

August 13, 2026

**NOTICE OF PROPOSED SECOND READOPTION OF EMERGENCY ACTION
CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM**

SUBMISSION OF COMMENTS

Government Code section 11346(a)(2) requires that at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law (OAL), the adopting agency provide a Notice of the Proposed Emergency Action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the OAL, the OAL shall allow interested persons five calendar days to submit comments on the proposed emergency as set forth in Government Code section 11349.6.

Any interested person may present comments, in writing, on the Finding of Emergency or on the proposed regulations. Written comments must be received at the OAL within five days after the California Film Commission (CFC) submits the emergency regulations to the OAL for review.

Comments should be sent simultaneously to:

California Film Commission
7080 Hollywood Boulevard, Suite 900
Hollywood, CA 90028
Incentiveprogram4@film.ca.gov

Office of Administrative Law
300 Capitol Mall
Sacramento, CA 95814
staff@oal.ca.gov

For the status of the CFC submittal to OAL for review and the end of the five-day written submittal period, please consult the website of the OAL at www.oal.ca.gov under the heading "Emergency Regulations."

Please note that this proposed second readoption is identical to the readopted emergency regulations currently in effect.



Leah Medrano, Deputy Director - Tax Credit Program
California Film Commission

FINDING OF EMERGENCY

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM

Government Code section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code section 11349.6.

1. STATEMENT OF EMERGENCY

Deemed Emergency: As per Revenue and Taxation Code section 17053.98, subdivision (k)(10)(C) and section 23698, subdivision (k)(10)(C), the Legislature deemed implementation of section 17053.98, subdivision (k) and section 23698, subdivision (k) an emergency:

2. FINDING OF EMERGENCY

Assembly Bill 1138 (Zbur, Chapter 27, Statutes of 2025) expanded the types of projects eligible for the Motion Picture Tax Credit 4.0 and Soundstage Filming Tax Credit Program (Soundstage Program), and increased the credit amount percentages allowed for qualified motion pictures. In addition, AB 1138 increased the aggregate amount of credits that may be allocated in a fiscal year to \$750 million and included an urgency clause.

California's film and television industry is a key part of the state's cultural identity, as well a key source of tourism revenue. Concentrated in the Los Angeles region, the industry provides work to actors and entertainers and generates production and on-set jobs for union laborers. Despite the industry's importance in the state, the Legislative Analyst's Office (LAO) notes that from 2010 to 2023, California's share of domestic film industry employment decreased from over 54% to 46%, and also underscores that recent disruptions, including COVID-19 pandemic, the 2023 labor strikes, and the 2025 Los Angeles wildfires, have depressed production activity.

A 2023 report by the CFC found that runaway projects to other locations accounted for \$1.5 billion in production spending loss. Reports on contributions to the Motion Picture Pension Plan suggest that the decline in production has led to a sharp drop in union jobs, particularly in 2022 and 2024, during which reported hours to the Motion Picture Pension Plan dropped by over 34 million. This represents a loss of over 17,000 full-time equivalent jobs.

3. INFORMATIVE DIGEST

California first established the Motion Picture Tax Credit program in 2009 to compete with similar programs in other states and countries using tax credits to incentivize production relocation. Since then, California has enacted several iterations of the program. Most recently, SB 132 (Committee on Budget and Fiscal Review, Chapter 56, Statutes of 2023) enacted the Motion Picture Tax Credit 4.0 that reauthorized the Motion Picture Tax Credit program for \$330 million in tax credits to be allocated by the CFC on or after July 1, 2025 and before July 1, 2030, and authorized the state's first refundable credit for business taxpayers. SB 144 (Portantino, Chapter 114, Statutes of 2021) created the similar Soundstage Program, which allows, for taxable years beginning on or after January 1, 2022 and before January 1, 2032, a tax credit for a qualified motion picture produced at a certified studio construction project.

Assembly Bill 1138 modified the Motion Picture Tax Credit 4.0 and Soundstage Program by expanding the definition of a qualified motion picture to include live action and animated series with episodes averaging 20 minutes or more, animated films, and large-scale competition shows; increased the percentage of credit allowed for qualifying projects; and increased the total amount of credits awarded to further incentivize film and television projects to remain in or relocate to California.

4. NECESSITY FOR EACH NEW REGULATION

The CFC proposes to adopt modifications to Article 5, sections 5550 through 5554, to amend the California Film and Television Tax Credit Program 4.0, within the California Code of Regulations, Title 10, Chapter 7.75. The following paragraphs explain the necessity and purpose for each amended regulation section, which together comprise regulatory amendments of the Film and Television Program as required by the statutes.

Generally

In some instances, the proposed regulations duplicate California statute in part where the statute is cited as “authority” or “reference” for the proposed regulation and the duplication or overlap is necessary to satisfy the “clarity” standard of Government Code section 11349.1(a)(3). This ensures that California Film and Television Tax Credit Program applicants are able to understand eligibility requirements, and submission and documentation requirements to apply for and receive tax credits, and all other applicable limitations and requirements of the Program without needing to navigate multiple complex sources and keep track of an undue amount of cross-references. The statute contains Program requirements, including eligibility, and also requires the CFC to establish procedures and amend regulations to implement, interpret, and make specific overall Program requirements; these amended regulations combine the Program components into one comprehensive article to aid tax credit applicants under the California Film and Television Tax Credit Program in understanding how the Program functions and applies to them.

In a few instances, clauses and sub-clauses have been renumbered for consistency with CCR conventions. These are changes without regulatory effect.

Section 5550. Definitions

The statute includes new and modified definitions for implementation of the Film and Television Tax Credit Program. As proposed, section 5550 is modified with relevant definitions, which contains the definitions for “animated project,” “game show,” “large-scale competition show,” “motion capture,” “reboot television series,” and “second season television series.” This section is necessary to clarify, alter, and add new definitions for terms used within the Film and Television Tax Credit Program as added by AB 1138.

Section 5550 (p)(4) is modified as prescribed by new statutory language under AB 1138.

Section 5550 (p)(6)(B) is added to provided clarity as prescribed by new statutory language under AB 1138.

Section 5551. Program Eligibility

The statute outlines requirements for the CFC to approve eligible productions as well as other requirements and eligibility criteria for a taxpayer to successfully apply for and receive a tax credit under the Film and Television Tax Credit Program. Section 5551 further clarifies and pulls together these eligibility requirements into one comprehensive list for ease of understanding. Section 5551 modifications are necessary to ensure potential applicants understand how to be eligible for a tax credit under the Film and Television Tax Credit Program.

Section 5551 has been amended pursuant to these emergency regulations; subdivisions (b)(1)(A) to (K) have been modified to include new eligible categories as added by AB 1138. Subdivisions (c) to (f) are also modified to include new requirements under AB 1138. Since animated projects are now eligible to apply, subdivision (k) under this section was struck out.

Section 5552 Tax Credit Allocation

Section 5552 has been amended for adoption of the emergency regulations.

Section 5552, subdivisions (a), (b)(1)-(2), (e)(1)-(3), (f), (h)(2), (i)(a)(2), are modified as prescribed by new statutory language under AB 1138.

Section 5552, subdivisions (j)(1)(C) and (D) are added for clarity pursuant to the statute, which requires recurring television projects to apply within 18 months from when a project concluded principal photography in order to guarantee credits.

Section 5553 Application Process for Tax Credit Allocation

Section 5553 has been amended for adoption of the emergency regulations.

Subdivision (j) is modified to include a greenlight notice date for projects under the animation category. Additional modifications include new requirements pursuant to AB 1138. Since there are no principal photography days in animation projects, the use of motion capture is considered live photography. Section (C),(F), and (H) include modified language as prescribed by AB 1138. Section (10)(C) was struck out pursuant to the revised statutory language.

Subdivision (m) provides clarity on additional application documentation required by the revised statute.

Section 5553.1 Application Process for Tax Credit Allocation

Section 5553.1 has been amended for adoption of the emergency regulations as required by the revised language of the statute, which modifies portions of the jobs-ratio calculation.

Section 5553.2 Budget Tags and Qualified Expenditures

Section 5553.2, subdivision (b)(E) has been added for adoption of the emergency regulations to provide clarity, specifically for individuals performing work in large-scale competition show category.

Section 5554 Approved Applicant Responsibilities

All subdivisions under section 5554 were amended for adoption of the emergency regulations to provide clarity, specifically for new eligible categories such as animated projects. Since there is no principal photography for these categories, specific language is added to provide clarity of required responsibilities.

5. AUTHORITY AND REFERENCE

The primary authority to adopt these regulations implementing the California Soundstage Filming Tax Credit Program is found in Revenue and Taxation Code sections 17053.98(k)(10) and 23698(k)(10). The proposed emergency regulations implement, interpret, and make specific Revenue and Taxation Code sections 17053.98, 17053.99, and 23698. More specific references to the subdivisions that are being implemented are included below each proposed regulatory section.

6. DOCUMENTS INCORPORATED BY REFERENCE

No new documents are incorporated by reference via the emergency regulation amendments.

7. DOCUMENTS RELIED UPON

No documents were relied upon in the drafting of the emergency regulations.

8. COST ESTIMATE

Costs to any local agency requiring reimbursement pursuant to 17500 et seq: None.

Cost or savings to any state agency: None.

Other non-discretionary cost or savings imposed upon local agencies: None.

Costs or savings in federal funding to the state: None.

9. REGULATORY COMPATIBILITY

During the process of developing these regulations and amendments, the CFC has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations. The CFC has endeavored to ensure that these regulatory amendments comply with the non-duplication standard found in Title 1, California Code of Regulations. In some instances, the amended regulations duplicate California statute in part where the statute is cited as “authority” or “reference” for the proposed regulation and the duplication or overlap is necessary to satisfy the “clarity” standard of Government Code section 11349.1(a)(3).

10. LOCAL MANDATE DETERMINATION

Mandate on local agencies or school districts: None.

PROPOSED ADDITIONS TO THE CALIFORNIA CODE OF REGULATIONS

Title 10

Chapter 7.75

CALIFORNIA FILM COMMISSION

Article 5.

California Film and Television Tax Credit Program 4.0

§ 5550. Definitions.

- (a) (1) "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.
- (~~1~~2) "Applicable period" refers to production outside the Los Angeles zone, but in the state of California, that commences with preproduction and ends when original photography concludes outside the Los Angeles zone. It includes the time necessary to strike a remote location and return to the Los Angeles zone.
- (~~2~~3) "Applicant" is any person, corporation, partnership, limited partnership, limited liability company (LLC) or other entity that is principally engaged in the production of a "qualified motion picture" and that controls the film or television program during preproduction, production, and postproduction. The applicant is the qualified taxpayer that upon final approval will receive the tax credit certificate.
- (b) (Reserved)
- (c) (1) "California Film Commission" (CFC) is a state entity established and described in Government Code section 14998 et seq. that, among other functions, facilitates and promotes motion picture and television production in the State of California.
- (2) "California 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.
- (3) "Cast member" means any contract player reflected as such on the production report and includes speaking roles, on-camera stunt players, pilots, puppeteers, and any dancers, singers, and musicians who are not on an extras voucher.
- (4) "Certified ancillary building" means an ancillary building that has been certified as part of a certified studio construction project by the CFC under the California Soundstage Filming Tax Credit Program Phase A, pursuant to sections 17053.98(k) and 23698(k) of the Revenue and Taxation Code and in accordance with the conditions specified in section 5532 and section 5538 of article 4 of this chapter.

- (5) "Certified soundstage" means a soundstage that has been certified by the CFC under the California Soundstage Filming Tax Credit Program Phase A, pursuant to sections 17053.98(k) and 23698(k) of the Revenue and Taxation Code and in accordance with the conditions specified in section 5532 and section 5538 of article 4 of this chapter.
- (6) "Credit Allocation Letter" (CAL) is the document issued by the California Film Commission reserving an amount of tax credits to an applicant having a qualified motion picture based on an estimate of qualified expenditures.
- (7) "Contracted services" means the hiring of a third party to work or perform services on behalf of the applicant including, but not limited to, visual effect shot costs, makeup prosthetic packages, sound mixing, and creation of postproduction delivery items.
- (d) (1) "Diversity, equity, inclusion, and accessibility" (DEIA) means a commitment to providing equitable access to opportunities for people with varying racial, ethnic, and gender identities, disabilities, sexual orientations, age, religions, and socioeconomic statuses in an environment that is reasonably accessible to all whereby all are welcomed and respected.
- (2) "Documentary" means a film or television project dealing with factual events, that are photographed in actual occurrence or depicted through techniques including, but not limited to partial reenactment, stock footage, stills, animation, or stop-motion.
- (e) (1) "Equity education" means, for purposes of the diversity, equity, inclusion, and accessibility provisions specified in sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, learning about the historical and contemporary experiences of underrepresented communities and people, existing civil rights and discrimination laws, and setting achievable goals for ensuring diversity, equity, inclusion, and accessibility for everyone on production.
- (f) (1) "Feature film" means a production of a film with a minimum budget of one million dollars (\$1,000,000) that has a running time of at least seventy-five (75) minutes.
- (2) "Final safety evaluation report" means the mandatory report prepared in accordance with section 9152(h) of the Labor Code by the safety advisor as part of the Safety on Productions Pilot Program established pursuant to section 9152 of the Labor Code.
- (3) "Force Majeure" means an event or series of events, which are not under the control of the qualified taxpayer, including death, disability, disfigurement or breach by the motion picture director or principal cast member, an act of God, including, but not limited to, fire, flood, earthquake, storm, hurricane or other natural disaster, labor disruption, public health emergency, armed conflict, terrorist activities, or government sanction.
- (g) (1) "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.
- (2) "Good-faith effort" means, for purposes of the diversity, equity, inclusion, and accessibility provisions specified in sections 17053.98.1(g)(3)(D) and

23698.1(g)(3)(D) of the Revenue and Taxation Code, proactive, intentional, diligent, and impactful actions taken for purposes of broadening and maintaining access to motion picture industry jobs and toward diverse, equitable, inclusive, and accessible productions that strive to have a workforce which is broadly reflective of California's population in terms of, but not limited to, race, ethnicity, gender, and disability status.

- (h) (1) "Hiatus" means a break or interruption in the continuity of work that may be implemented after at minimum one (1) day of principal photography, subject to the requirements in section 5554(a)(2) of this article, for up to one hundred twenty (120) calendar days.

(A) Once principal photography has resumed, a project is not required to request another hiatus for a subsequent break or interruption.

(B) Implementing a hiatus does not impact the thirty (30) month timeframe for completion of the final element required pursuant to section 5555(c) of this article.

- (i) (1) "Inclusive hiring" means, for purposes of the diversity, equity, inclusion, and accessibility provisions specified in sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, minimizing bias during the hiring process, valuing diverse perspectives, and implementing an equitable recruiting process.

(2) "Independent film" means a film with a running time of at least seventy-five (75) minutes with a minimum budget of one million dollars (\$1,000,000) which is produced by a company that is not publicly traded and a publicly traded company does not own, directly or indirectly, more than ~~twenty-five~~thirty percent (~~25~~30%) of the producing company.

(3) "Industry capacity building" means, for purposes of the diversity, equity, inclusion, and accessibility provisions specified in sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, helping to increase an inclusive and qualified workforce and an inclusive and qualified vendor and supplier base in all areas that contribute to motion picture production in California.

- (j) (1) "Jobs Ratio" means the amount of qualified wages paid to qualified individuals divided by the amount of tax credit as further described in Revenue and Taxation Code section 17053.98.1(b)(8) and 23698.1(b)(8) and section 5553.1 of this article.

(k) (Reserved)

- (l) (1) "Large-scale competition show" means a television project consisting of a minimum budget of one million dollars (\$1,000,000) per episode. Large-scale competition shows do not include traditional reality shows, game shows, talk shows, or a-docu-follow television programs. A large-scale competition show must have the following elements:

(A) Contestants who compete, and which competition ultimately results in a person or group of people winning, or one or more persons being awarded a financial or other benefit or consideration.

(B) 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.

(12) "Limited series" shall have the same meaning as "miniseries," as defined in section 5550(m)(1) of this section, and the terms may be used interchangeably for purposes of the California Film and Television Tax Credit Program 4.0.

(23) "Local Hire Labor" means qualified individuals who reside in California, but outside the Los Angeles zone, and who are working outside the Los Angeles zone during the applicable period.

(34) "Logline" means a short summary of the content of a motion picture project.

(m) (1) "Miniseries" means a motion picture based on a single theme or storyline that is resolved within the piece. A miniseries consists of two or more episodes each longer than 40 minutes of running time, exclusive of commercials, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(2) "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.

-(3) "Motion capture animated project" 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.

(n) (1) "Non-proprietary document format" means a document format which the CFC can access and open without specialized software requiring purchase, without subscriptions, or other access keys.

(o) -(1) "Office or other place of business" means real property with a physical address in California that is owned or leased by a vendor for the purpose of conducting business. For purposes of these regulations, conducting business includes maintaining a product inventory or otherwise creating, assembling, or offering for sale the product purchased or leased by a motion picture production company.

(2) "Once-certified soundstage" means a soundstage, as defined in section 5550(c)(5) of this article, which was originally part of a studio construction project certified pursuant to sections 17053.98(k) and 23698(k) of the Revenue and Taxation Code as part of the California Soundstage Filming Tax Credit Program, for which the active period of certification of five (5) years has expired.

(3) "Outside Los Angeles zone vendor" means a vendor or supplier in California which maintains an office or place of business outside the Los Angeles zone, 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 and employs one or more full-time employees, or is a sole

proprietor working at the place of business outside the Los Angeles zone. Pass-through businesses do not qualify as an "Outside Los Angeles zone vendor."

- (p) (1) "Pass-through business" means a company maintaining an office or other place of business in California that primarily fulfills orders from a production company for products or third-party services from sources other than its own inventories or employees.
- (2) "Pick-up order" means a contractual obligation from a licensee-exhibitor that a pilot or television series has been ordered or renewed for the production of an initial episode or episodes to be delivered within a specific time frame.
- (3) "Picture editing and postproduction sound labor and services" means labor and services related to the process of assembling and winnowing the filmed material into its final form, from the raw dailies of principal photography through inclusion of visual effects, optical effects and image color correction, to delivery of the final element of the completed motion picture project, and to the process of compiling, re-recording, and mixing all of the elements that go into making the sound of the completed motion picture project, including adding music, sound effects, foley, dialogue, re-recorded dialogue, background looping, and the final mix of those elements.
- (4) "Pilot" means the initial episode produced for a proposed television series that is longer than ~~40~~20 minutes of running time, exclusive of commercials, with a minimum production budget of one million dollars (\$1,000,000).
- (5) "Preproduction start date" means the first day of work on a project for either the unit production manager or the production designer, whichever occurs first.
- (6) "Principal photography days" means the number of days shot by the principal unit with the director present and lead actors usually present. "Principal photography days" in California does not include the filming of primarily backgrounds, visual effects, action, and/or crowd scenes by the second, stunt, or visual effects units.
- (A) "Principal photography outside the Los Angeles Zone" means that, at minimum, the first scene of the day is filmed outside the Los Angeles Zone.
- (B) Principal photography does not apply to a qualified motion picture that is considered an animated film or television series, unless the animated project is a motion capture animated project.
- (7) "Producer" means any individual who receives an on-screen producer credit including but not limited to any of the following titles: producer, co-producer, line producer, executive producer, co-executive producer, associate producer, supervising producer, post producer, or visual effects producer.
- (8) "Production budget" means the budget used by the applicant and production company and shall include qualified and non-qualified expenditures. Production budget shall include wages, goods, and services performed and incurred within and outside of California. It does not include costs which are not directly associated with the preproduction, production, or postproduction of the project, such as, but not limited to,

distribution prints and advertising, marketing, film festival participation, financing, or distribution costs such as DVD manufacturing.

- (q) (1) “Qualified period” means the period that begins at the date of issuance of a qualified motion picture project’s CAL, as defined in section 5550(c)(6) of this article, and ends thirty (30) calendar days after the creation of the final element, if that date falls within the thirty (30) month completion timeframe set forth in sections 17053.98.1(b)(19)(B)(ii) and 23698.1(b)(19)(B)(ii) of the Revenue and Taxation Code and section 5555(c) of this article.
- (r) (1) “Reality television program” means a program depicting real events and non-actors through actual footage which presents persons in purportedly unscripted or partially scripted situations.
- (2) “Reasonable cause” means unforeseen circumstances beyond the control of the applicant, including, but not limited to: an event of force majeure; the cancellation of a television series prior to the completion of the scheduled number of episodes; failure by third parties to perform; a change in essential talent such as the director, principal cast and the associated costs; and/or a change in production financing exigencies resulting in a significant reduction to the production budget, as provided in section XII.6. of Form AUP (January 1, 2025), hereby incorporated by reference.
- (3) “Reboot television series” means a qualified motion picture that is 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.
- (4) “Recurring television series” means any television series, relocating television series, or any new television series based on a pilot for a new television series that was approved and issued a CAL in a previous allocation period under the California Film and Television Tax Credit Program 1.0, 2.0, 3.0, or 4.0, or the California Soundstage Filming Tax Credit Program.
- (45) “Relocating television series” has the same meaning as “television series that relocated to California;” as defined in section 5550(t)(4) of this article for purposes of the California Film and Television Program 4.0, and the terms may be used interchangeably and shall be understood to have the same meaning.
- (s) (1) “Safety advisor” means, for purposes of the California Film and Television Program 4.0, an individual who fulfills the criteria of section 9151(k) of the Labor Code, including successful completion of the training course that has been implemented by the Industry-Wide Labor-Management Safety Committee pursuant to paragraph 9151(k)(2) of the Labor Code, and who prepares and submits the final safety evaluation report.
- (2) “Second season television series” is a qualified motion picture that is a television series that did not commence principal photography before July 1, 2025.

(A) (i) 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 submit an application for season two.

(ii) A television series with a minimum running time of 20 minutes that was previously ineligible to apply for the Film and Television 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.

(B) 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 submit an application for season two.

(3) “Scripted series” means a fictional episodic television series based upon scripted materials.

(4) “Scoring musician” means an instrumental musician, a vocalist, a music arranger, an orchestrator, a Musical Instrument Digital Interface (MIDI) transcriber, a music copyist, a music librarian, a conductor (except a conductor that is also the composer), and a musician or a choral contractor employed solely for the purpose of recording music for a qualified motion picture.

(5) “Soundstage applicant” means an applicant, as defined in this section, that films its project on a soundstage or soundstages certified or once certified by the California Film Commission pursuant to sections 17053.98(k) and 23698(k) of the Revenue and Taxation Code and fulfilling specific requirements of those sections to receive the one hundred thirty-three percent (133%) jobs ratio advantage specified in section 5553.1(a)(2) of this article.

(6) “Soundstage wages” means wages for production services performed within the production period, as defined in sections 17053.98.1(b)(15) and 23698.1(b)(15) of the Revenue and Taxation Code, on a certified soundstage or certified ancillary building and in alignment with section 5530(l)(1)(A) of article 4 of this chapter. Wages related to maintenance of the certified soundstage, and wages incurred for services performed at locations or facilities that are not a certified soundstage or certified ancillary building shall not be included for the purpose of satisfying the criteria in sections 17053.98(k)(2)(B)(ii) and 23698(k)(2)(B)(ii).

(7) “Stage shooting day” means a principal photography day, as defined in section 5550(p)(6) of this article, during which an applicant utilizes its certified soundstage(s), or other soundstage(s) for six hours or more. For purposes of qualifying as a stage shooting day, time spent filming on the backlot or similar contiguous area immediately adjacent to the certified soundstage(s) or other soundstage(s) shall qualify.

(8) “Supplemental television season” means a backorder of episodes related to a season that is already in production.

(98) "Supplier diversity" means, for purposes of the diversity, equity, inclusion, and accessibility provisions specified in sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, contracting with vendors, including but not limited to catering companies, accounting firms, equipment rentals, and postproduction houses, owned and operated by individuals from socially and economically underrepresented groups to support production.

(t) - (1) "Television project" means pilots for new television series, new television series, miniseries/limited series, a relocating television series, and recurring television series.

(2) "Television season" means 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.

(A) A supplemental television season may consist of fewer than six (6) episodes.

(3) "Television series" also known as "episodic television," means a regularly occurring production and may include a series with multiple episodes available to the public in a single viewing and without regard to distribution transmission.

(4) "Television series that relocated to California" means a television series without regard to episode length or initial media exhibition, with a minimum production budget of one million dollars (\$1,000,000) per episode, that filmed at least seventy-five percent (75%) of principal photography days in its most recent season outside of California or has filmed all seasons outside of California and for which the taxpayer certifies that the credit is the primary reason for relocating to California.

_(u) (Reserved)

(v) (1) "Visual effects" (VFX) means the digital and/or in-camera creation, alteration, or enhancement of images. Visual Effects includes, but is not limited to, clean-up, wire removals, matte paintings, animation, set extensions, computer-generated objects, characters and environments, digital FX simulations, compositing (combining two or more elements in a final image), motion capture, facial capture, world capture (locations, set scanning) and visualizations (previz, techviz, postviz). It also includes the digital creation, clean-up, alteration or enhancement of materials for and resulting from shooting in a virtual production volume. "Visual effects" does not include fully animated projects, whether created by traditional or digital means.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: 17053.98(k), 17053.98.1(a), 17053.98.1(b), 17053.98.1(g), 17053.98.1(h), 17053.98.1(i), 23698(k), 23698.1(a), 23698.1(b), 23698.1(g), 23698.1(h), and 23698.1(i), Revenue and Taxation Code; Section 9151(k) and 9152(h), Labor Code; and Section 14998.1, Government Code.

§ 5551. Program Eligibility.

(a) In order for an applicant to be eligible to apply for an allocation of tax credits under the California Film and Television Tax Credit Program 4.0, the applicant must ensure that the qualified motion picture referenced in the application complies with the provisions of sections 17053.98.1(b)(19) and 23698.1(b)(19) of the Revenue and Taxation Code, including but not limited to:

- (1) (A) Filming at least seventy-five percent (75%) of principal photography days wholly in California; or,
(B) Incurring at least seventy-five percent (75%) of the total production budget in California.
- (2) Not commencing principal photography in California prior to issuance of a Credit Allocation Letter (CAL), Form D4 (January 1, 2025), hereby incorporated by reference.

(b) (1) An applicant may apply for tax credit allocation under the California Film and Television Tax Credit Program 4.0 with a qualified motion picture project in one of the following categories:

- (A) Non-independent feature film, [live action or animated.](#)
- (B) Independent film with a qualified expenditure budget over ten million dollars (\$10,000,000), [live action or animated.](#)
- (C) Independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, [live action or animated.](#)
- (D) Pilot, [live action or animated.](#)
- (E) New television series, [live action or animated.](#)
- (F) Recurring television series, [live action or animated.](#)
- (G) [Large-scale competition show.](#)
- (H) Miniseries/limited series, [live action or animated.](#)
- (I) [Reboot television series, live action or animated.](#)
- (J) [Second season television series, live action or animated.](#)
- (K) [Relocating television series, live action or animated.](#)

(2) Pursuant to sections 17053.98(k)(8)(D), 17053.98(g)(2)(D)(iv)(II), 17053.98.1(g)(2)(D)(iii)(II), 23698(k)(8)(D), 23698(g)(2)(D)(iv)(II), and 23698.1(g)(2)(D)(iii)(II) of the Revenue and Taxation Code, an applicant may qualify for the Program by filming a qualified motion picture project on a soundstage or soundstages certified by the California Film Commission (CFC) as part of a Certified Studio Construction Project in accordance with Revenue and Taxation Code sections 17053.98(k) and 23698(k), subject to a jobs ratio enhancement of one hundred thirty-three percent (133%).

- (A) A qualified motion picture project utilizing the jobs ratio enhancement must fulfill all applicable California Film and Television Tax Credit Program 4.0 requirements as well as all applicable California Soundstage Filming Tax Credit Program requirements, as specified in sections 5553(j)(5)(D), 5553(j)(6)(E), 5553(j)(6)(F), and 5553(j)(10)(C) of this article.
- (B) The category designation for a qualified motion picture project utilizing the jobs ratio enhancement shall be the same as in subparagraphs (A) through (H) of paragraph (1) above, as applicable, with "Soundstage" added as a suffix.
- (c) To qualify as a non-independent feature film (live action or animated), the motion picture project shall have a running time of at least seventy-five (75) minutes and a minimum budget of one million dollars (\$1,000,000).
- (d) To qualify as an independent film, the motion picture project shall have a running time of at least seventy-five (75) minutes and a minimum budget of one million dollars (\$1,000,000), and must be produced by a company that is not publicly traded and a publicly traded company does not own, directly or indirectly, more than ~~twenty-five~~thirty percent (~~25~~30%) of the producing company.
- (e) To qualify as a pilot for a new television series, the pilot episode shall have a running time longer than ~~forty-twenty~~ (4020) minutes, exclusive of commercials, shall be produced in California with a minimum budget of one million dollars (\$1,000,000), and shall be the initial episode in a proposed television series.
- (f) To qualify as a new television series (scripted, competition, or animated), the television series shall produce episodes with a running time longer than ~~twentyforty~~ (4020) minutes each, exclusive of commercials, and with a minimum production budget of one million dollars (\$1,000,000) per episode.
- (g) To qualify as a recurring television series, the television series must be an eligible qualified motion picture project that is a subsequent season of a new television series or a relocating television series, or a season of a television series based on a pilot, initially allocated tax credits pursuant to sections 17053.85, 17053.95, 17053.98, 17053.98.1, 23685, 23695, 23698, or 23698.1 of the Revenue and Taxation Code.
- (h) To qualify as a relocating television series, the television series shall meet the following criteria:
- (1) Provide a certification from the applicant that the tax credit provided pursuant to this section is the primary reason for relocating to California.
 - (2) Produce episodes of any length, filmed its most recent season outside of California, and have a minimum production budget of one million dollars (\$1,000,000) per episode.
 - (3) At least seventy-five percent (75%) of principal photography days of its most recent season have been filmed outside of California.
- (i) To qualify as a miniseries/limited series, the project shall consist of two or more episodes each longer than forty (40) minutes of running time, exclusive of commercials, with a

minimum production budget of one million dollars (\$1,000,000) per episode and shall be based on a single theme or storyline that is resolved within those episodes.

- (j) For purposes of tax credit allocation and program requirements, any category of qualified motion picture project that is episodic television (including a pilot or a miniseries/limited series) shall be considered a non-independent project, regardless of whether the project is produced by a company that is publicly traded or owned, directly or indirectly, by a publicly traded company.

~~(k) — (1) An animated production is not considered a qualified motion picture and shall not be eligible for a tax credit. Animated production means content created that does not utilize or incorporate live action footage but creates a motion picture consisting principally of computer generated or hand painted images. An animated production does not engage in principal photography and therefore does not meet the conditions for eligibility set forth in sections 17053.98.1(b)(14) and 23698.1(b)(14) of the Revenue and Taxation Code.~~

- (2) Revenue and Taxation Code sections 17053.98.1(b)(19)(D) and 23698.1(b)(19)(D) contain a listing of other project types, content, and production circumstances ineligible for tax credit allocation under the California Film and Television Tax Credit Program 4.0.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98(k), 17053.98.1(a), 17053.98.1(b), 17053.98.1(c), 17053.98.1(g), 17053.98.1(i), 23698(k), 23698.1(a), 23698.1(b), 23698.1(c), 23698.1(g), and 23698.1(i), Revenue and Taxation Code; Section 14998.1, Government Code.

§ 5552. Tax Credit Allocation.

- (a) In each fiscal year beginning with the 2025-26 fiscal year and ending with the 2029-30 fiscal year, the CFC shall allocate tax credits to qualified motion picture projects produced by eligible California Film and Television Tax Credit Program 4.0 applicants in ~~two~~ four or more allocation periods publicized as specified in section 5553(a) of this article.
- (b) The amount of tax credits allocated to a qualified motion picture project shall be based on a percentage of the qualified expenditures provided in sections 17053.98.1(a)(4) and 23698.1(a)(4) of the Revenue and Taxation Code, as follows:
 - (1) ~~Twenty~~ Thirty-five percent (~~20~~ 35%) of the qualified expenditures attributable to a qualified motion picture project category listed in subparagraphs (A), ~~(D), (E), (F), and~~ (H) of section 5551(b)(1) of this article.
 - (2) ~~Twenty-five~~ Forty percent (~~25~~ 40%) of the qualified expenditures attributable to a qualified motion picture project category listed in subparagraphs ~~(B), (C), and (G)~~ (K) of section 5551(b)(1) of this article.
- (c) If all tax credits have been allocated for any application period, qualified motion pictures shall be placed in a prioritized waiting list according to their project type and in the order of their jobs ratio ranking until one of the following occurs: credits become available that allocation

period, the production elects to be removed from the queue, the production starts principal photography in California, or until the allocation period ends.

- (1) In the event that a partial tax credit allocation is available for the highest ranked project on a waiting list, the CFC shall offer that tax credit allocation to the waitlisted project if it amounts to or exceeds fifty percent (50%) of the waitlisted project's total eligible tax credit allocation amount.
 - (A) A waitlisted project that rejects an offer of a partial tax credit allocation shall keep its place on the waiting list within that allocation period. A waitlisted project that rejects an offer of partial tax credit allocation shall remain eligible to apply for credit allocation for the same project in any future allocation period for that project category, provided it has not commenced principal photography and continues to fulfill all applicable program requirements.
 - (B) If the highest ranked project on a waiting list rejects the offer of a partial credit allocation and elects to be removed from the queue, the CFC shall offer the credits to the next project on the waiting list in accordance with the percentage rule in paragraph (1) above, and so on until the available tax credits are exhausted or amount to less than fifty percent (50%) of the total eligible tax credit allocation amount for the next project on the waiting list.
- (d) If the applicant is producing a series of feature films that will be filmed concurrently and the series of films continues the narrative of the original work and financing is confirmed, then the CFC shall have the authority to divide the allocation over multiple fiscal years if it is determined that the production schedule occurs over more than one fiscal year.
- (e) Tax credits for a feature film, new or recurring television series, relocating television series, pilot, or miniseries/limited series shall be applied to a maximum of one hundred ~~ten~~ twenty million dollars (~~\$100~~ \$120,000,000) of the qualified expenditure budget. There shall be no maximum on the production budget.
 - (1) A one hundred twenty million-dollar (~~\$100~~ \$120,000,000) qualified expenditure maximum applies to the five percent (5%) augmentation as per section 5552(h)(1-~~3~~ 2).
 - (2) A one hundred twenty million-dollar (~~\$100~~ \$120,000,000) qualified expenditure maximum applies to the ten percent (10%) augmentation as per section 5552(i)(1).
 - (3) A one hundred twenty million-dollar (~~\$100~~ \$120,000,000) qualified expenditure maximum applies to the five percent (5%) augmentation as per section 5552(i)(2) with respect to a relocating television series.
- (f) Tax credits for an independent film shall be applied to a maximum of ~~ten~~ twenty million dollars (~~\$10~~ \$20,000,000) of the qualified expenditure budget. There shall be no maximum on the production budget.
 - (1) A ~~ten~~ twenty million-dollar (~~\$10~~ \$20,000,000) qualified expenditure maximum applies to the ~~five~~ ten percent (~~5~~ 10%) augmentation as per Section 5552(i)(~~21~~ 21).
- (g) Pursuant to sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, except in the case of a qualified motion picture that is an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, the CFC shall for

informational purposes include on each Credit Allocation Letter (CAL), Form D4 (January 1, 2025), hereby incorporated by reference, issued for the California Film and Television Program 4.0 the total sum of allocated credits for a qualified motion picture project and the sum that equals ninety-six percent (96%) of the total sum of allocated credits, including uplifts.

- (1) An applicant that opts in to the diversity provisions detailed in sections 5553.3 and 5554.2 of this article and meets or makes a good-faith effort to meet the goals in its diversity workplan shall be eligible for tax credit certification of the full amount, subject to verification and audit, pursuant to sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code.
 - (2) An applicant that opts out of the diversity provisions outlined in sections 5553.3 and 5554.2 of this article or that does not meet or make a good-faith effort to meet the goals in its diversity workplan shall be eligible for tax credit certification of the sum that equals ninety-six percent (96%) of the total sum of allocated credits, including uplifts, subject to verification and audit, pursuant to sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code.
 - (3) The one hundred percent (100%) sum is the sum that shall be referenced for purposes of establishing the maximum sum of allocated tax credits for a subsequent season of a television series and the sum that shall constitute the basis of calculation for an applicant's Career Pathways Program contribution.
- (h) For purposes of this section, a five percent (5%) augmentation ("uplift") to the tax credit allocation for non-independent motion pictures (excluding relocating television series) shall be made by the CFC when any of the following conditions have been met:
- (1) The production company pays or incurs qualified expenditures relating to qualified visual effects work totaling a minimum of ten million dollars (\$10,000,000) in California or at least seventy-five percent (75%) of total worldwide visual effects expenditures are incurred in California.
 - (2) ~~The production company pays or incurs qualified wages for services performed outside the Los Angeles zone during the applicable period relating to original photography outside the Los Angeles zone by individuals who reside within the Los Angeles zone. The foregoing amounts shall be substantiated by documentation including, but not limited to, timesheets and payroll records as requested by the CFC pursuant to section 5555(e) and/or the CPA performing the Agreed Upon Procedures (AUP; January 1, 2025), hereby incorporated by reference.~~
 - (3) The production company purchases or leases tangible personal property outside the Los Angeles zone during the applicable period and the personal property is used or consumed outside the Los Angeles zone. Tangible personal property must be purchased, rented or leased from an outside of Los Angeles vendor through an office or other place of business outside the Los Angeles zone. Rentals or purchases from a pass-through business do not qualify for the five percent (5%) augmentation.
 - (A) If the tangible personal property purchased or leased outside the Los Angeles zone was not completely used or consumed solely outside the Los Angeles

zone, the production company shall apportion amounts paid or incurred for tangible personal property outside the Los Angeles zone during the applicable period by multiplying these non-wage outside the Los Angeles zone expenditures by the ratio of days of principal photography outside the Los Angeles zone to the total number of days of principal photography.

(B) If the tangible personal property purchased or leased outside the Los Angeles zone was completely used or consumed solely outside the Los Angeles zone, and the production company wishes to seek an uplift based on out of zone consumables, the company shall substantiate that with its records. Tangible personal property purchased or leased outside the Los Angeles zone shall be deemed to be completely used or consumed provided the property was of a type or nature such that it would have no residual material value remaining after its use or consumption outside the Los Angeles zone. Examples of such property include, but are not limited to, food and catering items, rented hotel or corporate housing usage, construction supplies and materials for sets, automotive or other fuels, security services, location and stage services, government permit fees, personnel services, printing, equipment rentals for the applicable period outside the Los Angeles Zone, transportation services, dry cleaning, and shipping and travel costs from within the state to and from the out of zone location.

(i) (1) For the purposes of this section, a ten percent (10%) augmentation ("uplift") to the tax credit allocation for independent and non-independent motion pictures (excluding relocating television) shall be made by the CFC if the production company pays or incurs qualified wages for services performed by local hire labor outside the Los Angeles zone during the applicable period relating to original photography outside the Los Angeles zone. The foregoing amounts shall be substantiated by documentation in accordance with paragraph (3) below.

(2) For the purposes of this section, a five percent (5%) augmentation ("uplift") to the tax credit allocation for ~~an independent film or~~ a relocating television series in its first season in California shall be made by the CFC if the production company pays or incurs qualified wages for services performed by local hire labor outside the Los Angeles zone during the applicable period relating to original photography outside the Los Angeles zone. The foregoing amounts shall be substantiated by documentation in accordance with paragraph (3) below.

(3) The applicant is responsible for collecting proof of identity and proof of the location where the qualified individual resides for local hire labor at the time of hire and for providing copies to the CPA performing the Agreed Upon Procedures, Form AUP (January 1, 2025), hereby incorporated by reference. Without proof of identity and proof of the location where the qualified individual resides for a crewmember the Local Hire Labor Uplift shall not be applied for that individual.

(A) Acceptable proof of identity is a California Driver's License, a State ID Card, or a Passport.

(B) For purposes of sections 17053.98.1(a)(4)(E) and 23698.1(a)(4)(E) of the Revenue and Taxation Code, acceptable proof of the location where the qualified individual resides is a current home or apartment rental agreement, a

utility bill, mortgage statement, internet or phone provider bill, renter's or homeowner's insurance bill, or equivalent document, issued within the previous three months.

(j) Any Recurring television series shall be given first priority for a credit allocation during an open allocation period in each subsequent year in the life of that series whenever credits are allocated and available within a fiscal year.

(1) A recurring television series shall submit a new application for each season during any open television project application period as specified by the CFC in its written notification.

(A) The application for a season of a recurring television series shall reflect the estimated qualified expenditures of that specific season, however, the tax credit allocation will not exceed the amount allocated in the credit allocation letter(s) issued for that series in the previous fiscal year or the most recent fiscal year in which a credit allocation letter or letters were issued for that series.

(B) If a pick-up order for the season is available at the time of application, it must be submitted.

(C) A recurring television series application must be submitted within eighteen (18) months from the completion of principal photography for the previous season in order to receive a credit allocation guarantee.

(D) If an approved recurring television series under Program 3.0 does not submit an application within 18 months from July 1, 2025, the project will no longer receive a credit allocation guarantee and will be ranked with new television projects.

(2) The allocation amount requested by a relocating television series applying for tax credits in subsequent fiscal years as a recurring television series shall not exceed the amount allocated in the credit allocation letter(s) issued for that series in the previous fiscal year or the most recent fiscal year in which a credit allocation letter or letters were issued for that series.

(k) Revocation by the CFC of a tax credit allocation pursuant to this article is final and shall not be subject to administrative appeal or review.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98.1(a), 17053.98.1(b), 17053.98.1(e), 17053.98.1(g), 17053.98.1(i), 17053.98.1(j), 23698.1(a), 23698.1(b), 23698.1(e), 23698.1(g), 23698.1(i), and 23698.1(j), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5553. Application Process for Tax Credit Allocation.

- (a) The open allocation periods for the California Film and Television Tax Credit Program 4.0 shall be announced by the Director of the CFC prior to each new fiscal year on the CFC website. The California fiscal year runs from July 1 to June 30. The announcement shall identify the application categories that may be submitted in each application period as follows:
 - (1) Independent films, which includes independent films with a qualified expenditure budget of ten million dollars (\$10,000,000) or less and independent films with a qualified expenditure budget over ten million dollars (\$10,000,000), as well as independent films of both budget categories filming on certified or once-certified soundstages.
 - (2) Feature films, which includes non-independent films that film on certified or once-certified soundstages.
 - (3) Relocating television series, which includes relocating television series filming on certified or once-certified soundstages.
 - (4) Television projects, which includes pilots, miniseries/limited series, new television series, and recurring television series, including projects that film on certified or once-certified soundstages.
- (b) An application for an allocation of tax credits under the California Film and Television Tax Credit Program 4.0 shall contain the information outlined in this section, as applicable, and shall be submitted to the CFC through the online application portal accessible on the website www.film.ca.gov or, if necessary prior to portal completion or due to technical issues, in PDF or equivalent non-proprietary document format.
- (c) An applicant that begins principal photography in California prior to receiving a Credit Allocation Letter (CAL), Form D4 (January 1, 2025), hereby incorporated by reference, shall be disqualified from receiving such letter for that particular production.
- (d) An applicant shall not submit a duplicate application for a project during any given allocation period. Submittal of duplicate applications will disqualify an applicant from the tax credit program.
 - (1) Submitting an application for an allocation of credits under the California Film and Television Tax Credit Program 4.0 simultaneously with an application for an allocation of tax credits under the California Soundstage Filming Tax Credit Program shall constitute a “duplicate application.”
 - (2) Submitting an application for an allocation of credits under the California Soundstage Filming Tax Credit Program for a project that has applied for but has confirmation that it is not receiving tax credits under the California Film and Television Tax Credit Program 4.0 for the project shall not constitute a “duplicate application.”
- (e) An applicant may submit a new application for the same project during any fiscal year if the qualified production did not receive or retain a tax credit allocation from a previous allocation period in the same fiscal year.

- (f) An applicant, including any affiliated entities, that has been issued a tax credit allocation for a particular production that begins but does not complete principal photography of that production, shall not be eligible to reapply for a tax credit reservation for that particular production.
- (g) Any expenditures for services, wages, or goods incurred prior to the date of CAL issuance shall not be considered qualified expenditures with the exception of production facility, office rentals, completion bonds and insurance premiums, which are permitted on a prorated basis, to include the expenditures which are incurred on or after CAL issuance.
- (h) An applicant producing a qualified motion picture that is a television series shall submit one application per season of that television series.
 - (1) A television series with an order for additional episodes for the same season, known as a supplemental season, may submit an application for the additional episodes in a subsequent television allocation period.
- (i) The application process for tax credit allocation shall occur in two phases. Phase I requires applicants to complete and submit the application as set forth on the CFC website pursuant to subdivision (a). Phase II occurs after all applicants have been ranked by jobs ratios and the highest ranked productions per category are required to submit their supporting documentation.
- (j) Phase I: The applicant shall initiate the application process by indicating a production category in accordance with subdivision 5551(b) of this article. The application shall include and the applicant shall provide, as applicable, the following information:
 - (1) Project details:
 - (A) Production title and production category.
 - (B) Greenlight notice date, Preproduction start date, principal photography and motion capture animated project start date, and postproduction end date or delivery date.
 - (C) Applicant entity, type of taxpayer ID, and taxpayer ID number.
 - (D) Identify if the applicant is a corporation, limited liability company, individual proprietorship, subchapter S corporation, partnership, or other.
 - (2) The applicant shall enter the contact type and provide the contact name, title, address, email, and phone number(s) for each of the following, as applicable:
 - (A) Applicant contact.
 - (B) Primary contact.
 - (C) Production company contact.
 - (D) Parent company contact.
 - (E) Budget contact.
 - (F) Schedule contact.

(3) The applicant shall list the following information for financing sources:

(A) For all motion picture projects:

1. Names of financing sources.
2. Amounts of funding and percentage of overall funding per financing source.
3. Named sources must total a minimum of sixty percent (60%) of the project's total production budget.

(B) For independent films, additionally:

1. Names of all equity investors including, without limitations, all partners (including percentage of ownership).
2. Attest that the applicant entity is not a publicly traded company or owned directly or indirectly more than ~~twenty-five~~thirty percent (~~25~~30%) by a publicly traded company.

(4) The applicant shall provide information about the proposed project as follows:

(A) For television series applicants:

1. If it is a new television series or a miniseries/limited series, indicate if the pilot was initially accepted in a California Film and Television Tax Credit Program, provide the number of episodes in the season, and confirm that each episode has over ~~forty~~twenty (~~40~~20) minutes of running time exclusive of commercials.
2. If it is a pilot, confirm that it has over ~~forty~~twenty (~~40~~20) minutes of running time exclusive of commercials.
3. If it is a recurring television series, provide the number of episodes for the season, the number of episodes for the prior season, and the episode running time exclusive of commercials.
4. If it is a relocating television series, provide the previous location, the number of episodes previously shot, the number of episodes included in this season, and the episode running time. Indicate if any part of the previous season was filmed in California and if so, the number of principal photography days inside California and outside California.

(B) Production schedule: Provide greenlight notice date, start dates of preproduction and principal photography or motion capture date (if applicable for a motion capture animated project), end date of principal photography or motion capture, estimated end date of postproduction or delivery date, and projected or actual release date.

(C) Key Personnel and Department Heads: Provide names, to the extent such information is known at the time of application, of executive producer(s), producer(s), writer(s), director, lead actor(s), director of photography, location

manager, and the safety advisor required pursuant to section 9152(a) of the Labor Code.

(D) For applicants opting into the provisions specified in paragraph (8) below, provide the name and contact information of a designated diversity, equity, inclusion, and accessibility main contact.

1. The person listed is the person that will be contacted to coordinate the mandatory diversity, equity, inclusion, and accessibility orientation required pursuant to section 5554(c) of this article, and the person that will be contacted about any of the submitted forms detailed in sections 5553.3 and 5554.2 of this article.
2. If the designated person changes during the course of the production, applicants shall notify the CFC of the change.

(E) Provide a logline.

(F) Provide a synopsis. The synopsis must be a minimum of one thousand six hundred (1600) characters and a maximum of six thousand (6000) characters and include a description of the main characters, plotline, beginning and ending, and major scene descriptions.

(5) Information about principal photography days:

(A) The applicant must provide the following information: for motion capture animated projects, provide motion capture days in place of principal photography days:

1. Number of principal photography days in the Los Angeles (LA) zone.
2. Number of principal photography days in California outside the LA zone.
3. Number of California principal photography days (1. plus 2.).
4. Percentage of principal photography days outside the LA zone (2. divided by 3. x 100).
 - (i) This is the percentage that determines the number of bonus points a qualified motion picture project is eligible for in accordance with section 5553.1 of this article.
5. Number of principal photography days outside of California.
6. Total number of principal photography days (3. plus 5.).
7. Percentage of California principal photography days (3. divided by 6. x 100).

(B) If shooting outside of Los Angeles zone, list the California counties where filming will occur.

(C) If shooting outside California, list states and/or countries where filming will occur.

(D) Soundstage applicants must also provide the following information:

1. Number of principal photography stage shooting days. This number must include principal photography stage shooting days on certified or once-certified soundstages as well as principal photography days on non-certified soundstages.
 - (i) A soundstage must be in use for at least six (6) hours for the day to count as a stage shooting day.
2. Number of principal photography stage shooting days on a certified or once-certified soundstage.
3. Percentage of stage shooting days on a certified or once-certified soundstage (2. divided by 1. x 100).
 - (i) A qualified motion picture must film fifty percent (50%) or more of stage shooting days on certified or once-certified soundstages to be eligible as a soundstage applicant.
4. The unique soundstage identifier for each certified or once-certified soundstage on which the project will film, as provided by the owner of the certified studio construction project.

(6) Production statistics:

(A) The applicant shall provide the following information regarding labor statistics for in-state work:

1. Estimated total number of cast members.
2. Estimated total number of base crew members, meaning the average number of staff and shooting crew employed per principal photography day.
3. Estimated total background performers/stand-in days worked, meaning the sum of the number of days, full or partial, a person is estimated to work.
4. All applicants will be required to check a box to acknowledge that if and when they apply for a tax credit certificate, the applicant will submit separate listings of voluntary, self-reported race/ethnicity and gender statistics for all individuals who received qualified wages and all individuals who received non-qualified wages on the motion picture project, as required pursuant to sections 17053.98.1(d)(1)(E), 17053.98.1(d)(1)(J), 17053.98.1(g)(2)(A)(iv), 23698.1(d)(1)(E), 23698.1(d)(1)(J), and 23698.1(g)(2)(A)(iv) of the Revenue and Taxation Code and as detailed in section 5554.2 of this article.

(B) The applicant shall provide the following budget information:

1. Total worldwide production budget.
2. Total California expenditures (qualified and non-qualified).
3. Indicate if seventy-five percent (75%) or more of the total production budget will be spent in California.

(C) All applicants shall provide the following visual effects (VFX) information:

1. The total worldwide VFX budget amount.
2. The total California VFX budget amount.
 - (i) This is the sum that determines the number of bonus points a non-independent project (including any television series) or an independent film with a qualified expenditure budget over ten million dollars (\$10,000,000) is eligible for in accordance with section 5553.1 of this article.

(D) All applicants shall provide the total budgeted amount of California music scoring and track recording qualified wages.

1. This is the sum that determines the number of bonus points a non-independent project (including any television series) or an independent film with a qualified expenditure budget over ten million dollars (\$10,000,000) is eligible for in accordance with section 5553.1 of this article.

(E) Soundstage applicants shall provide:

1. The total budgeted amount of worldwide picture editing and postproduction sound labor and services.
2. The total budgeted amount of California picture editing and postproduction sound wages.
3. The total budgeted amount of California picture editing and postproduction sound non-wage expenditures.
4. A soundstage applicant must incur no less than seventy-five percent (75%) of picture editing and postproduction sound labor and services costs in California to qualify.

(F) Soundstage applicants shall provide the total budgeted amount of qualified soundstage wages, as defined in section 5550(s)(5) of this article.

1. A soundstage applicant must incur a minimum of five million dollars (\$5,000,000) in soundstage wages to qualify.

(7) Productions have access to additional tax credit calculations in the form of uplifts detailed below related to specific expenditures and wages, as applicable and as referenced in section 5552(h) and (i) of this article. Details for non-independent productions, except relocating television series, are outlined in subparagraphs (A)-(C)

below. Details for independent productions and relocating television series are outlined in subparagraph (D) below.

(A) To be eligible for the five percent (5%) Out of Zone Uplift, non-independent productions, except relocating television series, must:

1. Provide the total budgeted out of zone wages, excluding local hire labor, incurred during the applicable period.
2. Provide the total budgeted out of zone non-wages, excluding the total consumables, incurred during the applicable period.
3. Provide the total non-wage expenditures entirely consumed outside the Los Angeles Zone during the applicable period.
4. The combined sum of the qualified out of zone expenditures provided pursuant to clauses 1., 2., and 3. above is the sum to which the uplift percentage applies.
5. The aggregate uplift amount of the combined sums pursuant to subparagraphs (A) and (B) of this paragraph cannot exceed five percent (5%) of the non-independent production's overall qualified expenditures.

(B) To be eligible for the five percent (5%) California Visual Effects (VFX) Uplift, non-independent productions, except relocating television series, must:

1. Have an eligible California VFX budget by meeting one of the two below qualifying criteria. Either:
 - i. The total California qualified VFX is equal to or greater than seventy-five percent (75%) of the total worldwide VFX budget; or,
 - ii. The California qualified VFX budget is equal to or greater than ten million dollars (\$10,000,000).
2. Provide the total budgeted dollar amount of California VFX expenditures.
3. The total dollar amount of California VFX expenditures provided pursuant to clause 2., above, is the sum to which the uplift percentage applies.
4. The aggregate uplift amount of the combined sums pursuant to subparagraphs (A) and (B) of this paragraph cannot exceed five percent (5%) of the non-independent production's overall qualified expenditures.

(C) To be eligible for the ten percent (10%) Local Hire Labor Uplift, independents and non-independent productions, except relocating television series, must:

1. Provide the total budgeted wages for out of zone local hire labor.
2. The sum of the local hire labor wages provided pursuant to clause 1., above, is the sum to which the applicable uplift percentage applies.
 - (i) Local hire wages must be substantiated in accordance with section 5552(i)(3) of this article.

(D) To be eligible for the five percent (5%) Local Hire Labor Uplift, ~~independent productions and~~ relocating television series must:

1. Provide the total budgeted wages for out of zone local hire labor.
2. The sum of the local hire labor wages provided pursuant to clause 1., above, is the sum to which the applicable uplift percentage applies.

(i) Local hire wages must be substantiated in accordance with section 5552(i)(3) of this article.

(8) Applicants may opt in to, or opt out of, participating in diversity provisions required pursuant to sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code and as detailed in sections 5553.3 and 5554.2 of this article. An applicant with a project that is an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less is exempt from the diversity provisions required pursuant to sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code.

(A) An applicant that opts in to the diversity provisions detailed in paragraph (8) must state its intention to do so in the application and must submit a diversity, equity, inclusion, and accessibility workplan, Form DEIA2 (January 1, 2025), hereby incorporated by reference, within thirty (30) calendar days of CAL issuance as detailed in subdivision (b) of section 5553.3 of this article.

(B) An applicant that opts out of the diversity provisions detailed in paragraph (8) above must state its intention to do so in the application.

1. An applicant that states its intention to opt out in the application may still choose to opt in by submitting the diversity workplan required pursuant to section 5553.3(b) of this article within thirty (30) calendar days of CAL issuance.

(C) In addition to the diversity provisions detailed in paragraph (8) above, other related requirements are mandatory and apply to all applicants regardless of project category pursuant to sections 17053.98.1(b)(19)(B)(vi), 17053.98.1(d)(1)(E), 17053.98.1(d)(1)(J), 17053.98.1(g)(2)(A)(iv), 17053.98.1(g)(2)(A)(ix), 23698.1(b)(19)(B)(vi), 23698.1(d)(1)(E), 23698.1(d)(1)(J), 23698.1(g)(2)(A)(iv), and 23698.1(g)(2)(A)(ix) of the Revenue and Taxation Code.

(9) For purposes of estimated Credit Allocation and Jobs Ratio, all applicants must provide:

(A) The total budgeted amount of Qualified Wages.

(B) The total budgeted amount of qualified non-wages.

(C) If applicable, the total contingency, which can be no more than ten percent (10%) of qualified expenditures. The contingency cannot be included as a line-item within the body of the budget.

- (D) If applicable, the total completion bond fee, which can be no more than two percent (2%) of qualified expenditures. Completion bond costs for any filming outside of California must be excluded proportionately.
- (E) The total budgeted amount of Qualified Expenditures, (A) plus (B) plus (C) plus (D).
- (F) Total eligible tax credit allocation amount, excluding uplifts.
1. For ~~a~~independent and non-independent projects, the total qualified expenditures calculated pursuant to subparagraph (E) above shall be multiplied by ~~twenty~~thirty-five percent (~~20~~35%).
 2. For ~~an independent film or~~ a relocating television series, the total qualified expenditures calculated pursuant to subparagraph (E) above shall be multiplied by ~~twenty-five~~forty percent (~~25~~40%).
- (G) Total tax credit uplift amounts, as calculated pursuant to paragraph (7) above, and as applicable to each project.
- (H) Total requested tax credit amount including uplifts, combining the sum calculated pursuant to subparagraph (F) and the sum calculated pursuant to subparagraph (G) above.
1. Credit allocation applies only to the first ~~ten~~twenty million dollars (~~\$10~~20,000,000) of qualified expenditures for independent films and the first ten million dollars (\$10,000,000) of qualified expenditures eligible for uplifts.
 2. Credit allocation applies only to the first one hundred twenty million dollars (~~\$100~~120,000,000) of qualified expenditures for non-independent productions and the first one hundred million dollars (\$100,000,000) of qualified expenditures eligible for uplifts.

(10) Acknowledgements and Attestation:

- (A) Every applicant must acknowledge that they are aware of the requirement for motion picture projects allocated tax credits under the California Film and Television Program 4.0 to participate in the Safety on Productions Pilot Program required pursuant to section 9152(a) of the Labor Code and outlined in sections 9150 et seq. of the Labor Code.
- (B) Every applicant must acknowledge that they are aware of the requirement for projects allocated tax credits under the California Film and Television Tax Credit Program 4.0 to contribute a sum equal to a percentage of their CAL amount to the Career Pathways Program within thirty (30) calendar days of CAL issuance. The applicable percentage is detailed in section 5554.1 of this article.

~~(C) A soundstage applicant must attest that they are the qualified taxpayer that is either:~~

~~1. More than fifty percent (50%) owned, directly or indirectly, by the same owner or owners of the soundstage or soundstages that is part of a certified studio construction project on which the production is filmed; or,~~

~~2. Entered into a contract or lease of ten (10) years or more with the owner or owners of a certified studio construction project on which the production is filmed.~~

(11) The applicant is required to provide the submission date as well as the name and title of the person submitting the application. Signing the application or submitting the application in the online portal is the applicant's acknowledgement, agreement and certification that the applicant has read and reviewed the application, including all its attachments, and that the content provided in the application by the applicant is true and accurate to the best of their knowledge or at least the knowledge of what would be expected of a reasonable person in the same capacity.

(12) A jobs ratio shall be assigned to the application, based on the criteria in section 5553.1 and the information provided by the applicant in its application. The jobs ratio number for the production will be indicated once the application is complete.

(k) Applicants shall be selected for Phase II of the application process based on the jobs ratio ranking of their application within the application category, pursuant to section 5553.1 of this article.

(l) The CFC shall notify, by electronic mail, the top ranked projects in each category of qualified motion pictures, as provided for in sections 17053.98.1(g)(2)(D), 17053.98.1(i), 23698.1(g)(2)(D), and 23698.1(i) of the Revenue and Taxation Code. These applicants shall provide the additional materials and supporting documentation requested by the CFC pursuant to subdivision (m) below.

(1) The submission timeframe for an applicant to provide the information and documentation required pursuant to subdivision (m) below shall be within five (5) calendar days of the electronic notification.

(A) An applicant facing business-related barriers to providing the information and documentation required pursuant to subdivision (m) below may request an extension of up to four (4) calendar days of the timeframe specified in paragraph (1) above and the CFC will approve that request if the applicant requests the extension prior to the expiration of the original timeframe and provides supporting documentation clarifying those barriers.

(m) An applicant that moves forward to Phase II shall submit the following:

(1) An electronic copy of the qualified expenditure budget in a motion picture industry standard budgeting program, such as, but not limited to, Movie Magic Budgeting or Showbiz. The industry standard budgeting program shall provide qualified wage expenditures and qualified non-wage expenditures.

(A) Qualified wage expenditures and qualified non-wage expenditures in the budget shall be tagged in accordance with section 5553.2 of this article, and must for eligible productions specifically indicate the following:

1. The budget lines to which the out of zone uplift is applicable.
 2. The budget lines to which the VFX uplift is applicable.
 3. The budget lines to which the local hire labor uplift is applicable.
 4. The budget lines to which the music labor bonus points are applicable.
- (B) A television series shall submit a qualified expenditure budget including all pattern and amortization costs, or separate amortization and pattern budgets, in accordance with the information required pursuant to paragraph (1) and subparagraph (1)(A) above.
1. Television series applicants submitting more than one budget shall submit only the pattern and amortization budgets; no additional budgets or budget versions will be accepted.
- (2) Fringe Benefit Matrix: The applicant shall submit information on fringe benefit payments included in the qualified expenditure budget and provide a detailed breakdown of qualified fringe benefit payments for union and/or non-union background performers, crew, and directing staff, as applicable.
- (A) The fringe rates must reflect the rates used in the qualified expenditure budget.
 - (B) All federal and out-of-state fringes must be excluded, including but not limited to those related to the Federal Income Contributions Act (FICA), Federal Unemployment Insurance (FUI), Federal Unemployment Tax Act (FUTA), and Medicare.
 - (C) Allowable fringes include State Unemployment Insurance (SUI), payroll/handling fees, pension, health and welfare, vacation and holiday, workers compensation, and non-union health insurance payments.
 - (D) Casting fees must not be included as fringe benefit payments.
- (3) One-Line Schedule ("production board"). The applicant shall submit in PDF or equivalent non-proprietary document format a one-line schedule which shall include scene descriptions, scene numbers that match the submitted screenplay for the production, holidays, and cast numbers, and shall indicate which days are scheduled for filming outside of the Los Angeles zone.
- (A) In lieu of a one-line shooting schedule, a television series or an animated project applicant may submit in PDF or equivalent non-proprietary document format a production calendar or a waterfall schedule that includes the start and end dates of the season/project, and if applicable, provide the number of in-state and out-of-state principal photography days, holidays, ~~and~~ the total number of episodes. ~~and The production calendar must indicate which days are scheduled for filming any~~ outside the Los Angeles zone filming days.
- (4) The applicant shall submit in PDF or equivalent non-proprietary document format the screenplay, including scene numbers that match the submitted schedule for the production.

- (A) Notwithstanding the timeframe set out in subdivision (I) of this section, a pilot, new television series, or relocating television series shall submit a screenplay no later than thirty (30) calendar days prior to the start of principal photography.
 - (B) If the application is for a pilot that does not have a script the applicant shall fulfill this requirement by submitting a detailed synopsis.
 - (C) The requirement to submit a screenplay does not apply to a recurring television series.
- (5) The applicant shall submit supporting documentation that confirms at least sixty percent (60%) of production financing.
- (A) The applicant shall include documentation for each financing source including, but not limited to, commitment letters, financing agreements, term sheets, and/or bank statements in PDF or equivalent nonproprietary document format.
 - (B) If the CFC is unable to verify at least sixty percent (60%) of production financing based on the supporting documentation provided, the application shall be considered incomplete.
- (6) A pick-up order. A pilot, new television series [\(including a new television series picked up from a pilot previously approved in the tax credit program\)](#), ~~or~~ relocating television series, [and a large-scale competition show](#) shall submit evidence, in PDF or equivalent non-proprietary document format, that the pilot or series is scheduled for photography when applying for a credit allocation.
- (A) Notwithstanding the timeframe set out in subdivision (I) of this section, the deadline to submit a pick-up order for a pilot, new television series, or relocating television series shall be seven (7) calendar days prior to the CAL issuance date for that application window.
 - (B) Recurring television series 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. Any recurring television series that has not supplied a pick-up order within one hundred forty (140) calendar days of the CAL date for the allocation period for which it submitted an application will be removed from the queue and may reapply during a subsequent television allocation period.
- [\(7\) Greenlight Notice. Animated projects, both films and television series, shall submit documentation confirming final approval from its funder and/or distribution source authorizing the project to proceed into production phase.](#)
- (78) The applicant shall submit one of the following in PDF or equivalent non-proprietary document format:
- (A) A narrative statement required pursuant to sections 17053.98.1(g)(2)(A)(vii) and 23698.1(g)(2)(A)(vii) of the Revenue and Taxation Code, if the application is for an independent project or a non-independent project except a relocating television series.

1. The narrative statement required pursuant to sections 17053.98.1(g)(2)(A)(vii) and 23698.1(g)(2)(A)(vii) of the Revenue and Taxation Code shall be deemed as met for a recurring television series that submitted such a statement when it was accepted into the program as a pilot, new, or relocating television series.

(B) A relocating statement, if the application is for a relocating television series, in which the applicant certifies that the credit provided is the primary reason for relocation to California (if applicable). The statement must include confirmation that at least seventy-five percent (75%) of principal photography days of its most recent season was filmed outside of California.

(~~8~~9) Unlawful harassment policy. The applicant shall submit the company's written policy against unlawful harassment as set forth in section 17053.98.1(g)(2)(A)(viii) and 23698.1(g)(2)(A)(viii) of the Revenue and Taxation Code.

(~~9~~10) The applicant shall submit its diversity checklist, Form DEIA1 (January 1, 2025), hereby incorporated by reference), required pursuant to sections 17053.1(b)(19)(B)(vi) and 23698.1(b)(19)(B)(vi) of the Revenue and Taxation Code and detailed in section 5553.3(a) of this article.

(~~10~~11) If applicable, the applicant shall submit a summary of its voluntary programs as set forth in sections 17053.98.1(g)(2)(A)(ix) and 23698.1(g)(2)(A)(ix) of the Revenue and Taxation Code.

(n) Within forty-five (45) calendar days of receipt of the completed application and all requested supporting documents required pursuant to this section, the Director of the CFC, or their designee, will notify the applicant whether the application is approved or rejected. An approved application shall meet the eligibility requirements in Section 5551.

(1) Failure by an applicant to submit all Phase I required information within the allocation window specified by the CFC will result in disqualification.

(2) Failure by an applicant that progresses to Phase II to submit all supporting documentation required pursuant to this section, as applicable, in accordance with the timeframe set in subdivision (l) will result in disqualification.

(o) Upon approval of an applicant's submitted application, a Credit Allocation Letter (CAL), Form D4 (January 1, 2025), hereby incorporated by reference, shall be issued to the applicant indicating the amount of tax credits allocated.

(1) (A) If the applicant's submissions following completion of the qualified motion picture project, including the AUP (January 1, 2025), hereby incorporated by reference, shows that an overstatement was made during the application process which caused the allocation of tax credits to be greater than what the applicant is eligible for upon CFC verification of such submissions as compared to the criteria for the program, the amount of tax credits allocated shall be proportionately reduced prior to issuance of the final tax credit certificate.

(B) If an understatement was made in the application process that caused the allocation of tax credits to be less than what the applicant is eligible for upon

verification, no increase will be made to the tax credit amount; the applicant may never receive more tax credits than as provided on the CAL.

- (2) Each CAL is issued to the specific project described and outlined in the synopsis, script, schedule, and budget that were submitted with the application. Substituting the approved project for a different project is prohibited and shall result in revocation of the CAL.
- (3) If an entity other than the original applicant entity takes over a qualified motion picture project and wishes to retain the project's tax credit allocation, it must comply with the following:
 - (A) The original applicant entity must submit a statement on company letterhead declaring that they no longer retain the project and specify the new business entity that will take over the project, including that business entity's taxpayer ID.
 - (B) The new applicant entity taking over the project must submit:
 - 1. Applicant contact, production company contact, and budget contact.
 - 2. Updated contact information for key personnel and department heads, including the set safety advisor and the diversity, equity, inclusion, and accessibility main contact, if applicable.
 - 3. An updated production schedule required pursuant to paragraph (3) of subdivision (m) of this section.
 - 4. Documentation required pursuant to paragraph (3) of subdivision (j) and paragraphs (5), (6), (7), (8), (9), and (10) of subdivision (m) of this section.
 - (C) A qualified motion picture project described in paragraph (3) above can only be transferred to a different business entity prior to the start of principal photography.
 - (D)
 - 1. For purposes of program requirements and tax credit allocation, a qualified motion picture project described in paragraph (3) above will remain in the project category under which the project originally applied.
 - 2. For purposes of program eligibility, tax credit certification, and usage, only a business entity that meets the requirements of an independent film production company, as defined in section 17053.98.1(b)(7) and 23698.1(b)(7) of the Revenue and Taxation Code, is permitted to take over a project that applied as an independent film.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98(k), 17053.98.1(a), 17053.98.1(b), 17053.98.1(d) 17053.98.1(g), 17053.98.1(i), 17053.98.1(j) 23698(k), 23698.1(a), 23698.1(b), 23698.1(d), 23698.1(g), 23698.1(i), and 23698.1(j), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5553.1. Jobs Ratio and Bonus Points.

- (a) (1) The base jobs ratio of a project shall be determined by dividing the qualified wages specified in subparagraph (A) below by the estimated jobs ratio tax credit amount calculated pursuant to subparagraph (B) below.

(A) For the purposes of the jobs ratio calculation, qualified wages shall include:

1. Qualified wages which are directly paid by the applicant or its payroll service; plus
2. Thirty-five percent (35%) of all qualified non-wage expenditures, including contracted services in which the qualified wages are not directly paid by the applicant, but by the vendor.
 - (i) For purposes of jobs ratio calculation only, qualified VFX expenditures shall be apportioned as seventy percent (70%) qualified wage and thirty percent (30%) qualified non-wage for VFX work performed by third party California vendors.

(B) For purposes of the jobs ratio calculation, the estimated jobs ratio tax credit amount shall be calculated as follows:

1. Add the sum of total budgeted qualified wages as stated pursuant to section 5553(j)(9)(A) of this article to the sum of total budgeted qualified non-wage expenditures as stated pursuant to section 5553(j)(9)(B) of this article.
2. Multiply the combined sum of clause 1. above:
 - (i) By 0.25 ~~35~~ for ~~a independent and~~ non-independent projects ~~s~~ except a relocating television series.
 - (ii) By 0.25 ~~40~~ for ~~an independent film or~~ a relocating television series.
3. The base jobs ratio shall not include any increase to the tax credit based on an uplift or from expenditures relating to a contingency or completion bond.

- (2) For a soundstage applicant, the base jobs ratio calculated pursuant to paragraph (1) shall be multiplied by one hundred thirty-three percent (133%), pursuant to sections 17053.98.1(g)(2)(D)(iii)(II) and 23698.1(g)(2)(D)(iii)(II) of the Revenue and Taxation Code.

(A) The base jobs ratio multiplied by one hundred thirty-three percent (133%) in accordance with paragraph (2) above shall function as base jobs ratio for purposes of calculating a bonus point increase for a soundstage applicant.

- (b) The jobs ratio, as defined in section 5550(j)(1), may be increased by up to twenty-five percent (25%) if the qualified motion picture demonstrates an increase in economic activity in the state. This activity is measured and assigned bonus points based on the following:

- (1) One (1) to seven (7) bonus points based on the visual effects expenditures per qualified motion picture project category. Excludes independent films with qualified expenditure budgets of ten million dollars (\$10,000,000) or less. The bonus point range is assigned in paragraph (1) of subdivision (c) below.
- (2) One (1) to ten (10) bonus points based on the percentage of principal photography days outside the Los Angeles Zone, as defined in section 5550(p)(6)(A) of this article, in relation to the qualified motion picture's total principal photography days in the state. The bonus point range is assigned in paragraph (2) of subdivision (c) below.
- (3) One (1) to five (5) bonus points based on the wages paid to scoring musicians, as defined in section 5550(s)(3) of this article. Excludes independent films with qualified expenditure budgets of ten million dollars (\$10,000,000) or less. The bonus point range is assigned in paragraph (3) of subdivision (c) below.

(c) The CFC has established the bonus point ranges as follows:

(1) Bonus points for VFX as provided in paragraph (b)(1) above apply as follows:

(A) For non-independent feature film productions:

1. One (1) bonus point for California VFX spend of two million dollars (\$2,000,000) or more.
2. Two (2) bonus points for California VFX spend of three million dollars (\$3,000,000) or more.
3. Three (3) bonus points for California VFX spend of five million dollars (\$5,000,000) or more.
4. Four (4) bonus points for California VFX spend of seven million five hundred thousand dollars (\$7,500,000) or more.
5. Five (5) bonus points for California VFX spend of ten million dollars (\$10,000,000) or more.
6. Six (6) bonus points for California VFX spend of fifteen million dollars (\$15,000,000) or more.
7. Seven (7) bonus points for California VFX spend of twenty million dollars (\$20,000,000) or more.

(B) For television series:

1. One (1) bonus point for California VFX spend of one hundred thousand dollars (\$100,000) or more.
2. Two (2) bonus points for California VFX spend of three hundred fifty thousand dollars (\$350,000) or more.
3. Three (3) bonus points for California VFX spend of five hundred thousand dollars (\$500,000) or more.

4. Four (4) bonus points for California VFX spend of one million dollars (\$1,000,000) or more.
5. Five (5) bonus points for California VFX spend of two million dollars (\$2,000,000) or more.
6. Six (6) bonus points for California VFX spend of three million five hundred thousand dollars (\$3,500,000) or more.
7. Seven (7) bonus points for California VFX spend of five million dollars (\$5,000,000) or more.

(C) For independent films with a qualified expenditure budget over ten million dollars (\$10,000,000):

1. One (1) bonus point for California VFX spend of one hundred thousand dollars (\$100,000) or more.
2. Two (2) bonus points for California VFX spend of three hundred fifty thousand dollars (\$350,000) or more.
3. Three (3) bonus points for California VFX spend of five hundred thousand dollars (\$500,000) or more.
4. Four (4) bonus points for California VFX spend of one million dollars (\$1,000,000) or more.
5. Five (5) bonus points for California VFX spend of two million dollars (\$2,000,000) or more.
6. Six (6) bonus points for California VFX spend of three million dollars (\$3,000,000) or more.
7. Seven (7) bonus points for California VFX spend of four million dollars (\$4,000,000) or more.

(2) Bonus points for percentage of principal photography days outside the Los Angeles zone as provided in paragraph (b)(2) above shall be determined by applying percentage points on a linear proportionate scale. Starting with ten percent (10%) of principal photography days, the applicants will receive one point for every ten percent (10%) increase of out of zone principal photography days in the following manner:

- (A) One (1) bonus point for ten percent (10%) or more but less than twenty percent (20%) of out of zone principal photography days;
- (B) Two (2) bonus points for twenty percent (20%) or more but less than thirty percent (30%) of out of zone principal photography days;
- (C) Continuing with an increase of one bonus point per ten percent (10%) increase, until the maximum cap of ten (10) bonus points is received.
- (D) The percentages are determined by dividing the out of zone principal photography days by the total principal photography days, as described in section 5553(j)(5)(A)4. of this article.

(3) Bonus points for California music scoring and track recording labor (music wages) as provided in paragraph (b)(3) apply as follows:

(A) For non-independent feature film productions:

1. One (1) bonus point for California music wages of one hundred thousand dollars (\$100,000) or more.
2. Two (2) bonus points for California music wages of two hundred thousand dollars (\$200,000) or more.
3. Three (3) bonus points for California music wages of four hundred thousand dollars (\$400,000) or more.
4. Four (4) bonus points for California music wages of six hundred thousand dollars (\$600,000) or more.
5. Five (5) bonus points for California music wages of eight hundred thousand dollars (\$800,000) or more.

(B) For television series:

1. One (1) bonus point for California music wages of fifty thousand dollars (\$50,000) or more.
2. Two (2) bonus points for California music wages of one hundred fifty thousand dollars (\$150,000) or more.
3. Three (3) bonus points for California music wages of two hundred fifty thousand dollars (\$250,000) or more.
4. Four (4) bonus points for California music wages of six hundred thousand dollars (\$600,000) or more.
5. Five (5) bonus points for California music wages of eight hundred thousand dollars (\$800,000) or more.

(C) For independent films with a qualified expenditure budget over ten million dollars (\$10,000,000):

1. One (1) bonus point for California music wages of thirty thousand dollars (\$30,000) or more.
2. Two (2) bonus points for California music wages of sixty thousand dollars (\$60,000) or more.
3. Three (3) bonus points for California music wages of ninety thousand dollars (\$90,000) or more.
4. Four (4) bonus points for California music wages of one hundred twenty thousand dollars (\$120,000) or more.
5. Five (5) bonus points for California music wages of one hundred fifty thousand dollars (\$150,000) or more.

(d) The adjusted jobs ratio calculated pursuant to paragraph (1) below shall be utilized to rank qualified motion pictures within the categories non-independent feature, independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, independent film with a qualified expenditure budget over ten million dollars (\$10,000,000), recurring television series, relocating television series, and new television series/miniseries/limited series/pilot during the application process, pursuant to section 5553(k) of this article.

(1) The adjusted jobs ratio of a project shall be determined by multiplying the base jobs ratio, or the soundstage base jobs ratio for a soundstage applicant, by (total bonus points x 1/100) + 1.

(e) Based on the information provided by the applicant, the jobs ratio and adjusted jobs ratio shall be automatically calculated in accordance with this section in the online application portal accessible on the website www.film.ca.gov or, if necessary prior to portal completion or due to technical issues, in Excel or equivalent non-proprietary document format, provided by the CFC.

(f) If information submitted by an applicant is overstated on the application compared to the final jobs ratio verified in the AUP (January 1, 2025), hereby incorporated by reference, the applicant will be penalized as provided in Revenue and Taxation Code sections 17053.98.1(d)(2) and 23698.1(d)(2).

(1) If the overstatement exceeds twenty percent (20%) the applicant shall submit documentation identifying the members of its controlled group to enable the CFC to implement the provisions of sections 17053.98.1(d)(2)(B)(ii) and 23698.1(d)(2)(B)(ii) of the Revenue and Taxation Code.

NOTE: Authority cited: Sections 17053.98.1(e) and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98(k), 17053.98.1(b), 17053.98.1(d), 17053.98.1(g), 23698(k), 23698.1(b), 23698.1(d), and 23698.1(g), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5553.2. Budget Tags and Qualified Expenditures.

(a) Qualified expenditures shall be allowed as provided in sections 17053.98.1(b)(17) and 23698.1(b)(17) of the Revenue and Taxation Code.

(1) For a television series that is allocated tax credits under the California Film and Television Tax Credit Program 4.0 and that is based on a pilot, eligible subsequent costs related to the pilot episode, such as but not limited to re-shoots or additional scenes, that are incurred after CAL issuance for the television series shall be considered qualified expenditures.

(2) Examples of Qualified Expenditures are set forth on the Qualified Expenditure Charts as identified on the CFC website. These charts are provided as a reference for the applicant and should not be considered conclusive or limiting.

(3) The following expenses shall not be allowed as qualified expenditures:

- (A) State and federal income taxes.
 - (B) Certified public accountant expenses for the report required in Section 5555(b)(6) of this article.
 - (C) Expenditures for rentals or purchases outside the state, regardless of whether those rentals or purchases are used in the state.
 - (D) Expenditures for services performed outside the state, including but not limited to digital visual effects work which is physically performed out-of-state.
 - (E) Expenditures for the exhibition of the qualified motion picture including, but not limited to, digital cinema distribution copies and release prints.
 - (F) Expenditures incurred thirty (30) calendar days after the creation of the final elements, such as, but not limited to, composite answer print, air master, and digital cinema files.
 - 1. Creation of additional versions for foreign distribution and/or archival purposes are not considered final elements.
 - (G) Financial contribution expenditures related to:
 - 1. The career pathways program, required pursuant to sections 17053.98.1(e)(1)(A)(iii), 17053.98.1(e)(1)(A)(iv), 23698.1(e)(1)(A)(iii), and 23698.1(e)(1)(A)(iv) of the Revenue and Taxation Code.
 - 2. The career readiness program, allowed pursuant to section 5554.1(b)(5)-(6) of this article.
 - 3. The above clauses refer specifically to financial contributions made by a production to satisfy one or both requirements and not to qualified wages paid to individuals affiliated with the career programs, which are allowed as qualified expenditures.
- (b) Qualified expenditures shall include qualified wages, as defined in section 17053.98.1(b)(22) and 23698.1(b)(22) of the Revenue and Taxation Code.
- (1) Qualified Wages shall also include payments to a qualified entity, as defined in sections 17053.98.1(b)(16) and 23698.1(b)(16) of the Revenue and Taxation Code, to the extent its services are performed in California.
 - (2) Pursuant to sections 17053.98.1(b)(22)(B) and 23698.1(b)(22)(B) of the Revenue and Taxation Code, qualified wages shall not include:
 - (A) Expenses, including wages, related to new use, reuse, clip use, licensing, secondary markets, or residual compensation, or the creation of any ancillary product, as these terms are defined in sections 17053.98.1(b) and 23698.1(b) of the Revenue and Taxation Code, including, but not limited to, a soundtrack album, toy, game, trailer, or teaser.

- (B) Expenses, including wages, paid or incurred with respect to acquisition, development, or turnaround of the qualified motion picture, or for any rights to the qualified motion picture.
- (C) Expenses, including wages, related to financing, overhead not directly related to the production, marketing, promotion, or distribution of a qualified motion picture.
- (D) Expenses, including wages, paid per person per qualified motion picture for writers, directors, music directors, music composers, music supervisors, producers, and performers, other than background actors with no scripted lines.

(E) Expenses, including wages, paid per person per qualified competition show exclusively for writers, directors, music directors, music composers, music supervisors, executive producers, co-executive producers, show runners, other producers whose duties include developing, shaping, or determining the creative narrative or story structure of the production, and performers, other than background actors with no scripted lines. All other producers and associate producers in roles including, but not limited to, segment, post, and talent, are considered qualified wages.

(c) All applicants shall utilize the following tags in their qualified expenditure budget and audit documents, as applicable to their productions:

(1) Qualified wages shall be tagged QW.

(A) Qualified wages for labor outside the Los Angeles zone shall be double-tagged QW, ZW.

(B) Qualified wages for local hire labor shall be double-tagged QW, LW.

(C) For soundstage applicants:

1. Qualified wages for picture editing and postproduction sound labor shall be double-tagged QW, PW.

2. Qualified soundstage wages shall be double-tagged QW, SW.

(2) Qualified non-wage expenditures shall be tagged QE.

(A) Qualified non-wage expenditures for consumables incurred and entirely used outside the Los Angeles zone shall be double-tagged QE, ZC.

(B) Qualified non-wage expenditures incurred outside the Los Angeles zone and used both outside and inside the Los Angeles zone shall be double-tagged QE, ZE.

(C) For soundstage applicants:

1. Qualified expenditures for picture editing and postproduction sound services shall be double-tagged QE, PE.

(3) Non-qualified wages and expenditures incurred in California shall be tagged NQ.

- (4) Non-qualified wages and expenditures incurred outside California shall be tagged XX.
- (5) Expenditures to which VFX uplift or bonus points can be applied shall be double tagged QW, VU or QE, VU, as applicable.
- (6) Expenditures to which music wage bonus points can be applied shall be double tagged QW, MW, as applicable.
- (7) Examples of budget tagging organized by production roles and expenses are available in the Budget Tagging and Tracking Tips on the CFC website. These charts are provided as a reference for the applicant and should not be considered conclusive or limiting.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98.1(a), 17053.98.1(b), 17053.98.1(g), 23698.1(a), 23698.1(b), and 23698.1(g), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5553.3. Diversity, Equity, Inclusion, and Accessibility Checklist and Workplan.

- (a) Any applicant for an allocation of tax credits under the California Film and Television Tax Credit Program 4.0 that moves on to Phase II of the application process in accordance with subdivisions (k) and (l) of section 5553, shall submit to the CFC a completed diversity checklist, Form DEIA1, (January 1, 2025), hereby incorporated by reference, pursuant to sections 17053.98.1(b)(19)(B)(vi) and 23698.1(b)(19)(B)(vi) of the Revenue and Taxation Code.
 - (1) The submission of a diversity checklist is mandatory for all Phase II applicants; failure to submit the diversity checklist shall result in disqualification.
- (b) An approved applicant that opts in to the diversity provisions of sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) shall, within thirty (30) calendar days of CAL issuance, submit to the CFC a diversity, equity, inclusion, and accessibility workplan, Form DEIA2 (January 1, 2025), hereby incorporated by reference, consistent with the diversity checklist referenced in subdivision (a) of this section.
 - (1) Failure to submit Form DEIA2 within the timeframe specified in subdivision (b) shall constitute opting out of the diversity provisions of 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, regardless of an applicant's previously stated intent. Opting out means an applicant, except an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, shall be eligible for tax credit certification of at most the sum that equals ninety-six percent (96%) of the total sum of allocated credits, including uplifts, subject to verification and audit.

(c) In reviewing an applicant's Form DEIA2 for approval or rejection, the CFC will consider, to the extent allowed by federal and state law, whether:

- (1) The applicant has included goals related to the focus areas detailed in Form DEIA1 (January 1, 2025) and Form DEIA2 (January 1, 2025) and as required pursuant to sections 17053.98.1(g)(3)(D)(ii)(I)(ia), 17053.98.1(g)(3)(D)(ii)(I)(ib), 23698.1(g)(3)(D)(ii)(I)(ia), and 23698.1(g)(3)(D)(ii)(I)(ib) of the Revenue and Taxation Code.
- (2) The applicant has included a detailed description of the proposed strategies the applicant will employ to meet or make a good-faith effort to meet its non-numeric goals, as required pursuant to sections 17053.98.1(g)(3)(D)(ii)(I)(ic) and 23698.1(g)(3)(D)(ii)(I)(ic) of the Revenue and Taxation Code.
- (3) The applicant has included a detailed description of how the proposed strategies may help achieve goals that are broadly reflective of California's population, in terms of factors such as race, ethnicity, gender, and disability status, as required pursuant to sections 17053.98.1(g)(3)(D)(ii)(I) and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code.
- (4) The goals and strategies described are:
 - (A) Original and/or demonstrably tailored to the project; and
 - (B) Thoroughly detailed; and
 - (C) Reasonably achievable within the scope of the project.

(d) The CFC will reject any submitted Form DEIA2 that includes quotas or other numeric goals regarding protected classes, including race, ethnicity, gender, and disability status.

(e) Within thirty (30) calendar days of receipt of an applicant's Form DEIA2, the Director of the CFC, or their designee, will notify the applicant whether the diversity workplan is approved or rejected.

- (1) If a diversity workplan is rejected, the CFC will provide feedback and an applicant may revise and resubmit its workplan within thirty (30) calendar days of the notice of rejection.
 - (A) An applicant that does not submit its amended Form DEIA2 within the timeframe specified in paragraph (1) or that does not amend its Form DEIA2 in accordance with CFC feedback shall be considered not to have met the diversity workplan provision of sections 17053.98.1(g)(3)(D)(ii)(I) and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code. Not meeting this provision means that an applicant, except an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, shall be eligible for tax credit certification of at most the sum that equals ninety-six percent (96%) of the total sum of allocated credits, including uplifts, subject to verification and audit.

NOTE: Authority cited: Sections 17053.98.1(e) and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98.1(b), 17053.98.1(g),

23698.1(b), and 23698.1(g), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5554. Approved Applicant Responsibilities.

(a) Principal photography, [if applicable](#), in California shall commence no later than one hundred eighty (180) calendar days after the CAL is issued. Qualified motion pictures with a qualified expenditure budget of at least one hundred million dollars (\$100,000,000) must begin principal photography, as defined in section 5550(p)(6), no later than two hundred forty (240) calendar days after CAL issuance.

(1) If the production does not begin principal photography by the 180- or 240-day deadline, the tax credit allocation shall be revoked, unless a Force Majeure event has occurred which directly prevented the production from commencing within the deadline, as described in sections 17053.98.1(b)(19)(B)(iv) and 23698.1(b)(19)(B)(iv) of the Revenue and Taxation Code.

(A) With submission of documentation verifying a Force Majeure event, the CFC shall grant an extension.

(2) If a production implements a hiatus, as defined in section 5550(h)(1) of this article, the hiatus period may not exceed one hundred twenty (120) calendar days.

(A) A production requesting a hiatus must notify the CFC prior to the project's 180- or 240-day deadline, as applicable. A production that requests a hiatus prior to the deadline and submits the documentation required to substantiate principal photography in accordance with subparagraph (B), below, shall have its hiatus approved.

(B) A production requesting a hiatus must provide the CFC with all of the following within seven (7) calendar days of filming:

1. Scenes to be filmed ("sides").
2. Approved call sheet(s).
3. All approved production report(s).
4. Dailies.

(b) As soon as feasible, but not less than four (4) weeks prior to the start of principal photography, the production accountant is required to attend an orientation meeting with the Director of the CFC or their designee, along with any or all of the following staff members: a primary producer, production manager or other appropriate personnel as determined by the applicant. [For Animated projects, the production accountant and the unit production manager/line producer shall attend the orientation meeting within thirty \(30\) calendar days of issuance of the Credit Allocation Letter.](#)

(1) Applicants and staff members attached to a recurring television series shall not be required to attend more than one (1) orientation meeting for that recurring television series in the California Film and Television Program 4.0.

- (2) Prior participation in an orientation meeting for the California Soundstage Filming Tax Credit program, the California Film and Television Tax Credit Program 3.0, or previous tax credit programs, shall not satisfy this requirement.
- (c) Within twenty (20) calendar days of CAL issuance, the designated diversity, equity, inclusion, and accessibility contact person for the production is required to attend a diversity, equity, inclusion, and accessibility orientation meeting scheduled by the Director of the CFC or their designee, along with any or all of the following staff members: the line producer or unit production manager, heads of departments, or other appropriate personnel as determined by the applicant.
- (1) If applicants and staff members are attached to or employed by more than one qualified motion picture project allocated tax credits under the California Film and Television Tax Credit Program 4.0, they are required to attend the diversity, equity, inclusion, and accessibility orientation at least once per fiscal year.
- (d) An applicant issued a credit allocation letter shall be required to comply with the following during the production period:
- (1) Within thirty (30) calendar days of CAL issuance, fulfill the requirements of section 5554.1(c) of this article, which include making a financial contribution to the CFC's designated non-profit fiscal agent to fund the Career Pathways Program, pursuant to sections 17053.98.1(e)(1)(A)(iii)(I) and 23698.1(e)(1)(A)(iii)(I) of the Revenue and Taxation Code.
- (2) For an approved applicant that opts in to the diversity provisions of sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, submit, prior to the start of principal photography, a diversity, equity, inclusion, and accessibility interim assessment, Form DEIA3 (January 1, 2025), hereby incorporated by reference, in accordance with section 5554.2(a) of this article. [Animated television and film projects must submit Form DEIA3 within one-hundred twenty \(120\) calendar days of credit allocation issuance.](#)
- (3) On the first day of principal photography, ~~if applicable, and~~ or after a hiatus period, ~~if applicable,~~ submit by email to the CFC the daily call sheet, signed by the production manager or equivalent position, in PDF or equivalent non-proprietary document format.
- (4) Each week or as available, submit by email to the CFC the final production reports for each day of principal photography, signed by the production manager or equivalent position, in PDF or equivalent non-proprietary document format.
- [\(5\) For animated projects, weekly or as available, submit by email to the CFC a progress report for each week, signed by the production manager or equivalent position, in PDF or equivalent non-proprietary document format.](#)
- ~~(6)~~ (5) After issuance of the CAL, if there are any significant changes to the project details provided in the application, such as, but not limited to anticipated changes in the estimated qualified expenditures, change of start date, shooting location, number of television episodes ordered, project title change, change in financing, key personnel, or any other factors that may impact communication with the CFC, accuracy of issued

documents, program deadlines, or jobs ratio, the applicant shall notify the CFC of such changes via email to IncentiveProgram4@film.ca.gov.

(76) Participate in providing or supporting career-based learning and training program opportunities known as the Career Readiness Program, in accordance with section 5554.1(b) of this article.

(87) Within sixty (60) calendar days following completion of filming activities, the qualified motion picture safety advisor shall submit to the CFC in PDF or an equivalent non-proprietary document format the final safety evaluation report, as required pursuant to section 9152 of the Labor Code.

(A) If any addendum report(s) are required after the final safety evaluation report, in accordance with subdivision (h) of section 9152 of the Labor Code, such addendum report(s) shall be submitted upon completion.

(B) An applicant of a motion capture animated project, and any animated project that incorporates motion capture in its production, shall submit a final safety evaluation report.

(98) Within sixty (60) calendar days of the creation of the final element, an applicant that opts in to the diversity provisions of sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, shall submit to the CFC its final diversity, equity, inclusion, and accessibility assessment, Form DEIA4 (January 1, 2025), hereby incorporated by reference, as described in section 5554.2(b) of this article, and required pursuant to sections 17053.98.1(g)(3)(D)(ii)(III) and 23698.1(g)(D)(3)(ii)(III) of the Revenue and Taxation Code.

NOTE: Authority cited: Sections 17053.98.1(e) and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.95(e), 17053.98(e), 17053.98.1(b), 17053.98.1(d), 17053.98.1(e), 17053.98.1(g), 23695(e), 23698(e), 23698.1(b), 23698.1(d), 23698.1(e), and 23698.1(g), Revenue and Taxation Code; Section 9152, Labor Code; and Section 14998.1, Government Code.

§ 5554.1. Career Programs and Requirements.

- (a) (1) Qualified motion picture project applicants allocated tax credits under the California Film and Television Tax Credit Program 4.0 must fulfill the responsibilities outlined in subdivisions (b) and (c) of this section.
- (2) Organizations wishing to provide career training opportunities related to the California Film and Television Tax Credit Program 4.0 must be approved for participation or partnership in accordance with subdivision (d) of this section, for Career Readiness, or subdivision (e) of this section, for Career Pathways.
- (b) Pursuant to section 5554(d)(6) of this article, qualified motion picture project applicants of any category are required to participate in the Career Readiness Program which focuses on career-based learning and training programs and public service opportunities approved by the CFC in consultation with the California Department of Education (CDE) and/or California

Community College Chancellor's Office (CCCCO) aimed at exposing career-based learning program, high school, community college, and California State University students to careers in the entertainment industry. To demonstrate compliance with this requirement the applicant must submit the applicable form for Career Readiness verification, Form CR4-1, CR4-2, CR4-3, CR4-4, or CR4-5 (January 1, 2025), hereby incorporated by reference, to the CFC within seven (7) calendar days of the conclusion of the career-based learning and training program or public service opportunity. To meet the requirements of this section, the applicant may do any of the following:

- (1) Provide to students enrolled within the past twelve months in an accredited California high school, community college, California State University, or career-based learning program one or more trainee/internship positions. The total number of hours worked by a trainee/intern, or a combination of trainees/interns must be a minimum of three hundred (300) hours and each trainee/intern hired must work a minimum of one hundred (100) hours. Trainees/interns must be 18 years of age or older. Trainee/internship experience must include working with professionals in the film industry and hands-on work assignments. Any production utilizing trainees/interns in technical craft positions must notify the applicable union representative prior to the start of the trainee/internship; or
- (2) Provide to students enrolled within the past twelve months in an accredited California high school, community college, California State University, or career-based learning program one or more live or virtual classroom workshops, panels, or demonstrations on aspects of the film industry, which may include but are not limited to set operations, pre- or postproduction and specific technical crafts, conducted by entertainment industry professionals; or
- (3) Provide to students enrolled within the past twelve months in an accredited California high school, community college, California State University, or career-based learning program a minimum of eight (8) hours of professional skills tours, which may include visits to a set, studio, or one or more departments during preproduction, production, or postproduction to observe set operations; or
- (4) Provide a minimum of eight (8) hours of continuing education for educators and/or faculty to observe the set operations, postproduction, and other specialized departments in the film industry; or
- (5) Make a financial contribution to a specific local or state educational agency or higher education institution specializing in arts, media, and entertainment career-oriented programs. The contribution shall be based on a quarter percent (0.25%) of the estimated tax credit reservation, amounting to no less than five thousand dollars (\$5,000) and not required to exceed twelve thousand dollars (\$12,000), though contributions in excess of the maximum required amount are permitted; or
- (6) Provide a learning opportunity or financial contribution of equal time or value through other arts, media, and entertainment programs, workforce programs, etc., which are not affiliated with CCCCCO or CDE, but which have been proposed to and approved by the CFC, on a case by case basis, as having been demonstrated by the applicant to be a learning opportunity or financial contribution of equal time or value to the other options in this subdivision.

(c) A qualified motion picture shall make a contribution to the Career Pathways Training Program, which is a program created to fund technical skills training for individuals from underserved communities for entry into film and television jobs, as specified in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(iii) and 23698.1(e)(1)(A)(iii).

(1) The contribution shall be based on a percentage of the estimated tax credit reservation as stated on the CAL. The applicable percentage is:

(A) For independent films, 0.25% of the CAL amount.

(B) For all other motion picture projects, 0.5% of the CAL amount.

(2) The contribution shall be submitted to the CFC with the career pathways program form, Form CPP4 (January 1, 2025), hereby incorporated by reference, no later than thirty (30) calendar days after the CAL date; failure to submit the contribution within this time frame will result in revocation of the CAL.

(A) An applicant facing a technical or funds-related barrier to meeting the deadline may request an extension of up to ten (10) calendar days and the CFC will grant the extension if the applicant requests such an extension prior to the expiration of the timeframe specified in paragraph (2) above and provides supporting documentation.

(3) The contribution is refundable if the project does not receive a tax credit certificate, Form M4 (January 1, 2025), hereby incorporated by reference. A portion may also be refundable if the tax credit amount is significantly reduced due to reasonable cause, as defined in section 5550(r)(2) of this article.

(4) A qualified motion picture that receives an increase in allocated tax credits, causing an additional contribution sum to become due, shall make a payment of that additional sum within thirty (30) calendar days of notification of that increase in allocation.

(5) The contribution must be made by business check. No other payment options will be accepted.

(d) (1) Career-based learning organizations seeking CFC approval of their program for Career Readiness participation must submit an application to the CFC, including supporting documentation that demonstrates that the program meets the requirements outlined in paragraph (2) below.

(A) The application must include:

1. Type of organization, name of organization, contact person or persons, and organization website, if available.

2. Supporting documentation that demonstrates that the program meets the requirements outlined in paragraph (2) below.

(B) The application shall be submitted to the CFC via email to IncentiveProgram4@film.ca.gov.

(2) Career-based learning programs approved for the Career Readiness Program by the CFC must be one of the following:

(A) A mentorship program, which, at minimum:

1. Provides individualized supportive services including career guidance, individualized coaching, networking, and goal setting.
2. Facilitates opportunities for peer-to-peer or group mentorship.

(B) An awareness and exploration program, which, at minimum:

1. Builds awareness of career opportunities through guest speakers, online platforms, and master classes.
2. Identifies interests, skills, and career possibilities through guided self-assessments and research.
3. Facilitates work-based learning experiences including mentorships, exploratory trainee/internships, and workplace simulations.

(C) A preparation and training program, which, at minimum:

1. Facilitates essential workplace skills training, including resume development, interview preparation, professional networking, set etiquette training, industry-specific financial planning, and/or industry fundamentals.
2. Facilitates paid on-the-job training in a specific craft, trade, or occupation in partnership with an employer.

(D) A union-approved training program, which, at minimum:

1. Facilitates craft-specific skills training by experienced union industry professionals and/or approved third party training vendors as determined by the local union.
2. Facilitates essential set etiquette training, industry and labor union fundamentals, safety courses and certifications as determined by the local union.
3. Facilitates craft-specific paid on-the-job training with a signatory company as determined by the local union.

(3) An applicant that fulfills the requirements of this subdivision shall be approved for participation in the Career Readiness Program.

- (e) (1) Career-based organizations seeking CFC approval of their program for Career Pathways partnership must submit an application to the CFC's Career Pathways fiscal agent during a Request for Proposal (RFP) process initiated by the fiscal agent, as specified in subparagraphs (A), (C), and (D) below.

(A) Applications will be accepted in accordance with the RFP process initiated by the fiscal agent. An RFP will be issued prior to the start of the California Film and Television Tax Credit Program 4.0. RFPs will subsequently be released as needed in response to changes in program revenue or training partners. Organizations interested in participating in the RFP process may request to be

placed on an RFP alert mailing list by emailing the CFC at IncentiveProgram4@film.ca.gov or by emailing the fiscal agent directly.

(B) To ensure Career Pathways Program success and meaningful impact, the CFC and its fiscal agent for the Career Pathways Program will, in addition to the factors outlined in paragraph (2) below, consider the following aspects when evaluating applications:

1. Availability of participants.
2. Fiscal agent administrative resources.
3. Overlap with the focus areas of currently approved organizations, including but not limited to industry role focus and student outreach focus.
4. Specific industry labor needs, as determined by the fiscal agent based on information from industry and labor stakeholders.

(C) The application must include:

1. Organization name, date founded, contact person or persons, organization website, information about any industry affiliations.
2. Supporting documentation that demonstrates that the program meets the requirements outlined in paragraph (2) below.
3. Unless included in the above, information about the focus areas of the organization with regard to industry roles.
4. Unless included with the above, information about the focus areas with regard to the intended participant pool.
 - (i) For purposes of compliance with federal and state law, the CFC will reject any application that includes quotas or numeric goals related to a protected class.
5. Unless included in the above, participant capacity and potential for growth.

(D) The application shall be submitted to the CFC Career Pathways fiscal agent as directed in the RFP.

(2) Career Pathways programs approved by the CFC and its fiscal agent must:

- (A) Be conducted by a nonprofit organization that has an established record of training and job placement in the entertainment industry.
- (B) Be focused on training individuals eighteen (18) years or older from traditionally underserved communities.

(C) Offer training courses focused on one or more of the following:

1. Skilled, technical positions that would be eligible for qualified wages if performed on a qualified motion picture.
2. Administrative- and industry-related technical occupations.

3. Soft skills training for the motion picture industry.

- (3) The Career Pathways program fiscal agent and the CFC shall approve or reject a career-based organization applicant based on the information provided pursuant to paragraph (2) and the information provided relating to the factors considered pursuant to subparagraph (B) of paragraph (1).
- (A) An applicant that fulfills the requirements of paragraph (2) and is rejected because of a factor or factors detailed in subparagraph (B) of paragraph (1) may respond to and be considered again under a future RFP.
- (B) An applicant that is rejected because it does not fulfill the requirements of paragraph (2) may respond to a future RFP if it makes changes to fulfill the requirements.
- (4) The Career Pathways program fiscal agent shall have the authority to enter into and implement contracts, including terminating such contracts, with approved applicants as appropriate to carry out the purposes and intent of this subdivision.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.95(e), 17053.98(e), 17053.98.1(d), 17053.98.1(e), 23695(e), 23698(e), 23698.1(d), and 23698.1(e), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5554.2. Interim and Final Diversity, Equity, Inclusion, and Accessibility Assessments.

- (a) Prior to the start of principal photography, [or one-hundred twenty \(120\) calendar days from credit allocation issuance date for animated projects](#), an approved applicant that opts in to the diversity provisions of Revenue and Taxation Code sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) shall submit a diversity, equity, inclusion, and accessibility interim assessment, Form DEIA3 (January 1, 2025), hereby incorporated by reference, consistent with Form DEIA1 (January 1, 2025) and Form DEIA2 (January 1, 2025), hereby incorporated by reference, submitted by the applicant.
- (1) In reviewing an applicant's Form DEIA3 for determination, the CFC will consider whether:
- (A) The applicant has made progress towards its goals stated in Form DEIA2.
- (B) The applicant has a clear plan for how to progress towards and meet its goals stated in Form DEIA2.
- (C) The applicant has identified any barriers to meeting its goals stated in Form DEIA2, and if so has identified steps to overcome those barriers.

- (D) The responses in Form DEIA3 are original and/or demonstrably tailored to the project, thoroughly detailed, and indicate that the applicant is making a good-faith effort toward achieving its goals.
- (2) The CFC will review the applicant's Form DEIA3 and within thirty (30) calendar days of the date of submission will provide its determination of whether the Form DEIA3 indicates that the qualified motion picture is making a good-faith effort to meet the goals of its diversity workplan.
- (3) Failure to submit Form DEIA3 prior to start of principal photography, or one-hundred twenty (120) calendar days from credit allocation issuance date for animated projects, shall constitute opting out of the diversity provisions of 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, regardless of an applicant's previously stated intent or submitted materials. Opting out means an applicant, except an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, shall be eligible for tax credit certification of at most the sum that equals ninety-six percent (96%) of the total sum of allocated credits, including uplifts, subject to verification and audit.
- (A) An applicant whose start date for principal photography falls within thirty (30) calendar days of CAL issuance for its project shall be given an extension to submit its Form DEIA3 no later than the business day following the date of CFC approval of its Form DEIA2, if that date falls on or after the start date of principal photography for the project.
- (b) Within sixty (60) calendar days of the creation of the final element, an approved applicant that opts in to the diversity provisions of Revenue and Taxation Code sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) shall submit a final diversity, equity, inclusion, and accessibility assessment to the CFC. The final assessment required pursuant to Revenue and Taxation Code sections 17053.98.1(g)(3)(D)(ii)(III) and 23698.1(g)(3)(D)(ii)(III) shall include two separate parts.
- (1) Part one shall consist of Form DEIA4 (January 1, 2025), hereby incorporated by reference, and shall be clearly and completely separated from part two of the final assessment. Only the information provided in part one of the DEIA Final Assessment, Form DEIA4, shall be considered by the CFC in determining whether the applicant has met or made a good-faith effort to meet the goals of its diversity, equity, inclusion, and accessibility Workplan, Form DEIA2.
- (2) Part two shall be submitted in accordance with section 5555(b)(5)(H) of this article and shall include:
- (A) A listing of voluntary, self-reported race/ethnicity and gender statistics for all individuals who received qualified wages, as required pursuant to sections 17053.98.1(d)(1)(J), 17053.98.1(g)(2)(A)(iv), 23698.1(d)(1)(J), and 23698.1(g)(2)(A)(iv) of the Revenue and Taxation Code.
- (B) A listing of voluntary, self-reported race/ethnicity and gender statistics for all individuals who received non-qualified wages on the motion picture project, as

required pursuant to sections 17053.98.1(d)(1)(E), 17053.98.1(g)(2)(A)(iv), 23698.1(d)(1)(J), and 23698.1(g)(2)(A)(iv) of the Revenue and Taxation Code.

(C) Part two shall be clearly and completely separated from part one of the final assessment and the statistics presented in part two shall not be referenced in part one. The statistics presented in part two shall have no bearing on the goals and outcomes presented by the applicant in part one and will not be considered by the CFC in determining whether the applicant has met or made a good-faith effort to meet the goals of its diversity workplan.

1. The data required pursuant to this paragraph shall be submitted by all approved applicants in the California Film and Television Tax Credit Program 4.0, including an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less and an applicant that has opted out of the requirements of Revenue and Taxation Code sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D).

(3) Within thirty (30) calendar days of receipt of an applicant's Form DEIA4, the Director of the CFC, or their designee, will notify the applicant whether the applicant has been determined to have met or made a good-faith effort to meet its diversity goals and is eligible for certification of one hundred percent (100%) of its allocated tax credits or has been determined not to have met or made a good-faith effort to meet its diversity goals and is eligible to have ninety-six percent (96%) of its allocated tax credits certified.

(A) The applicant shall submit this determination to the CPA performing its final audit pursuant to section 5555(b)(6) of this article.

(4) Failure to submit Form DEIA4 within the timeframe specified in subdivision (b) above shall constitute opting out of the diversity provisions of 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, regardless of an applicant's previously stated intent or submitted materials. Opting out means an applicant, except an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, shall be eligible for tax credit certification of at most the sum that equals ninety-six percent (96%) of the total sum of allocated credits, including uplifts, subject to verification and audit.

(c) The CFC will reject any submitted Form DEIA3 or Form DEIA4 that includes quotas or other numeric goals regarding a protected class, including, but not limited to race, ethnicity, gender, and disability status.

NOTE: Authority cited: Sections 17053.98.1(e) and 23698.1(e), Revenue and Taxation Code; and Section 11152 Government Code. Reference: Sections 17053.98.1(d), 17053.98.1(g), 23698.1(d), and 23698.1(g), Revenue and Taxation Code; and Section 14998.1, Government Code.

§ 5555. Credit Certificate Issuance.

- (a) (1) Within forty-eight (48) months following the date of the thirty (30) month completion deadline for the qualified motion picture, as specified in subdivision (c), every applicant allocated tax credits under the California Film and Television Tax Credit Program 4.0 shall do one of the following:
 - (A) Submit the documents specified in this section through the online application portal accessible on the website www.film.ca.gov or, if necessary prior to portal completion or due to technical issues, in PDF or equivalent non-proprietary document format; or,
 - (B) Submit a written notice to the CFC stating that they will not be requesting certification for the allocated credits; or,
 - (C) An applicant with insufficient tax liability to initiate the process at the timeframe set in subdivision (a) above can request an extension in writing.
 - 1. The applicant may request one or more extensions of up to twelve (12) months and the CFC will approve the extension for an applicant that requests such an extension within the timeframe specified in clause 2. below and submits a statement of insufficient tax liability to initiate use of the allocated tax credits.
 - 2. The applicant shall request an extension no less than thirty (30) calendar days prior to the expiration of the timeline specified in paragraph (1) above or prior to the expiration of a previously approved extension for the request to be considered by the CFC.
 - (D) Failing to comply with the requirements of this paragraph shall constitute forfeiture of an applicant's allocated tax credits.
- (2) Within the timeframe specified in paragraph (1) above, after the qualified motion picture has been produced and the final element has been created, the applicant may proceed to submit the documentation described in this section.
 - (A) The CFC shall not certify any tax credit until it has received a final safety evaluation report from the qualified motion picture project safety advisor, as required pursuant to sections 17053.98.1(g)(3)(A)(ii) and 23698.1(g)(3)(A)(ii) of the Revenue and Taxation Code and outlined in section 5554(d)(7) of this article.
- (b) The applicant shall be required to submit the following documents upon completion of the qualified motion picture:
 - (1) Proof of copyright registration of the screenplay, teleplay, motion picture, television series or pilot.
 - (2) Documentation indicating the date of completion of postproduction.
 - (A) Documentation may include, but is not limited to, the facility invoice evidencing the date the final element was completed.

(3) The final cast list and the final crew list for the project with social security numbers redacted, if applicable.

(4) A copy of the script supervisor's lined script or the continuity/spotting log of the project.

(A) A television series must submit these materials for two separate episodes of the season.

1. A season of a television series that has submitted both a regular and a supplemental season application is only required to submit two episode scripts for the season as a whole.

(5) Expenditure summary report information, as set forth in subparagraphs (A) through (K) of this paragraph, provided to the CFC through the online application portal accessible on the website www.film.ca.gov or, if necessary prior to portal completion or due to technical issues, in PDF or equivalent non-proprietary document format.

(A) Applicant Information, updated and current, including:

1. Applicant entity business name.
2. Type of business entity.
3. Type of taxpayer ID and taxpayer ID number.
4. Up to date address(es), phone number(s), contact person(s) and their title(s).
5. Parent company entity, if applicable.
6. CPA name.
7. Copyright registration number.
8. Seller's permit number, if applicable.
9. Payroll service provider.

(B) Additional contact information, including:

1. Up to date parent company contact information, if applicable.
2. CPA company name and contact information.

(C) Project Information:

1. Actual start date of preproduction.
2. Actual start date of principal photography [or start of motion capture](#).
3. Start and return-date(s) of any hiatus period(s), if applicable.
4. Actual end-date of principal photography [or end of motion capture](#).
5. Actual end-date of postproduction (creation of final element).
6. Projected or actual release date, if known.

7. For a television series, actual number of completed episodes.

(D) Information about production shooting days and locations, [if applicable](#):

1. Production shooting days inside the Los Angeles zone.
2. Production shooting days outside the Los Angeles zone.
3. Information on each country, state, or county outside the Los Angeles zone where the project filmed, with a Local Community Expenditure Report, Form LCER4 (January 1, 2025), hereby incorporated by reference, filled out for each California county outside of LA County.
4. For a soundstage applicant, total actual number of stage shooting days and number of actual stage shooting days on a certified or once-certified soundstage.

(E) Production statistics, including actual numbers for:

1. Total number of cast members.
2. Total number of base crew members.
3. Total number of extras/background performer days worked.
4. Total number of stand-in days worked.
5. Total number of California resident cast and crew.
6. Total number of non-California resident cast and crew.
7. Total number of local hire labor crewmembers.

(F) Financial statistics, including actual numbers for:

1. Total worldwide expenditures.
2. Total California expenditures, including:
 - (i) Total qualified California expenditures; and,
 - (ii) Total non-qualified California expenditures.
3. Total worldwide VFX expenditures.
4. Total California VFX expenditures, including:
 - (i) Total qualified California VFX expenditures; and,
 - (ii) Total non-qualified California VFX expenditures.
5. Total qualified California VFX expenditures eligible for uplifts.
6. Total California music scoring/recording wages eligible for bonus points.
7. For soundstage applicants, total soundstage wage expenditures.

8. For soundstage applicants, total expenditures for California picture editing and postproduction sound labor and services.

(G) Career Readiness and Career Pathways Programs:

1. Verification of fulfillment of career readiness requirement utilizing one of the required forms for Career Readiness verification, Forms CR4-1, CR4-2, CR4-3, CR4-4, and CR4-5 (January 1, 2025), hereby incorporated by reference. If applicable, verify submission of Career Readiness payment.
2. Verification of payment to the Career Pathways Program, of the amount specified in section 5554.1(c)(1), with date paid and amount, utilizing required Form CPP4 (January 1, 2025), hereby incorporated by reference.

(H) A listing of voluntary, self-reported race/ethnicity and gender statistics as specified in sections 5554.2(b)(2) of this article. All applicants must submit this data, including an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less and an applicant that has opted out of the requirements of Revenue and Taxation Code sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D).

(I) Uplifts, as confirmed in the AUP report required pursuant to paragraph (6) of this section:

1. For non-independent productions, except relocating television series, information relating to the five percent (5%) Out of Zone Uplift:
 - (i) The verified total out of zone wages, excluding local hire labor, incurred during the applicable period.
 - (ii) The verified total out of zone non-wages, excluding the total consumables, incurred during the applicable period.
 - (iii) The verified total non-wage expenditures entirely consumed outside the Los Angeles Zone during the applicable period.
 - (iv) The combined sum of the qualified out of zone expenditures provided pursuant to subclauses (i), (ii), and (iii) above, is the sum to which the uplift percentage applies. Multiply this amount by .05.
 - (v) The aggregate uplift amount of the combined sums pursuant to clauses 1. and 2. of this subparagraph cannot exceed five percent (5%) of the non-independent production's overall qualified expenditures.
2. For non-independent productions, except relocating television series, information relating to the five percent (5%) California Visual Effects (VFX) Uplift:
 - (i) For a qualified motion picture project that fulfills the uplift threshold detailed in section 5553(j)(7)(B)1. of this article, provide the total actual dollar amount of California VFX expenditures.

- (ii) The total dollar amount of California VFX expenditures provided pursuant to subclause (i), above, is the sum to which the uplift percentage applies. Multiply this amount by .05.
 - (iii) The aggregate uplift amount of the combined sums pursuant to clauses 1. and 2. of this subparagraph cannot exceed five percent (5%) of the non-independent production's overall qualified expenditures.
- 3. For independent and non-independent productions, except relocating television series, information relating to ten percent (10%) Local Hire Labor Uplift:
 - (i) Provide the verified total of out of zone local hire labor wages.
 - (ii) The sum of the local hire labor wages provided pursuant to subclause (i), above, is the sum to which the applicable uplift percentage applies. Multiply this sum by .10.
 - (iii) Local hire wages must be substantiated in accordance with section 5552(i)(3) of this article.
- 4. For ~~independent productions and~~ relocating television series, information relating to the five percent (5%) Local Hire Labor Uplift:
 - (i) Provide the verified total of out of zone local hire labor wages.
 - (ii) The sum of the local hire labor wages provided pursuant to subclause (i), above, is the sum to which the applicable uplift percentage applies. Multiply this sum by .05.
 - (iii) Local hire wages must be substantiated in accordance with section 5552(i)(3) of this article.
- 5. Total additional tax credit:
 - (i) For non-independent productions, excluding relocating television series, calculate the total uplift amount by adding ~~the sums of~~ 1.(iv) + 2.(ii) + 3.(ii) above.
 - (ii) For independent productions the total additional tax credit is 3.(ii) above.
 - (iii) For ~~independent productions and~~ relocating television series the total additional tax credit is ~~the sum of~~ 4.(ii) above.
- (J) Total Credit Amount. Applicants must provide, based on the findings of the AUP report:
 - 1. Total sum of verified qualified wages paid or incurred during the qualified period, as defined in section 5550(q)(1).

2. Total sum of verified qualified non-wages paid or incurred during the qualified period, as defined in section 5550(q)(1).
 3. Verified completion bond fee, if applicable.
 4. Total qualified expenditures: 1. + 2. + 3.
 5. Total tax credit amount, which equals the sum pursuant to clause 4. above multiplied by 0.2 for non-independent projects except relocating television series and by 0.25 for independent films and relocating television series.
 6. Total uplift amount as calculated in accordance with 5555(b)(5)(I)5.(i) or 5555(b)(5)(I)5.(ii) above, as applicable.
 7. Total adjusted tax credit percentage, 5. + 6.
 8. Total verified tax credit amount: 7. adjusted for original CAL amount limit, if applicable.
 9. Verified adjusted jobs ratio, as provided in the AUP. Any jobs ratio reduction penalty consistent with sections 17053.98.1(d)(2) and 23698.1(d)(2) of the Revenue and Taxation Code shall be applied to the sum pursuant to clause 8. above.
 10. Diversity goals percentage in accordance with CFC determination pursuant to section 5554.2 of this article and as noted in the AUP. The percentage shall be applied to the sum pursuant to clause 9. above, if applicable, or the sum pursuant to clause 8. above if no jobs ratio reduction penalty is applied.
- (K) Signature certification. By signing the Report, the applicant acknowledges, agrees and certifies that the applicant has read and reviewed the summary, and that the content provided is true and accurate to the best of their knowledge or at least the knowledge of what would be expected of a reasonable person in the same capacity.
- (6) An AUP report in compliance with the Program 4.0 agreed upon procedures, Form 4.0 AUP (January 1, 2025), hereby incorporated by reference. The AUP report shall be prepared and certified by a certified public accountant (CPA) who meets the following criteria:
- (A) Maintains an active license or has proof of a valid out-of-state accounting firm registration for the firm practicing attest services in California.
 - (B) The accounting firm performing the assurance services shall provide documentation from the California Society of Certified Public Accountants or other organization administering said review, indicating that a Peer Review Report was completed within the last three years and the rating was a "Pass." If the firm performing attest services is newly formed, the firm must provide evidence it is registered for review by an organization administering the review in the state in which the firm resides.

- (C) Successful completion of a CFC orientation meeting for CPAs performing Agreed Upon Procedures for the California Film and Television Tax Credit Program 4.0. The frequency of training shall be offered on an as needed basis as determined by the CFC.
- (D) The same public accounting firm is not permitted to perform the AUP report required pursuant to this section for a soundstage applicant, if it is providing or has provided services related to Phase A for the soundstage or soundstages where the soundstage applicant's qualified motion picture is being produced, such as the certified studio construction project verification report required pursuant to section 5532 of article 4 of this chapter, or the annual soundstage workforce report required pursuant to section 5538 of article 4 of this chapter.
- (7) The actual layout of the main and end titles produced by a title house or other postproduction facility.
- (8) A vendor final element creation letter documenting the date the final composite answer print, air master, or digital cinema files of the qualified motion picture is/are produced, not including archival or international elements. In the case of a television series, the required letter shall refer to the final episode of the season. The letter shall originate from the postproduction facility or postproduction department, printed on letterhead with original signature.
- (9) Documentation from each visual effects, title, digital effects and/or post sound company contracted by the production company, indicating the total dollar amount of work performed within the State of California shall be certified by managerial level personnel with knowledge of the project.
- (10) Documentation from the designated representative of the California Community Colleges Chancellor's office and/or the California Department of Education or the CFC, verifying participation in the career-based learning and training program as required in section 5554.1.
- (11) A miniseries/limited series shall submit documentation verifying that its initial distribution consists of two or more episodes longer than forty (40) minutes each exclusive of commercials.
- (12) Form CPP4 (January 1, 2025), hereby incorporated by reference, verifying that the required fee was paid by the qualified taxpayer to fund the Career Pathways Training Program.
- (c) The production shall be completed within thirty (30) months from the issuance date of the CAL, Form D4 (January 1, 2025), hereby incorporated by reference as required in sections 17053.98.1(b)(19)(B)(ii) and 23698.1(b)(19)(B)(ii) of the Revenue and Taxation Code.
- (d) The qualified motion picture shall be considered complete when the process of postproduction has been finished and a final composite answer print, delivery air master, or digital cinema files of the qualified motion picture is completed.
- (e) The CFC shall review all the required materials submitted by the applicant to determine the sufficiency of the required documentation and that the applicant meets all the criteria for the

program. During the review, the CFC may reject insufficient documentation not in compliance with the requirements found in this section or may request additional documentation to determine if the production is a qualified motion picture and to verify the qualified expenditures.

- (1) An applicant that receives a request for additional documentation shall have thirty (30) calendar days to submit that documentation.
 - (2) An applicant that fails to meet the deadline in paragraph (1) shall have its request for a tax credit certificate disapproved in accordance with section 5555(f)(2) below.
- (f) The CFC shall approve or disapprove the request for the tax credit certificate, Form M4 (January 1, 2025), hereby incorporated by reference.
- (1) An entity that fulfills all program requirements, provides all required supporting documentation, and is able to substantiate its eligibility with information requested by the CFC shall be approved. Upon approval, the tax credit certificate shall be issued to the applicant.
 - (A) If the entity that incurs the qualified expenditures is a partnership, limited liability company or subchapter S corporation (pass-through entity), that entity is the applicant for purposes of filing the tax credit application and receiving the final tax credit certificate.
 - (2) Upon rejection of insufficient documentation or disapproval of the request for a tax credit certificate, the CFC shall provide the applicant with a notice of disapproval stating the reasons for the disapproval. Disapproval is final and shall not be subject to administrative appeal or review.
- (g) Certified tax credits attributable to an independent film may be sold by the applicant to an unrelated party, as applicable and in accordance with section 17053.98.1(c) of the Revenue and Taxation Code.
- (h) Certified tax credits attributable to non-independent production that exceed the applicant's tax liability may be assigned to one or more affiliated parties, as applicable and in accordance with section 23698.1(c) of the Revenue and Taxation Code.
- (i) An applicant allocated tax credits under the California Film and Television Tax Credit program 4.0 that has received its tax credit certificate may make a one-time, irrevocable election to be paid a refund of at most ninety percent (90%) of the certified tax credit amount, as applicable and in accordance with sections 17053.98.1(k) and 23698.1(k) of the Revenue and Taxation Code. The one-time, irrevocable election must be made to the Franchise Tax Board on an original, timely filed tax return for the taxable year in which the tax credit certificate is issued by the CFC.
- (1) The total refundable amount is ninety percent (90%) of the amount of certified tax credits that exceed the applicant's tax liability in the first taxable year.
 - (2) The total refundable amount will be paid out over five consecutive taxable years, making the annual refundable amount twenty percent (20%) of the total refundable amount.

- (3) The annual refundable amount will first be applied to any tax liability the applicant has, and the excess of the annual refundable amount will then be refunded.
- (4) If the one-time, irrevocable election to make the tax credits refundable has been made, the applicant cannot hold any amount over to use against future tax liability outside of the sums and timeframes of the set refundability schedule.
- (5) A taxpayer that has purchased a tax credit from an independent producer, as referenced in subdivision (g) of this section, cannot elect to be paid a refund.

NOTE: Authority cited: Sections 17053.98.1(e), 17053.98.1(j), 23698.1(e), and 23698.1(j), Revenue and Taxation Code; and Section 11152, Government Code. Reference: Sections 17053.98(k), 17053.98.1(a), 17053.98.1(b), 17053.98.1(c), 17053.98.1(d), 17053.98.1(e), 17053.98.1(f), 17053.98.1(g), 17053.98.1(k), 23698(k), 23698.1(a), 23698.1(b), 23698.1(c), 23698.1(d), 23698.1(e), 23698.1(f), 23698.1(g), and 23698.1(k), Revenue and Taxation Code; Section 9152, Labor Code; and Section 14998.1, Government Code.

§ 5556. On-Screen Credit and Promotional Requirements.

- (a) All productions that request certification of their allocated tax credits and are issued a tax credit certificate shall be required to comply with the following provisions:
 - (1) Provide an on-screen acknowledgement to THE STATE OF CALIFORNIA and THE CALIFORNIA FILM COMMISSION and include the California Film Commission Logo, to be provided by the CFC to the applicant, except where that acknowledgement may be prohibited by the Children's Television Act or any other local, state, or federal government policy.
 - (A) Such acknowledgement and logo shall appear on every episode of a television series except where prohibited as specified in paragraph (1) above.
 - (B) The acknowledgement can be made in any font or graphic format and the applicant may choose the wording of the acknowledgement and the placement of the required entities within that wording, but both entities specified in paragraph (1) above must be named.
 - (2) Provide five (5) production stills in digital file format cleared by the production company and with cast approvals to illustrate the diversity of California locations and/or job creation for promotional use by the CFC.
 - (3) Except for an applicant that is an independent film with a qualified expenditure budget of ten million dollars (\$10,000,000) or less, provide an electronic press kit (EPK), when available, for promotional and marketing use by the CFC to highlight productions that received tax credits.
- (b) The public information posted to the CFC website pursuant to sections 17053.98.1(h)(2)(A)(i) and 23698.1(h)(2)(A)(i) of the Revenue and Taxation Code, which includes qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer, the number of production days in California the qualified taxpayer represented in its application would occur,

the number of California jobs that the qualified taxpayer represented in its application would be directly created by the production, and the total amount of qualified expenditures expected to be spent by the production, is subject to inclusion in any public presentation or press release issued by the CFC on or after the date of CAL issuance for the production.

NOTE: Authority cited: Sections 17053.98.1(e), and 23698.1(e), Revenue and Taxation Code; and Section 11152 Government Code. Reference: Sections 17053.98.1(e), 17053.98.1(h), 23698.1(e), and 23698.1(h), Revenue and Taxation Code; and Section 14998.1, Government Code.