

CALIFORNIA

Film Commission

MINUTES
California Film Commission Board Meeting
October 25, 2024
Directors Guild of America
7920 Sunset Blvd., 6th Floor
Los Angeles, CA 90046

COMMISSIONERS IN ATTENDANCE

Wendy Greuel (Chair)
Joshua LaFarga (Vice Chair)
Jennifer Gonring (Secretary)
Senator Ben Allen
Brian Brokaw
Assemblymember Wendy Carrillo
Cindy Capobianco
Andy Davis
Thom Davis
Steve Dayan
Bonnie Goldfarb
Karen Horne
Janet Knutsen
Debra Langford (via zoom)
Kathy Le Backes
Alevtina "Alya" Michelson
Supervisor Holly Mitchell
Councilmember Kim Nguyen
Kerri Wood Einertson

CFC STAFF

Colleen Bell
Karla Sayles
Leah Medrano
Joseph Cruz
Hedvig Marx
Isaiah Sandoval
Fanshen Cox
Charlie Savage

GUESTS

Sabrina Jurisich
Juanita Lopez
Max Reyes
Nina Dias`
Cameron Katz
Jerram Swartz
Van Nguyen
Peter Basinski
Serena Kung
Lorna Leslie
Lauren Greenwood
Puja Navaney
Hannah Goldsmith
Manijeh Fata
Alfonso Casey



I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS – Wendy Greuel, Chair

Meeting called to order at 1:35 p.m., Roll Call and Attendance taken to establish quorum. A Land Acknowledgment was made by Diversity, Equity, Inclusion, Accessibility (DEIA) Initiative Manager Fanshen Cox. Board members introduced themselves.

II. CHAIR’S REPORT – Wendy Greuel, Chair

Chair Greuel recognized departing board members, Assemblymember Wendy Carrillo and Councilmember Kim Nguyen.

Assemblymember Carrillo reflected on her seven-year tenure, emphasizing her dedication to California's film industry and its future. She assures her continued support until her term concludes and encourages ongoing advocacy for innovative programming within the industry.

Councilmember Nguyen also expressed gratitude for her time on the Commission, highlighting her unique experience as the youngest councilmember and the importance of maintaining diverse representation, particularly AAPI. She offered to recommend potential successors who can bring fresh perspectives to the Commission.

III. APPROVAL OF MINUTES – Wendy Greuel, Chair

Motion to approve the Minutes from June 07, 2024 was made by Steve Dayan, seconded by Josh LaFarga. The motion was approved with all Board members voting in favor except Supervisor Holly Mitchell who abstained.

IV. DIRECTOR’S REPORT – Colleen Bell, Executive Director

Executive Director Bell outlined the Commission's upcoming vote to approve finalized regulations, emphasizing the rigorous year-long process that involved collaboration with stakeholders, advocates, and industry partners.

Extensive meetings with work groups and industry voices culminated in a proposed set of regulations for final approval. The CFC team, including deputy directors and program managers, were instrumental in shaping these regulations.

California remains the largest domestic hub for film and television production, but faces growing competition from other regions, notably New York, which has doubled its tax credits.

The industry is gradually rebounding from recent disruptions caused by the pandemic and labor strikes, alongside the ongoing impact of streaming content changes. California aims to regain its competitive edge and retain production within the state.

V. DEPUTY DIRECTOR’S REPORT – Karla Sayles, Deputy Director

New Hire: The CFC has hired a new permit manager, Leo Fialho, an experienced location manager with over 20 years of experience in the Los Angeles area. His background includes work across film, television, and commercials, which strengthens the CFC’s team in managing permits for state roads, parks, and beaches.

Regional Film Partner Model: The CFC is reassessing its regional film partner model to enhance collaboration with local jurisdictions statewide, encouraging film-friendly environments. They’re considering expansion to include interested cities to foster more local engagement in promoting film



production.

Film Ordinance Review: The CFC is actively reviewing and providing feedback on film ordinances for local jurisdictions like Banning and Inyo, and recently consulted with Sierra Madre. This process, required by state law, helps ensure film-friendly policies across jurisdictions.

Local Film Commissions Partnership: Deputy Director Sayles recently visited Shasta and Placer Counties to celebrate their achievements in supporting local film production. Shasta County, for example, has built a \$5 million production footprint, which they hope to expand.

This overview highlights the CFC's efforts to foster a film-friendly climate across California and to strengthen partnerships with local jurisdictions.

VI. TAX CREDIT PROGRAM REPORT – Leah Medrano, Tax Credit Program Deputy Director

The CFC has approved 176 projects since Program 3.0 started on July 1, 2020. The Program has increased California's overall spending by \$70 million since the last CFC Board Meeting back in June 2024, bringing the total in-state spending to above \$10 billion. Labor was responsible for \$3.7 billion of this total, which translates to job creation in the Golden State. More than 50,000 cast and crew members worked on these 176 projects spanning over 10,000 principal photography days in California. With \$10 billion of in-state spend, the CFC has allocated \$1.2 billion in tax credits to these 176 projects.

Program 3.0's final fiscal year is now in effect. The CFC has allocated \$101 million in tax credits for 28 approved projects since July 1, 2024. Over 6,000 cast and crew members are expected to work on these film and television projects over the course of 1,051 filming days in California.

Quantum Leap Seasons 1 and 2, both part of the Soundstage Filming Tax Credit Program (SFP), are available for streaming on Peacock. A qualified motion picture in the Program must shoot at a certified soundstage; the CFC has certified nine soundstages under SFP. Recently, the Soundstage Filming Program application portal was transferred from an external platform to an in-house portal, which launched on September 16, 2024. Around the same time, two new project applications were approved under the Soundstage Filming Program – *Suits LA* Season 1 and *The Burbs* Season 1. With four TV projects approved under SFP, they have a combined in-state spend of \$280 million, of which \$111 million is attributed to qualifying wages for over 1,500 cast and crew members being employed. The CFC allocated \$46.5 million to these four projects, leaving \$103.5 million in available funding out of the \$150 million originally allocated for the Soundstage Filming Program.

With Program 3.0 sunseting on June 30, 2025, the CFC assessed available funding for eligible film and television projects. In keeping with the spirit of the legislation to promote job growth and retention, particularly in light of the dual industry strikes last year, the CFC added two more application windows under fiscal year five. The 28 projects approved so far were approved under the June, July, and September application windows. The current October television window was added; approval letters will be issued on November 25. December 9, 2024 will be the approval date for a newly added application window for feature films. Fiscal year five will wrap up with an application window for independent and non-independent films in January, and a final TV project application window in March of 2025.

VII. Tax Credit Program 4.0 Regulations – Leah Medrano, Tax Credit Deputy Director; Hedvig Marx, Soundstage Program Advisor; Fanshen Cox, DEIA Initiative Manager

Early this year, the CFC drafted regulations, had internal discussions with CFC tax credit staff; and held ten external stakeholder workgroup meetings, consisting of studio government and external affairs executives, independent producers, labor representatives, CPAs, diversity, equity, inclusion, and accessibility (DEIA) advocates, and workforce groups.

CALIFORNIA

Film Commission

The initial public comment window was held between August 16 and September 30, 2024. During this time, the CFC received 57 comments from four members of the public. These comments focused on Safety on Productions, DEIA definitions, DEIA forms, and DEIA timelines. Certain amendments were made, and a re-notice was published between October 7 and 22, 2024. No additional public comments were received during this 15-day re-notice.

The CFC gave a brief overview of new provisions under Program 4.0. The refundability option will be effective as of July 1, 2025, for Program 4.0 projects. Applicants must file with the Franchise Tax Board to be able to receive up to 90% refundability of tax credits over five years. There are new requirements under our workforce development programs, both under the Career Readiness and Career Pathways Programs. The Safety on Productions Pilot Program is included under SB 132. This program will be administered by Cal-OSHA per the Labor Code and is a requirement of all approved projects – both indies and non-indies. Finally, the CFC reviewed new requirements for DEIA. The CFC reviewed statutory requirements including definitions, forms, and deadlines.

In Program 4.0 regulations, criteria are included for organizations participating in the Career Readiness and Career Pathways Programs to provide clarity on requirements, submissions, and approval processes. For Career Readiness, there is no limitation on the number of organizations that may be approved for collaboration as each collaboration is project-specific and case-by-case. For the Career Pathways Program, the CFC works with a fiscal agent to approve a limited number of organizations that fulfill requirements and can sustainably accommodate students. Approved applicants are required to make a financial contribution within 30 days of their Credit Allocation Letter (CAL); for Program 4.0 the contribution for independent films will remain at 0.25% of the CAL amount and for all other projects it will be increased to 0.5%, per statute. The non-independent contribution may be increased starting on January 1, 2028 for the last two years of Program 4.0. The CFC collaborated on these sections with the workgroups. No public comment was received.

Another new provision for Program 4.0 approved applicants is the Safety on Productions Pilot Program established through SB 132 in the Labor Code. This pilot program is mandatory for all approved applicants, including independent films of all budget levels. In terms of regulations, the CFC only has a limited number of provisions, because the Safety on Productions Pilot Program is a workplace safety program established in the Labor Code and enforced by Cal-OSHA. Program 4.0 regulations include definitions of “final safety evaluation report” and “safety advisor” – which are defined specifically in the Labor Code. The CFC received public comment on the “safety advisor” definition, which we were able to accommodate to an extent, but not fully. In addition to the re-noticed changes, the commenter wished to include more details for enrollment and eligibility for training provided by the Industry-Wide Labor-Management Safety Committee, which is outside the purview of the CFC and outside the authority of Program 4.0 Revenue and Taxation Code sections, per SB 132. However, the CFC accommodated the requested change to the extent possible. In addition to these definitions, Program 4.0 regulations include the requirement for approved applicants to submit their final safety evaluation reports and any addendum reports, as well as the clarification that no tax credit certificate will be issued if the report has not been submitted.

Senate Bill 132 sets requirements for the DEIA Checklist, Workplan, Interim & Final Assessments. Additionally, specific statutory language in relation to timeline submissions. Projects under the independent category with budgets of \$10 million or less are exempt from this requirement. The diversity workplan shall include goals that are broadly reflective of California’s population, in terms of race, ethnicity, gender, and disability status. Senate Bill 132 allows an approved project to submit a diversity workplan. However, the bill requires the California Film Commission to reduce the tax credit allocation by 4% if the approved project either 1.) opts out of submitting a diversity workplan or 2.) if the California Film Commission determines that the project has not met or made a good-faith effort to meet the diversity goals as set forth in their diversity workplan. The statute specifies four focus areas in determining a good faith effort: Inclusive Hiring, Industry Capacity Building, Equity Education, and Supplier Diversity.

Program 4.0 regulations contain several definitions related to the DEIA provisions and forms. The

CALIFORNIA

Film Commission

definition for “good-faith effort” is the guideline for applicants in terms of DEIA goals. A public comment was received suggested striking “diverse, equitable, inclusive, and accessible productions” from this definition; the CFC believes that keeping those terms is important and in line with the intent of SB 132 and the Legislature’s findings and declarations. That change was therefore not made. However, “and ensuring” was changed to “and *toward*” to make the language less absolute. Another comment was that an applicant can’t guarantee a workforce that is reflective of California’s population, and there was concern that the wording referred to numeric goals and quotas. “Broadly reflective of California’s population” is a required component in Program statute, so the CFC has retained that language and believes that the existing prohibitions against numeric goals or quotas, as well as the openness of the term “broadly reflective” makes this a safe, workable phrasing for applicants. Amendments were made to include “strive to have” as a less absolute term in response to the comment.

Another example of public comment is the definition of “Equity Education.” The CFC received a comment that setting goals is beyond the scope of the statute with a suggestion to strike “setting robust, impactful, and achievable goals.” The commenters also found the statement “laws protecting these communities and people” misleading as discrimination laws protect all people. Equity education is one of the four focus areas SB 132 specifies for the DEIA Checklist. Applicants are required to align their DEIA Workplan with their DEIA Checklist, and they are required to set goals in their workplan, per statute, so the CFC has pared down but kept the main goal-setting language. However, the CFC did change the reference to legal protections to “existing civil rights and discrimination laws” for clarity.

An example of a definition that the CFC received comment for but did not amend is “inclusive hiring.” There was a suggestion to strike “minimizing bias during the hiring process” because existing law already prohibits discrimination in the hiring process. The CFC wants to keep the language, as bias may not rise to the level of discrimination, and this offers a more nuanced way to reflect on the hiring process and the ways it can be made more inclusive. Commenters also suggested changing “valuing diverse perspectives” to either “valuing a diverse range of perspectives” or to “valuing all perspectives”. The CFC believes that to be unnecessary as “diverse perspectives” means different and varied perspectives which the CFC considers synonymous with “a diverse range of perspectives” and/or “all perspectives.”

The CFC created a success roadmap to help productions understand the full DEIA Forms process, and to reflect the supportive touchpoints the CFC will offer to help projects maximize their tax credits. The DEIA Team will offer year-round, open, monthly guidance sessions to share DEIA best practices and sample responses to the checklist, workplan, interim, and final assessments. At the time of application, productions state their intention to opt in and designate a contact person. Projects that move to Phase II have a three-day window to complete the checklist and submit diversity initiatives. The DEIA team is available for support throughout. Within 20 calendar days of CAL issuance, productions must attend a DEIA orientation. The orientation will focus on DEIA best practices with examples and resources for completing the workplan, interim, and final assessments. Within 30 calendar days of CAL, productions submit their workplans; they can resubmit once and will have 30 additional days to resubmit if needed. Before principal photography begins, productions submit interim assessments focused on progress towards the goals set in the workplan and identifying barriers to meeting them. The DEIA team will offer support and resources. Within 60 calendar days of creation of the final element, productions must hand in the final report and separately, the production’s demographic data. The DEIA team is available for support and to offer resources prior to handing in the final report.

All bullet points on the Checklist, Form DEIA1, are repeated in the other DEIA forms as prompts, so productions will encounter the DEIA best practices, regardless of whether they opt in, or are exempt. The CFC updated the language for hiring a casting director to the suggested language from the public comments; additional comments expressed concern about creative expression for this prompt, but the CFC is confident the prompt and overall criteria allow productions to maintain creative expression. The CFC removed the final bullet point in the Inclusive Hiring section since commenters pointed out it would likely yield standardized responses given applicants are bound by law and collective bargaining agreements. In Form DEIA2, under the Equity Education section, the CFC updated some of the wording to questions 3, 4, and 6 to provide guidance for responding to the prompts, and for question 6 clarified the

CALIFORNIA

Film Commission

DEIA relevance of the prompt. Form DEIA3 is The Interim Assessment. Two commenters proposed to CFC in striking prompt 3 since it is duplicative of an earlier prompt about accessibility during production; this prompt appears under the Supplier Diversity heading. The CFC omitted this prompt in response to comments. For the Final Assessment, Form DEIA4, no substantive changes were made after the original notice.

Once the regulations are approved by the Board, the final rulemaking packet will be submitted to the Office of Administrative Law. The CFC estimates to receive OAL's determination around mid-December 2024 with an effective date of January 1, 2025. The first quarter of 2025 will be spent hosting informational sessions to production companies, studios, labor partners, and other stakeholders. The CFC will simultaneously work to streamline and finalize the application portal with new requirements in place for the start of Program 4.0, on July 1, 2025. In summary, the California Film Commission is seeking Board approval for the final express terms of the regulations, including all forms, CFC responses to public comments, and amendments made to the regulations based on public comments.

VIII. VOTE TO APPROVE TAX CREDIT PROGRAM 4.0 REGULATORY PACKAGE – Wendy Greuel, Chair

With no public comments during the Board meeting on the Tax Credit Program 4.0 Regulatory Package, Chair Greuel put forth a vote to approve the Tax Credit Program 4.0 Regulatory Package. CFC Board member Assemblymember Wendy Carrillo motioned for adoption of the Tax Credit Program 4.0 Regulatory Package and to authorize the Director of the CFC to submit the regulations and supporting documentation to the Office of Administrative Law for formal review and approval. The motion was seconded by CFC Board member Josh LaFarga and approved by all Board members.

IX. DISCUSSION ITEM: FOLLOW-UP ON STATE OF GLOBAL PRODUCTION (JUNE 2024 INFORMATIONAL ITEM) – Wendy Greuel, Chair

The meeting discussion addressed the ongoing competitiveness of California's film industry and the state's approach to incentives, diversity, and legislative engagement.

1. **State of Global Production:** The board discussed a presentation given by Adam Fowler of CVL Economics at the last board meeting (June 2024) highlighting how California is faring in the national and global production landscape. Recent articles noted challenges, including post-COVID recovery, strike impacts, and increased competition from other states.
2. **Legislative and Executive Focus:** There is strong interest from both the Governor and the legislature in retaining film production in California. This includes exploring ways to improve the state's tax incentive program, though the focus isn't solely financial—reducing bureaucracy and promoting film production as a local economic engine are also priorities.
3. **Role of the CFC and Industry Confusion:** Legislators and stakeholders sometimes confuse the CFC's role with broader industry responsibilities, particularly regarding diversity initiatives. The CFC manages specific funding and regulatory programs, but there's a need to clarify that it doesn't oversee the entire industry's diversity efforts.
4. **Tax Credit Comparisons:** There is a disparity in how tax credits are allocated across industries, with film production receiving less support compared to the tech sector's R&D credits. This disparity impacts the competitiveness of California's film industry against states with more generous production incentives.
5. **Task Forces and Local Partnerships:** Task forces, such as one led by the Los Angeles mayor, are evaluating how to streamline processes and improve local support for film production. This includes addressing bureaucratic challenges to make filming in California easier and more appealing.
6. **Future Action and Brainstorming:** Commissioners and new members are encouraged to share ideas on how the CFC can better educate legislators about the industry's impact and advocate for more robust support. The conversation underscores the need to continually adapt and promote California as a film-friendly state.



The CFC's discussions reflected both immediate actions (e.g., legislative clarity, local task forces) and long-term strategies (e.g., tax credit adjustments and diversity support) to retain and expand film production in California.

Various board members discussed strategies for educating policymakers and the public about the benefits of a film industry tax credit program. Key points raised included the challenge of communicating the economic benefits and complexities of the program, the importance of getting new legislative members on board with its importance, and the need for continuous outreach and education.

Board members noted that while other sectors receive substantial support, the film industry often faces scrutiny. They emphasized that California's tax credit for film production is unique in that funds are disbursed only after companies fulfill their commitments, making it financially responsible.

Additionally, there's a growing need to update the credit to cover post-production and non-traditional film work, reflecting industry shifts. They also mentioned the importance of leveraging local production and workforce benefits, especially given the competition from other states and countries offering more generous incentives.

Finally, there was a discussion about using storytelling—presenting the faces of people directly affected by the credit—to communicate its value. Acknowledging concerns about the strain on the state's general fund, board members also suggested evaluating all tax credits for efficacy to show that the film credit stands out for its fiscal prudence and economic impact.

X. NEW BUSINESS – Wendy Greuel, Chair

2025 Board Meeting Dates (February 21st ; June 6th; October 24th) in Los Angeles

XI. PUBLIC COMMENTS – Wendy Greuel, Chair

None

XII. ADJOURNMENT – Wendy Greuel, Chair

Meeting was adjourned at 3:35 p.m.