



MINUTES

California Film Commission Board Meeting
Friday, November 4, 2022
1:30 p.m. – 3:00 p.m.
Disney Corporate Headquarters
Burbank, CA 91521

COMMISSIONERS IN ATTENDANCE

Thom Davis (Chair)
Wendy Greuel (Vice Chair)
Jaime Lee (Secretary)
Benjamin Allen
Andy Davis
Steve Dayan
Bonnie Goldfarb
Jennifer Goring
Janet Knutsen
Josh LaFarga
Debra Langford
Adrin Nazarian
Kim Nguyen
Kerri Wood Einertson

CFC STAFF

Colleen Bell
Joseph Cruz
Hedvig Marx
Leah Medrano
Shadina Tiffith

GUESTS

Gabi Kay
Kevin McDonald
Erik Deutsch
Matt Johnson
Lauren Pizer Mains
Kat Friis
Michael Kalisk
Alfonso Casey
Amy Lemisch
Brandy Davis
Jennifer Fierro
Ed Duffy
Erik Klosterman
Eva Bitar
Lori Moilov

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS - Thom Davis, Chair

Meeting called to order at 1:38 p.m., Chairman Davis welcomed board members and guests, Roll Call.

II. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from September 09, 2022 was made and approved.

III. DIRECTOR'S REPORT – Colleen Bell, Executive Director

Executive Director Colleen Bell welcomed Boardmembers and guests. Director Bell introduced new boardmember Kerri Wood Einertson who expressed her excitement in joining the California Film Commission Board.

Executive Director Bell thanked Thom Davis who has served as Chairman of this board for four years under very challenging times with a global pandemic and as well as his day job leadership. She expressed her appreciation for being a great sounding board and his depth of knowledge on all of the issues they have worked on. She thanked him for serving with such commitment.

2022 Tax Credit Program Progress Report

The CA Film & TV Tax Credit Program 2022 Progress Report was just released this week. We issue an annual report to provide the public with an assessment of the economic benefits of the program to the state, as well as statistical information and insights into California's entertainment production industry.

The entertainment industry generated \$192 billion in total film and television wages, with \$84 billion of direct wages earned by workers supported by the motion picture industry throughout the United States. With \$27 billion in payments to over 359,000 local business, the motion picture and television industry generates millions of jobs across the United States.

We also received data from the Employment Development Department (EDD) office. California film and television employment reached an average of 185 thousand individuals between 2009 when Program 1.0 was enacted to now. Highest employment of 215 thousand individuals was recorded in 2016, with lowest range in 2020 due to the Coronavirus pandemic. In total, 2 million individuals were hired between 2009-2021.

Since the California Film and TV Tax Credit Program 3.0 started on July 1, 2020, projects accepted in the program generated a total California in-state spend of \$6.2 billion. During fiscal year one, approved projects generated 2.1 billion dollars in total California expenditures where \$787 million dollars were attributed to qualified wages. Another 2.2 billion dollars were added to California's economy during fiscal year two, with \$824 million dollars in qualified wages. We are in the middle of fiscal year three, to date approved projects have generated 1.6 billion dollars in total in-state expenditures with \$607 million dollars attributed to qualified wages. These figures are projected to increase as additional projects will be approved until June 30, 2023, the end of the fiscal year.

Since July 1, 2020, a total of 106 projects have been accepted in Program 3.0. 20 recurring TV projects were accepted while 9 relocating TV projects moved to California. Due to the high demand of tax credits for recurring TV applications during the first two fiscal years of Program 3.0, new TV applications were not accepted until the first application window of fiscal year three. 5 new TV Series are now part of Program 3.0., in addition we have a total of 15 independent projects with budgets over \$10 million dollars and 34 indie films with budgets of \$10 million dollars or less.

Program 3.0 projects hired more than 9 thousand cast and 18 thousand crew members, while employing close to 205 thousand background players, measured in man-days. A total of 376 days were filmed in California, with 78 days filmed outside the Los Angeles zone.

IV. TAX CREDIT PROGRAM REPORT – Leah Medrano, Tax Credit Program Senior Manager

On September 20, 2016, "This Is Us" premiered winning millions of fans worldwide. The first season, including the pilot, was the first of many TV series accepted in Tax Credit Program 2.0. All six seasons of "This Is Us" were filmed in

California and were part of the film and TV tax credit program creating thousands of jobs in the Golden State.

Two other projects that created thousands of jobs in the Golden State were *The Gray Man* and *Bullet Train*. With more than 120 filming days, these two projects alone generated close to \$200 million dollars in qualified expenditures in California.

Babylon with Brad Pitt and Margot Robbie, generated \$83 million dollars in California.

Relocating TV Series

Nine projects received credit allocations totaling \$77 million under Program 3.0. These productions have generated more than \$510 million in California, where \$188 million were attributed to qualified wages. California gained productions from the Czech Republic, Florida, Georgia, New Orleans, New York, Portland, and Vancouver.

In addition to the economic benefit these relocating TV projects have generated for California, all 106 projects have significantly contributed to the Career Readiness Program.

Out of the Zone Filming

Program 3.0 projects filmed 376 days in California, with 78 days filmed outside the Los Angeles zone. To date, more than seven feature films and television series spent close to \$5 million outside the Los Angeles 30-mile zone. This spending benefitted many small businesses, including grocery and hardware stores, gas stations, hotels, and other retail businesses, as well as local hires for services such as catering and set construction. In addition, such spending impacted local governments directly via payments made to local police and fire departments, as well as revenue from local permit fees.

Specifically, filming occurred in these jurisdictions throughout California from productions such as *Animal Kingdom* season 6, *Promised Land*, and feature films *Bullet Train*, *Invasion*, *Kimi*, *The Prank* and the *Untitled Jonah Hill Project*.

Recently, 2.0 tax credit project *Don't Worry Darling* was released. The film spent more than \$2 million dollars in Barstow and Riverside counties for a total of 19 out of Los Angeles zone filming days.

Lost Productions

With numerous productions from Program 1.0 up to 3.0 with hundreds of filming days out of zone creating thousands of jobs in California, many productions continue to runaway and film outside of California.

We extensively researched and tracked these projects that applied for California tax credits between 2020 to 2022, but ultimately were produced elsewhere. Even though 23% of these productions decided to stay and generated \$284 million dollars in California, a total of \$951 million dollars were generated in jurisdictions such as Georgia, New York, Louisiana, New Mexico, Canada, England, Italy, Ireland, and Mexico.

Out of the \$951 million dollars, these runaway productions made up \$451 million dollars of economic loss in California. The CA Film Commission is unable to track projects that do not apply for California's film and TV tax credits or that are ineligible, so the total runaway production losses are presumed to be much higher than what we report today.

Lastly in the Progress Report, we talk about why these productions decide to film outside of California. Competitive tax refunds and rebates are a significant factor, as well as additional incentives for visual effects and virtual production. Growing infrastructure, within the US and internationally, has given other jurisdictions a competitive edge as compared to available soundstages in California.

V. SOUNDSTAGE FILMING TAX CREDIT PROGRAM UPDATE - Hedvig Marx, Soundstage Program Advisor

Regulatory Process

Emergency Regulations were readopted effective October 11, 2022. Public Notice for the permanent regulations is currently underway and will conclude on December 6, 2022. We hope to have the permanent regulations in place by January 2023, but can extend the timeline to April 2023, if comments are received and changes are needed. Once the regulations are made permanent, changes can be made through additional rounds of emergency or regular rulemaking when indicated by statutory changes. Even though future changes are anticipated at this time, making the regulations permanent ensures that the Program can continue to run until such changes go into effect.

Program Participation

There are 13 certified stages; 8 new and 5 renovated. One television series project currently filming will wrap in November. The CFC continues to be contacted by interested parties, but some requirements are hard to meet for potential applicants. Our hope is that statutory amendments will make the Program more user friendly.

VI. CAREER PATHWAY UPDATE – Kevin McDonald, Director

This past summer the Career Pathway Program kicked off year three and already this year has shown the most promise since the program's beginning. The past few years have been a time of uncertainty and forced adaptation given the challenges of delivering instruction, applied learning and onset experience during a pandemic. As of now, all instruction that was in person prior to the arrival of COVID-19 and had to pivot to virtual instruction has returned to in person learning.

Because of everything moving to the virtual environment, they do still have some craft pathways that feature virtual instruction. Those courses were developed and launched during the pandemic and remain virtual because they are crafts that mostly utilize computer technology. The added bonus of keeping these programs virtual is the geographic reach it allows them to have as they now have three craft pathways that are available to students throughout California.

The Career Pathway Program continues to work with both Manifests Works and Hollywood CPR, which are their two training partner organizations and have been foundational to the Career Pathways program. However, the program has officially expanded this past summer with the long-anticipated launch of the Career Pathways Program's own entry level production accounting course. Traditionally the Career Pathway Program has worked with training partner organizations, but this is the first course that actually launched under their program. They have also added a third training partner organization called the Handy Foundation.

In total the program now supports 13 craft pathways for everything from grip to virtual production specialist, so they are really expanding. The Career Pathway Program has supported a total of 173 participants.

VII. NOMINATIONS FOR 2023 BOARD OFFICERS – Bonnie Goldfarb, Nominating Committee Boardmember

The Nominating Committee consisting of board members Bonnie Goldfarb, Joshua LaFarga and Janet Knutsen presented their nomination recommendations for 2023 Board Officers for board vote. Motion to approve nominating committee's recommendations for Board Officers for 2023 (Chair, Vice Chair and Secretary) was made by and approved by board members.

- Wendy Greuel - Chair
- Jaime Lee – Vice Chair
- Joshua LaFarga – Secretary

VIII. GUEST SPEAKER PRESENTATION – GREEN THE BID – Gabi Kay & Kat Friis, Founders

Green The Bid is a grassroots, non-profit community forum providing professional resources and guidance, built by and for brands, agencies, production and post-production companies and other supporting entities that assist its members with free resources, recommendations and carbon measurement tools.

They encourage connections between members that share the common goal of carbon neutral, zero-waste production, and hold quarterly virtual member meetings to address endemic hurdles that get in the way of best practices being implemented.

Green The Bid member organizations commit to working together to share best practices in the sustainability space, reporting successes and acknowledging hurdles. They advocate across the entertainment industry for consistent and measurable standards to support the building a net-carbon negative, waste-free future for commercial production.

Some of the sustainability guidelines productions can adhere to include:

- Leave no litter on-set or at locations. Allow for clean-up crew and haulage for recycling and compost in budget.
- Sets, meetings, and scouts to be free of single-use plastics, especially water bottles, cutlery, and plates. All tableware should be re-usable or compostable. This applies to the crew, clients and talent.
- No-Idle Rule - Turn off working vehicle engines during production unless impossible to do so.
- Use only digital production booklets & call-sheets.
- If paper is absolutely necessary, use recycled stock and print double-sided.

- Source foodstuffs and ingredients locally where possible.
- Hire LED lighting package, with director approval.
- In pre-production, plan how to donate large set pieces, non-returnable wardrobe, unused materials, and where possible unused meals to local organizations (non-profits, schools, local theaters, artists etc.).
- Separate waste from recyclables and compost and work with local vendors for correct distribution of materials wherever possible. On remote locations, or on stages which do not support resource recovery, consider logistics and costs to remove waste and recyclable materials to processing vendors or appropriate utilities.
- Source snacks and drinks from sustainable suppliers with minimal packaging.

When possible, assign an on-set Sustainability Manager. This can be a hired consultant, or dedicated crew member given the responsibility to educate/inform and oversee the production's sustainability efforts. Sustainable production practices should be communicated to the crew, talent, and clients prior to shoot days, highlighted on call sheets, and also outlined by 1st AD as part of morning crew safety meetings.

IX. NEW BUSINESS – Thom Davis, Chair

None

X. PUBLIC COMMENTS – Thom Davis, Chair

None

XI. ADJOURNMENT – Thom Davis, Chair

Meeting was adjourned at 2:40 p.m.