and #5 must be included. A spotting/continuity for those episodes may be substituted.

Q: Our script supervisor submitted their lined script to us in **shooting order** rather than in **script order**. Is it ok if we submit the lined script to the CFC in that format?

A: Yes.

Q: Is it true that there are now additional requirements for the stills we are required to submit?

A: Yes. the requirement is now:

> *the stills must illustrate the diversity of California locations and employment; five images of two actors in a room are not sufficient. Behind-the scenes and set stills are encouraged.*

Q: How should we handle insurance claims?

A: The full amount of the insurance claim shall be used to reduce the QW and QE according to the percentages of the claim, (as opposed to using only the amount of the insurance **reimbursement**) This will ensure that the **deductible is a non-qualified expenditure**, as noted in the QEC.

Q: Are copyright forms required for each episode of a series?
A: Proof of copyright registration (Form PA) is required for only one episode per season.

Q: What about copyright forms for back-order episodes? They have a separate credit allocation letter and Agreed-Upon-Procedures.
A: No, if you've submitted proof of copyright registration for an episode from the first batch, that will suffice for the entire elongated season. Given that the pickup order episodes are from the same season as the original series order, a submission of any episode within the same season will satisfy this requirement when submitting documentation for the pickup order episodes.

Q: Does the copyright have to be in the applicant's name, or can it be in anyone's name?
A: There is no stipulation in the statute that the applicant be the copyright owner. Only proof of copyright registration is required.

UTILIZATION OF TAX CREDITS

Q: How does the cap on tax credit usage affect the carryover of film tax credits for both Program 2.0 and Program 3.0 projects?
A: The Program 2.0 carryover language reads:
(3) In the case where the credit allowed…exceeds the 'net tax', the excess credit may be carried over to reduce the 'net tax' in the following taxable year, and succeeding five taxable years, if necessary, until the credit has been exhausted.

Translation: Even though the only number that shows up in that paragraph is five, the number of carryover years is "five plus the following taxable year," or six. There is a similar issue with the Program 3.0 language.

Please see the section on the website regarding the $5 million cap on tax credit usage for the period beginning Jan. 1, 2020 and before Jan. 1, 2023: CFC Using Your Tax Credits Jan 2021 (ca.gov)

Q: How does Program 4.0 differ from the previous programs?
A All tax credits are now REFUNDABLE. Please see the summary here.

Q: Is there a list of available qualified California companies who can broker the tax credits?
A: A list of tax credit buyers and brokers is available upon request.

Q: Can the tax credit be used by a company with the same ownership as the production company?
A: Affiliated companies may utilize the tax credits.

Q: When the tax credit is sold/transferred, does it need to be to a certain type of corporation?
A: It needs to go to an entity that has a tax liability, since it cannot be sold a second time.
Q: Couldn't I sell it to a broker?
A: Yes, you could. There is a list of brokers available on the website.

Q: Does the cap of $5 million per fiscal year apply to **income taxes** at the combined reporting group level?
A: Yes, for buyers of both Independent and Non-Independent project credits.

Q: Does the cap of $5 million per fiscal year apply to **sales and use taxes** at the combined reporting group level?
A: Yes, but only for non-indies, as independent project credits cannot be used against sales and use tax liability.

Q: What else do I need to know?
A: More information here.

Q: How does this affect credits for entities purchasing credits from independent projects?
A: Such companies will have the same limitations as the original recipients when they elect to utilize their credits against state income tax liabilities.

Q: Can the tax credit certificate issued to a company within our Combined Reporting Group be applied to the tax liability of a different company within our CRG?

A: The tax credit certificate may be applied to any entity in whole or in part in the Combined reporting group.

APPENDIX – QUALIFIED MOTION PICTURE

(A) "Qualified motion picture" means a motion picture that is produced for distribution to the general public, regardless of medium, that is one of the following:

(i) A feature with a minimum production budget of one million dollars ($1,000,000).

(ii) A limited series consisting of two or more episodes, each longer than 40 minutes of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars ($1,000,000) per episode.

(iii) A new television series of between six (6) and thirty (30) episodes (inclusive), each longer than 40 minutes each of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars ($1,000,000) per episode.

(iv) An Independent Film (Indie) is a project intended for commercial distribution to a motion picture theater, home video, television or via the internet, with a running time of at least 75 minutes. It must have a minimum budget of $1 million and be produced by a company that

1. is not publicly traded and
2. a publicly traded company does not directly or indirectly own more than 30% of the producing company.

Indies are the only projects permitted to sell their tax credits.

(v) A relocating tv series means a television series, which the taxpayer certifies that the credit provided is the primary reason for relocating to California. It is required that at least seventy-five percent (75%) of principal photography of its most recent television season was filmed outside of California. Each episode must have a minimum production budget of $1 million, without regard to episode length. Once a relocating TV project receives a pickup order for additional seasons, the project category changes to recurring tv.

(vi) A pilot for a new television series that is longer than 20 minutes of running time, exclusive of commercials, that is produced in California, and with a minimum production budget of $1 million.

vii) A live action or animated series, averaging across a season at least 20 minutes of running time per episode, exclusive of commercials, that is produced in California, with a minimum production budget of $1 million per episode.

viii) an animated film that is produced in California, with a minimum production budget of $1 million.

ix) a large-scale competition show, not including traditional reality, game shows, talk shows, or docufollow television programming, that is produced in California, with a minimum production budget of $1 million per episode.

To qualify as a "qualified motion picture," all of the following conditions shall be satisfied:

i) At least 75 percent of the principal photography days occur wholly in California or 75 percent of the production budget is incurred for payment for services performed within the state and the purchase or rental of property used within the state.

ii) Production of the qualified motion picture is completed within 30 months from the date on which the qualified taxpayer's application is approved by the California Film Commission. For purposes of this section, a qualified motion picture is "completed" when the process of postproduction has been finished.

iii) The copyright for the motion picture is registered with the United States Copyright Office pursuant to Title 17 of the United States Code.

(iv) Principal photography of the qualified motion picture commences after the date on which the application is approved by the California Film Commission, but no later than 180 days after the date of that approval if the qualified motion picture has a budget with qualified expenditures of less than $100 million dollars, and no later than 240 days after the date of that approval in the case of a qualified motion picture with a budget of qualified expenditures with at $100 million, unless death, disability, or disfigurement of the director or of a principal cast member; an act of God, including, but not limited to, fire, flood, earthquake, storm, hurricane, or other natural disaster; terrorist activities; or government sanction has directly prevented a production's ability to begin principal photography within the prescribed 180- or 240-day commencement period.