CALIFORNIA FILM COMMISSION

California Film and Television Tax Credit Program 4.0

Title 10, Chapter 7.75, Article 5

NOTICE OF PROPOSED RULEMAKING

September 4, 2026

Notice is hereby given that the California Film Commission (CFC) proposes to adopt the regulations described below after considering all comments, objections and recommendations regarding the proposed action.

Proposed Regulatory Action

The CFC proposes to adopt sections 5550, 5551, 5552, 5553, 5553.1, 5553.2, 5553.3, 5554, 5554.1, 5554.2, 5555, and 5556 in Article 5 of Chapter 7.75 of Title 10 of the California Code of Regulations in order to implement, interpret and make specific Revenue and Taxation Code sections 17053.98.1 and 23698.1 relating to a film and television tax credit program.

No public hearing is scheduled; however, any interested person or their duly authorized representative may request a public hearing no later than fifteen (15) days prior to the close of the public comment period.

Written Comment Period

Any interested person, or their authorized representative, may submit written comments relevant to the proposed regulatory action to the Agency. Written comments will be accepted by the Agency through October 19, 2026. Submit comments to:

Name:	Leah Medrano
Address:	California Film Commission, 7080 Hollywood Boulevard, Hollywood, CA 90028
Email:	Leah.Medrano@film.ca.gov

Authority and Reference

The proposed regulation will be adopted under the authority of Government Code section 11152, and Revenue and Taxation Code sections 17053.98.1(e)(1)(A), 17053.98.1(g)(3)(D)(ii)(I)(id), 23698.1(e)(1)(A) and 23698.1(g)(3)(D)(ii)(I)(id). The proposed regulation implements, interprets, and makes specific Revenue and Taxation Code sections 17053.98.1 and 23698.1.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The California Film Commission (CFC) proposes to adopt new sections 5550, 5551, 5552, 5553, 5553.1, 5553.2, 5553.3, 5554, 5554.1, 5554.2, 5555, and 5556 in Article 5 of Chapter 7.75 of Title 10 of the California Code of Regulations. The regulations establish a procedure for allocating tax credits to qualified taxpayers in the motion picture industry.

Summary of Related Existing Laws and Regulations:

Existing law provides for two similar programs; the California Film and Television Program 4.0 (Program 4.0), allocating tax credits to qualified taxpayers in the motion picture industry until June 30, 2030, and the California Soundstage Filming Tax Credit Program (Soundstage Filming Program), allocating tax credits to qualified motion pictures produced in a certified studio construction project facility until June 30, 2032.

The provisions in the existing programs provide for applicants to file a written application for the allocation of the tax credit and for the CFC to establish criteria for allocating tax credits, determine and designate applicants who meet the requirements to apply for the tax credit, and issue the credit certificate to the qualified taxpayer upon completion of an eligible and approved qualified motion picture.

In 2026, the Legislature and Administration approved Assembly Bill 1138 (Ch. 56, Stat. 2026), which among other things, created a successor tax credit incentive program for film and television production in California. Specifically, the Legislature added sections 17053.98.1 and 23698.1 to the Revenue and Taxation Code, containing direction to the CFC to adopt regulations to implement the new California Film and Television Tax Credit Program 4.0 (Program 4.0). Program 4.0 continues California's tax credit program for motion picture production in the state, beginning July 1, 2026, and running through June 30, 2030.

Existing programs do not offer applicants the opportunity to elect to have their certified tax credits refunded at a ten percent (10%) fee over five years; SB 132 established this provision for Program 4.0. Existing programs do not contain requirements related to diversity, equity, inclusion, and accessibility (DEIA) to the same extent as Program 4.0; SB 132 expanded on DEIA provisions first instated in the Soundstage Filming Program to create an opportunity for more impactful DEIA practices and more robust CFC support for DEIA initiatives for Program 4.0 participants. Existing programs are not connected to the Safety on Productions Pilot Program established in the Labor Code through SB 132; SB 132 established a provision for Program 4.0 participants to participate in this first-of-its-kind set safety pilot.

Broad Objectives and Anticipated Benefits of the Proposed Regulations

These tax credit incentives will encourage production companies, regardless of distribution outlet, to film in California instead of other states, provinces, and countries offering incentives. The California Film and Television Tax Credit Program 4.0 is structured to encourage job creation and provides separate funding categories to ensure tax credits for multiple types of productions. The program provides for applicants to file a written application for the allocation of the tax credit and for the CFC to establish criteria for allocating tax credits, determine and designate applicants who meet the requirements to apply for the tax credit, and issue the credit certificate to the qualified taxpayer upon completion of an eligible and approved qualified motion picture. The California Film and Television Tax Credit Program 4.0 will help create jobs and benefit the economy by building on the success of California's previous and existing film and television tax credit programs, which have generated billions in production spending for the state.

Program 4.0 also seeks to increase diversity, equity, inclusion, and accessibility (DEIA) within the film and television production workforce via required submission of a DEIA best practice checklist for all applicants, as well as a DEIA workplan, interim assessment, and final assessment, for applicants opting in to the voluntary provisions.

Additionally, Program 4.0 extends both the Career Readiness and the Career Pathways Programs, which serve to build industry capacity and provide youth and early career professionals with access to industry training and jobs. The Career Pathways Program, funded by Program 4.0 applicants, specifically provides underserved communities with technical skills and soft skills training as well as established pathways into entry-level jobs in the motion picture industry.

The proposed regulations establish and clarify the specific processes necessary to implement the California Film and Television Tax Credit Program 4.0 in accordance with statute, enabling the state to operate the Program and realize its benefits.

Consistency And Compatibility with Existing State Regulations

During the process of developing these regulations, 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 nonduplication 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).

Documents Incorporated by Reference

The following forms are incorporated by reference in the proposed regulation:

1. Credit Allocation Letter, CFC Form D4 (January 1, 2027)
2. Diversity, Equity, Inclusion, and Accessibility Checklist, CFC Form DEIA1 (January 1, 2027)
3. Diversity, Equity, Inclusion, and Accessibility Workplan, CFC Form DEIA2 (January 1, 2027)
4. Diversity, Equity, Inclusion, and Accessibility Interim Assessment, CFC Form DEIA3 (January 1, 2027)
5. Diversity, Equity, Inclusion, and Accessibility Final Assessment, CFC Form DEIA4 (January 1, 2027)
6. Diversity, Equity, Inclusion, and Accessibility Statistics, CFC Form DEIA5 (January 1, 2027)
7. Career Pathways, CFC Form CPP4 (January 1, 2027)
8. Career Readiness, CFC Forms CR4-1, CR4-2, CR4-3, CR4-4 (January 1, 2027)
9. Animation Monthly Status Report, CFC Form A (January 1, 2027)
10. Local Community Expenditure Report, CFC Form LCER4 (January 1, 2027)
11. Agreed Upon Procedures, CFC Form AUP (January 1, 2027)
12. Tax Credit Certificate, CFC Form M4 (January 1, 2027)

ESTIMATES OF ECONOMIC IMPACT

The California Film Commission has made the following determinations:

- Mandate on local agencies and school districts: None.
- Cost or savings to any state agency: None.
- Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.
- Other nondiscretionary cost or savings imposed on local agencies: None.
- Cost or savings in federal funding to the state: None.
- Significant effect on housing costs: None.
- Significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states: None.
- Potential cost impact on representative person or businesses: The agency is not aware of any cost impacts that a representative private person or

business would necessarily incur in reasonable compliance with the proposed action.

EFFECT ON SMALL BUSINESS

The California Film Commission has determined that the proposed regulations will not directly affect small businesses. The businesses that may elect to participate in the Programs and in such cases will be complying with these regulations are film production companies and are as such not small businesses, as defined in section 11342.610 of the Government Code. Small businesses in California may, however, provide goods and services to the businesses electing to comply with these regulations and thus benefit from the additional filming in California.

RESULTS OF THE ECONOMIC IMPACT ASSESSMENT

Pursuant to paragraph (2) of subdivision (e) of sections 17053.98.1 and 23698.1 of the Revenue and Taxation Code the CFC is not required to provide an economic impact analysis. Due to the nature of tax credit incentives in relation to economic impact, the CFC has been exempted from the economic impact analysis throughout the existence of the California Film and Television Tax Credit Programs in all iterations; this exemption is consistent with previous practice.

REASONABLE ALTERNATIVES CONSIDERED

The California Film Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Board would be more effective in carrying out the purpose for which the action is proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

CONTACT PERSON

Inquiries concerning the proposed action may be directed to:

Name: Leah Medrano, Deputy Director
Email: Leah.Medrano@film.ca.gov
Phone No.: (323) 860-2960

The backup contact person for these inquiries is:

Name: Matthew Curran
Email: Matthew.Curran@film.ca.gov
Phone No.: (323) 860-2960

Questions on the substance of the proposed regulations may be directed to:

Name: Leah Medrano, Deputy Director
Email: Leah.Medrano@film.ca.gov
Phone No.: (323) 860-2960

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After the close of the forty-five (45) day public comment period, the CFC may adopt the proposed regulation. As a result of public comments, either oral or written, that are received by the CFC regarding this proposal, the CFC may determine that changes to the proposed regulation are appropriate. If the CFC makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the CFC adopts the regulations as revised. The CFC will provide notification of any such modifications to all persons whose comments were received during the public comment period, all persons whose comments (written or oral) were received at the public hearing (if one is held) and all persons who requested notice of such modifications. Otherwise, please send requests for copies of any modified regulations to the attention of Leah Medrano at the above email address. The CFC will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF INITIAL STATEMENT OF REASONS, RULEMAKING FILE AND EXPRESS TERMS OF THE PROPOSED REGULATIONS

The CFC has established a rulemaking file for this regulatory action, which contains those items required by law. The file is available for inspection at the California Film Commission, 7080 Hollywood Boulevard, Suite 900, Hollywood, California during normal business working hours (8am-5pm). Please contact Leah Medrano at the above email address to arrange a date and time to inspect the files. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the Initial Statement of Reasons and the proposed text of the regulations. Copies of these items are available, upon request, from the Contact Person designated in this Notice.

AVAILABILITY OF FINAL STATEMENT OF REASONS

The CFC is required to prepare a Final Statement of Reasons. Once the CFC has prepared a Final Statement of Reasons, a copy will be made available to anyone who requests a copy. Requests for copies should be addressed to the Contact Person identified in this Notice.

OFFICE INTERNET WEBSITE

The Office maintains an Internet website for the electronic publication and distribution of written material. Copies of the Notice of Proposed Action, the Initial Statement of Reasons and the text of the regulations can be accessed through our website at: www.film.ca.gov

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.

(4) "Apprenticeship Program" means a comprehensive plan including but not limited to, apprenticeship program standards, committee rules and regulations, related and supplemental instruction course outlines and policy statements for the effective administration of the apprentice occupation pursuant to Labor Code sections 3075 - 3092.

(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.~~ DEIA-related education. ~~for everyone on production.~~

(2) “Externship” means an unpaid experiential learning opportunity such as a job-shadow that focuses on understanding the duties and responsibilities specific to an occupation or professional role.

(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.

(~~1~~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~~ nurturing ~~to~~ and ~~increase~~ increasing an inclusive and qualified workforce, ~~and an inclusive and qualified vendor and supplier base in all areas that contribute to~~ leading to long-term careers in motion picture production in California.

(4) "Internship" means a structured work experience that takes place in a workplace for a limited period of time and provides the intern with applied learning. Internships are

paid; wages shall be appropriate and consistent with the Fair Labor Standards Act and applicable California labor laws.

A. Paid internships are those where the intern is treated as an employee under California's labor laws. If an intern is doing productive work, they must receive at least the minimum wage, overtime pay (if applicable), and all other standard employee benefits. These internships typically involve tasks and responsibilities that benefit the company directly, like those performed by regular employees.

(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.

(2) "Job shadowing experience" means a visit to a workplace for the purpose of career exploration for no less than three hours and no more than 25 hours in one semester, intersession, or summer school session as set forth by California Education Code section 51769.

(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 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.

(~~1~~2) "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.

(~~2~~3) "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.

(~~3~~4) "Logline" means a short summary of the content of a motion picture project.

(m) (1) "Mentorship" is defined as a formal relationship between a participant and a mentor that includes structured activities where the mentor offers guidance, support, and encouragement to develop the competence and character of the mentee; Mentoring may include workplace mentoring where the local program matches a participant with an employer or employee of a company. A mentorship is a relationship between an experienced professional (mentor) and an aspiring or junior professional (mentee) for the purpose of sharing experience, knowledge, and connections within a certain field.

(~~1~~2) "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.

(3) "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 a computer-generated character or object so it can replicate the performer's motion in animation or visual effects.

(4) "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 <u>at least</u> ~~longer than 40~~ <u>20</u> 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.

<u>(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.</u>

(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~~ January 1, 2027), 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.

(~~3~~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.

(~~4~~5) “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, and that has completed principal photography of its previous season less than 48 months prior to applying for a credit allocation.

(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) For fiscal year 2025-2026:

(i), 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) An animated television series or a large-scale competition 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 began production in California for its first season during fiscal year 2025-2026, or 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~~3~~) “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~~4~~) “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~~5~~) “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~~6~~) “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~~7~~) “Supplemental television season” means a backorder of episodes related to a season that is already in production.

(9~~8~~) “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.

(5) "Trainee" means an individual participating in, or a graduate of, an approved Career Pathways Program training program in one of the following stages: actively enrolled in an approved Career Pathways training program; completed required training hours with an approved Career Pathways training partner and is eligible for placement on major productions to gain experience; successfully completed a Career Pathways approved training program within the last 60 months from the time of placement and is still working toward union membership.

(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.

(w) (1) "Work-based learning" means an educational approach or instructional methodology that uses the workplace or real work to provide individuals with the knowledge and skills that will help them connect school experiences to real-life work activities and future career opportunities. High-quality work-based learning includes, but not limited to, any of the following:

(A) Emphasis on learning in the workplace.

(B) Exposure to a wide range of career areas and worksites in order to help individuals make informed choices about education, training options, and career pursuits in the entertainment industry.

(C) Appropriate sequencing of experiences based upon the individual's age and maturity, ranging from site visits and tours, job shadowing, unpaid and paid internships, and paid work experience.

(D) Systematic attention to the development of soft skills, such as communication, problem solving, teamwork, project planning, and critical thinking.

(E) A trained mentor who structures the learning at the worksite.

(F) Coordination between the classroom teacher and the workplace mentor or supervisor.

(G) Built-in regular assessment and feedback.

(H) Clear and measurable learning outcomes.

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~~ January 1, 2027), 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 of at least ~~longer than forty~~ twenty (~~40~~20) 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 averaging across a season at least ~~longer than forty~~ twenty (~~40~~20) minutes of running time per episode ~~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.

(4) Completed principal photography of its previous season outside of California less than 48 months prior to applying for a credit allocation.

(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~~ to (~~H~~J) 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 subparagraph ~~(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~~,~~ 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)(~~2~~1).

(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~~ January 1, 2027), 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.

(4) An applicant whose project is a recurring television series previously approved under the California Soundstage Filming Tax Credit Program, and that applies for Program 4.0 credit due to exhaustion of funds under the Soundstage Program, shall comply with the DEIA requirements of the Soundstage Program. The applicant may receive up to an additional four percent (4%) credit upon a determination by the CFC that the applicant has met, or made a good faith effort to meet, the goals set forth in its diversity workplan.

(5) An applicant whose project is a qualified motion picture described in subdivision (k)(8)(D) of Revenue and Taxation Code sections 17053.98 or 23698, including projects that are applying under Program 4.0 due to exhaustion of Soundstage Program funds or commencement of production in the sixth or later year of studio certification, shall comply with the DEIA requirements of Program 4.0. Such applicants are not subject to the DEIA provisions of the Soundstage Program. The applicant will be allocated tax credits pursuant to subparagraphs (1) and (2) of this subdivision.

(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~~2) 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 <u>independent and</u> 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~~ <u>January 1, 2027</u>), 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) For the purposes of this section, total credit amount allocated to an applicant may be increased by up to two percent (2%) of the initial credit amount if qualified productions choose to employ trainees from a Career Pathways Program.

(1) Each trainee must be placed in a different department. Employers must hire from CFC Career Pathways official training partner organizations and are encouraged to hire trainees from multiple such organizations.

(A) Non-independent productions may receive zero point five percent (0.5%) additional tax credits for each Career Pathways trainee placed onto a project, for up to a total of two percent (2%) for hiring four (4) trainees.

(B) Independent projects with qualified expenditure budgets over ten million dollars ($10,000,000) may receive one percent (1%) additional tax credits for each Career Pathways trainee placed onto a project, for up to a total of two percent (2%) for hiring two (2) trainees.

(C) Independent projects with qualified expenditure budgets of ten million dollars ($10,000,000) or less may receive two percent (2%) additional tax credits for each Career Pathways trainee placed onto a project, for up to a total of two percent (2%) for hiring one (1) trainee.

(2) To receive this uplift, applicants must opt-in via the CFC online application portal, indicate the number of trainees that will be hired for the production, and work with a designated CFC agent to source trainee candidates from an official CFC Career Pathways Training Program organization. Additional assessments will be done at trainee intake, upon the trainee evaluation period ending or completion of work, and at wrap of production; see section 5554.1 subdivision (f). The final uplift amount will be determined based upon completion of requirements.

(~~j~~k) 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~~ may submit a new application for each season at any month during the fiscal year ~~during any open television project application period as specified by the CFC in its written notification~~ provided that the following conditions are met~~.~~:

(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~~ The 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~~l) 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~~January 1, 2027), 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, including specified materials, as set forth on the CFC website pursuant to subdivision (a). ~~Applicants are required to submit materials supporting data entered into the application portal.~~ 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 and materials:~~, along with uploading required materials.~~

(1) Project details:

(A) Production title and production category.

(B) Greenlight notice date, ~~P~~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~~ seventy-five percent (~~60~~75%) 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 at least ~~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 (for animated films), 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, <u>independent and</u> 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~~January 1, 2027), 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~~ fifteen (~~30~~15) 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 a~~n 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.

(13) To complete the application process, the applicant shall submit the following:

(~~1~~A) 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~~i) 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~~ii) 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.

(B) 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.

(i) 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 or project, and if applicable, provide the number of in-state and out-of-state principal photography days, holidays, the total number of episodes, and any outside the Los Angeles zone filming days.

(~~4~~C) 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~~i) Notwithstanding the timeframe set out in subdivision (l) 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~~ii) 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~~iii) The requirement to submit a screenplay does not apply to a recurring television series.

(~~5~~D) The applicant shall submit supporting documentation that confirms at least ~~sixty~~seventy-five percent (~~60~~75%) of production financing.

(~~A~~i) 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~~ii) If the CFC is unable to verify at least seventy-five percent (75%) of production financing based on the supporting documentation provided, the application shall be considered incomplete.

(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 23 I 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~~1) 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 fringesmust 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 applicant may submit in PDF or equivalent non-proprietary document format a production calendar that includes the start and end dates of the season, the number of in-state and out-of-state principal photography days, holidays, and the total number of I' 24 episodes. The production calendar must indicate which days are scheduled for filming outside the Los Angeles zone.~~

~~(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~~2) A pick-up order. For ~~A~~a recurring series, 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, an animated television project, and a large-scale competition show, the applicant 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 recurring series, pilot, new television series, or relocating television series shall be seven (7) calendar days prior to the CAL issuance date for that application window;~~.~~ the project will be removed from the queue and may reapply during a subsequent television allocation period if the pick-up order is not submitted during Phase II.

~~(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.~~

(3) Greenlight Notice. For an animated project, whether a film or television series, the applicant shall submit documentation confirming final approval from its funder and/or distribution source authorizing the project to proceed into production phase.

(~~7~~4) 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~~5) 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~~6) The applicant shall submit its diversity checklist, Form DEIA1 (~~January 1, 2025~~January 1, 2027), 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~~7) 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 and documentation 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~~January 1, 2027), 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~~January 1, 2027), 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~~.2~~.35 for ~~a~~ independent and non-independent projects 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~~ one million dollars ($~~2~~1,000,000) or more.

2. Two (2) bonus points for California VFX spend of ~~three~~ two million dollars ($~~3~~2,000,000) or more.

3. Three (3) bonus points for California VFX spend of ~~five~~ three million dollars ($~~5~~3,000,000) or more.

4. Four (4) bonus points for California VFX spend of ~~seven~~ four million ~~five hundred thousand~~ dollars ($~~7,500~~4,000,000) or more.

5. Five (5) bonus points for California VFX spend of ~~ten~~ five million dollars ($~~10~~5,000,000) or more.

6. Six (6) bonus points for California VFX spend of ~~fifteen~~ seven million dollars ($~~15~~7,000,000) or more.

7. Seven (7) bonus points for California VFX spend of ~~twenty~~ nine million dollars ($~~20~~9,000,000) or more.

(B) For television series:

1. One (1) bonus point for California VFX spend of one hundred, fifty thousand dollars ($~~100~~150,000) or more.

2. Two (2) bonus points for California VFX spend of ~~three~~ two hundred fifty thousand dollars ($~~350~~250,000) or more.

3. Three (3) bonus points for California VFX spend of ~~five~~ three hundred, fifty thousand dollars ($~~500~~350,000) or more.

4. Four (4) bonus points for California VFX spend of ~~one million dollars~~ five hundred thousand dollars ($~~1,000~~500,000) or more.

5. Five (5) bonus points for California VFX spend of ~~two~~ one million dollars ($~~2~~1,000,000) or more.

6. Six (6) bonus points for California VFX spend of ~~three~~ one million five hundred thousand dollars ($~~3~~1,500,000) or more.

7. Seven (7) bonus points for California VFX spend of ~~five~~ two million dollars ($~~5~~2,000,000) or more.

8. Eight (8) bonus points for California VFX spend of two million five hundred dollars ($2,500,000) or more.

9. Nine (9) bonus points for California VFX spend of three million dollars ($3,000,000) or more.

10. Ten (10) bonus points for California VFX spend of four million dollars ($4,000,000) 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~~ two hundred ~~fifty~~ thousand dollars ($~~350~~200,000) or more.

3. Three (3) bonus points for California VFX spend of ~~five~~ three hundred thousand dollars ($~~500~~300,000) or more.

4. Four (4) bonus points for California VFX spend of ~~one million~~ four hundred thousand dollars ($~~1,000~~400,000) or more.

5. Five (5) bonus points for California VFX spend of ~~two million~~ five hundred thousand dollars ($~~2,000~~500,000) or more.

6. Six (6) bonus points for California VFX spend of ~~three million~~ seven hundred fifty thousand dollars ($~~3,000~~750,000) or more.

7. Seven (7) bonus points for California VFX spend of ~~four~~ one million dollars ($~~4~~1,000,000) or more.

8. Eight (8) bonus points for California VFX spend of one million five hundred dollars ($1,500,000) or more.

9. Nine (9) bonus points for California VFX spend of two million dollars ($2,000,000) or more.

10. Ten (10) bonus points for California VFX spend of three million dollars ($3,000,000) or more.

(D) For independent films with a qualified expenditure budget less than or equal to ten million dollars ($10,000,000):

1. One (1) bonus point for California VFX spend of twenty-five thousand dollars ($25,000) or more.

2. Two (2) bonus points for California VFX spend of fifty thousand dollars ($50,000) or more.

3. Three (3) bonus points for California VFX spend of seventy-five thousand dollars ($75,000) or more.

4. Four (4) bonus points for California VFX spend of one hundred thousand dollars ($100,000) or more.

5. Five (5) bonus points for California VFX spend of one hundred fifty thousand dollars ($150,000) or more.

6. Six (6) bonus points for California VFX spend of two hundred thousand dollars ($200,000) or more.

7. Seven (7) bonus points for California VFX spend of two hundred fifty thousand dollars ($250,000) or more.

8. Eight (8) bonus points for California VFX spend of three hundred thousand dollars ($300,000) or more.

9. Nine (9) bonus points for California VFX spend of four hundred thousand dollars ($400,000) or more.

10. Ten (10) bonus points for California VFX spend of five hundred thousand dollars ($500,000) 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~~ fifty thousand dollars ($~~100~~50,000) or more.

2. Two (2) bonus points for California music wages of ~~two~~ one hundred thousand dollars ($~~200~~100,000) or more.

3. Three (3) bonus points for California music wages of ~~four~~ one hundred fifty thousand dollars ($~~400~~150,000) or more.

4. Four (4) bonus points for California music wages of ~~six~~ two hundred thousand dollars ($~~600~~200,000) or more.

5. Five (5) bonus points for California music wages of ~~eight~~ three hundred thousand dollars ($~~800~~300,000) or more.

6. Six (6) bonus points for California music wages of four hundred thousand dollars ($400,000) or more.

7. Seven (7) bonus points for California music wages of five hundred thousand dollars ($500,000) or more.

8. Eight (8) bonus points for California music wages of six hundred thousand dollars ($600,000) or more.

9. Nine (9) bonus points for California music wages of seven hundred thousand dollars ($700,000) or more.

10. Ten (10) 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~~100,000) or more.

3. Three (3) bonus points for California music wages of ~~two~~ one hundred fifty thousand dollars ($~~250~~150,000) or more.

4. Four (4) bonus points for California music wages of ~~six~~ two hundred thousand dollars ($~~600~~200,000) or more.

5. Five (5) bonus points for California music wages of ~~eight~~ three hundred thousand dollars ($~~800~~300,000) or more.

6. Seven (7) bonus points for California music wages of four hundred thousand dollars ($400,000) or more.

7. Seven (7) bonus points for California music wages of five hundred thousand dollars ($500,000) or more.

8. Eight (8) bonus points for California music wages of six hundred thousand dollars ($600,000) or more.

9. Nine (9) bonus points for California music wages of seven hundred thousand dollars ($700,000) or more.

10. Ten (10) 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~~ twenty-five thousand dollars ($~~30~~25,000) or more.

2. Two (2) bonus points for California music wages of ~~sixty~~ fifty thousand dollars ($~~60~~50,000) or more.

3. Three (3) bonus points for California music wages of ~~ninety~~ seventy-five thousand dollars ($~~90~~75,000) or more.

4. Four (4) bonus points for California music wages of one hundred ~~twenty~~ thousand dollars ($~~120~~100,000) or more.

5. Five (5) bonus points for California music wages of one hundred fifty thousand dollars ($150,000) or more.

6. Six (6) bonus points for California music wages of two hundred thousand dollars ($200,000) or more.

7. Seven (7) bonus points for California music wages of two hundred fifty thousand dollars ($250,000) or more.

8. Eight (8) bonus points for California music wages of three hundred thousand dollars ($300,000) or more.

9. Nine (9) bonus points for California music wages of three hundred fifty thousand dollars ($350,000) or more.

10. Ten (10) bonus points for California music wages of four hundred thousand dollars ($400,000) or more.

(D) For independent films with a qualified expenditure budget less than or equal to ten million dollars ($10,000,000):

1. One (1) bonus point for California music wages of fifteen thousand dollars ($15,000) or more.

2. Two (2) bonus points for California music wages of thirty thousand dollars ($30,000) or more.

3. Three (3) bonus points for California music wages of forty-five thousand dollars ($45,000) or more.

4. Four (4) bonus points for California music wages of sixty thousand dollars ($60,000) or more.

5. Five (5) bonus points for California music wages of seventy-five thousand dollars ($75,000) or more.

6. Six (6) bonus points for California music wages of one hundred thousand dollars ($100,000) or more.

7. Seven (7) bonus points for California music wages of one hundred twenty-five dollars ($125,000) or more.

8. Eight (8) bonus points for California music wages of one hundred fifty thousand dollars ($150,000) or more.

9. Nine (9) bonus points for California music wages of two hundred thousand dollars ($200,000) or more.

10. Ten (10) bonus points for California music wages of two hundred fifty thousand dollars ($250,000) 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~~January 1, 2027), 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, related to overhead that reflect studio infrastructure including but not limited to executives, recruiting, department managers, talent development and artist retention staff.

(~~D~~E) 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.

(F) 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.

(G) Expenses, including wages paid for placement of trainees under the Career Pathways Program uplift.

(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~~January 1, 2027), 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~~January 1, 2027), 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~~January 1, 2027) and Form DEIA2 (~~January 1, 2025~~January 1, 2027) 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 t~~Tailored to the project; and

(B) Thoroughly detailed, including defined responsibilities for crew members, department heads, and production representatives; 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 DEAI2 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 or 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~~, Line~~ and a Primary Producer~~, and UPM/Production Manager~~ for the production are required to attend a diversity, equity, inclusion, and accessibility orientation meeting scheduled by the Director of the CFC or their designee~~, include the ()along with any or all of the following staff members: the line producer or unit production manager,~~ The CFC recommends attendance by the Line Producer, 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~~January 1, 2027), 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, monthly or as available, submit by email to the CFC a progress report for each month, 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.

(7~~6~~) 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.

(8~~7~~) 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) A safety advisor and the final safety evaluation shall only be required on an animated project for the prep, shoot, and wrap of sequences that involve live-action or motion-capture filmmaking.

(C) An applicant whose project is a qualified motion picture described in subdivision (k)(8)(D) of Revenue and Taxation Code sections 17053.98 or 23698, including projects that are applying under Program 4.0 due to exhaustion of Soundstage Program funds or commencement of production in the sixth or later year of studio certification, are exempt from Safety in Motion Picture Productions requirements as set forth by California Labor Code 9150.

(9~~8~~) 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~~January 1, 2027), 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~~January 1, 2027), 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. All Career Readiness learning opportunities or financial contributions shall be based on a quarter percent (0.25%) and be of equal time or value to the other options in this subdivision, directly or in partnership with a local educational agency or a California-based arts and entertainment career-based learning organization approved by the CFC pursuant to paragraph (d) below. To meet the requirements of this section, the applicant may do any of the following:

(1) Provide to ~~students~~ individuals enrolled within the past ~~twelve~~ eighteen months in an accredited California high school, California community college, California State University, or career-based learning program one or more paid ~~trainee/~~internship positions. The ~~total number of~~ hours worked by an ~~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/i~~Interns must be eighteen (18) years of age or older. ~~Trainee/i~~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 individuals ~~students~~ enrolled within the past ~~twelve~~ eighteen months in an accredited California high school, California community college, California State University, or career-based learning program with work-based learning ~~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,~~ activities during pre-production, production, or post-production to observe set operations conducted by entertainment industry professionals~~; or~~,including:

(A) Classroom workshops, masterclasses, and industry panels with no less than five (5) participating industry professionals;

(B) Job shadows, set tours, or externships; 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~~

(~~4~~3) Provide a ~~minimum of eight (8) hours of~~ professional development, continuing education, or externship for educators, ~~and/or faculty to observe the set operations, postproduction, and other specialized departments in the film industry; or~~ which may include visits to a set, studio, or one or more departments during preproduction, production, or postproduction to observe set operations conducted by entertainment industry professionals; or

(~~5~~4) Make a financial contribution to ~~a specific local or state educational agency or higher education institution~~ support the California Department of Education (CDE), California Community College Chancellor's Office (CCCCO), or a California-based arts and entertainment career-based learning organization approved by the CFC pursuant to paragraph (d) below to expand career readiness opportunities 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 ($5,000) and is not required to exceed ~~twelve~~ twenty thousand dollars ($~~12~~20,000), though contributions in excess of the maximum required amount are permitted.

~~(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 CCCCO 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~~January 1, 2027), 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~~January 1, 2027), 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 ~~a~~ California-based 501(c)(3) nonprofit organizations serving California participants within the age range of 16-24 years, and holding a minimum of 5 years of experience in providing work-based learning in the entertainment industry. Career-based learning programs must specialize in one or more of the following program types:

(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.

(E) An apprenticeship program, registered with the California Division of Apprenticeship Standards.

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

(e) (1) California-based ~~C~~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 or occupational pathways 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~~ California-based 501(c)(3) nonprofit organization, serving California participants, and holding a minimum of 5 years of experience in 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. A preparation and training program, which, at minimum:

a. Facilitates essential workplace skills training, including resume development, interview preparation, professional networking, set etiquette training, industry-specific financial planning, and/or industry fundamentals.

b. Facilitates paid on-the-job training in a specific craft, trade, or occupation in partnership with an employer.

2. A union-approved training program, which, at minimum:

a. Facilitates craft-specific skills training by experienced union industry professionals and/or approved third party training vendors as determined by the local union.

b. Facilitates essential set etiquette training, industry and labor union fundamentals, safety courses and certifications as determined by the local union.

c. Facilitates craft-specific paid on-the-job training with a signatory company as determined by the local union.

3. An apprenticeship program, registered with the Division of Apprenticeship Standards.

~~1~~4. Skilled, technical positions that would be eligible for qualified wages if performed on a qualified motion picture.

~~2~~5. Administrative- and industry-related technical occupations.

~~3~~6. 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.

(f) Applicants opting in to receive additional credits as set forth in section 5551, must hire trainees. Trainees must be placed with a specific department and must support that department's work under the guidance of the Head of Department (HOD) and the team. Trainees must be additive to the crew, not used as general runners. Duties must relate to the department's normal workflow to observe, practice skills, and understand how that craft operates on a professional set. The HOD and supervising crew shall determine appropriate trainee tasks after verifying the trainee's skill level. All work must happen under appropriate supervision and within normal departmental protocols.

(1) To ensure consistent implementation across all official Career Pathway partners and prevent productions from selecting the lowest-cost or shortest-duration option, employers must compensate trainees at the rate of twenty-five dollars ($25) per hour, minimum, before overtime.

(2) Applicants are required to employ each trainee for a minimum of 300 hours, before overtime, or seventy-five percent (75%) of the trainee department's production cycle to qualify for the uplift.

(A) Trainee placement hours must be continuous to ensure network-building on-set that is essential to positive career outcomes.

(B) Trainees shall join the production in overtime as it occurs during their placement. This is key to minimizing any differentiation of the trainee from other employees, which is essential to the overall career goal of full participation in a crew, which leads to a sustainable career.

(C) Trainees not meeting ~~production's~~ employment expectations ~~will~~ may be ~~subject to termination~~ terminated. If the ~~production~~ applicant determines that the trainee fails to meet employment expectations ~~scope of work~~ after working 25 hours, the ~~production~~ applicant may terminate the trainee and must hire a new ~~a~~ trainee in order to be in compliance to receive the additional tax credits. In the event the trainee is ~~productions~~ terminated ~~a trainee~~ or ~~a trainee~~ voluntarily resigns from their assignment, the applicant will receive credit for the hours worked by the ~~first~~ trainee prior to termination or resignation, and those hours will count toward the ~~remaining~~ minimum trainee employment time period required.

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~~,~~ (for live action projects) or within 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~~January 1, 2027), hereby incorporated by reference, consistent with Form DEIA1 (~~January 1, 2025~~January 1, 2027) and Form DEIA2 (~~January 1, 2025~~January 1, 2027), 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 goal stated in Form DEIA2.~~ has included, in thorough detail, one-to-one descriptions of how the production has worked towards the goals set in the Diversity Workplan. Description of efforts include, but are not limited to: exact language utilized, specific dates (of correspondence, trainings, actions taken), names of direct points of contact, and reflections on the experience.

(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, including defined responsibilities for crew members, department heads, and production representatives; 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 (for live action projects) or within 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) An applicant who requests a hiatus and receives approval from the CFC prior to the start of principal photography, shall be given an extension to submit its Form DEIA3 no later than the day before the resumption of principal photography.

(b) ~~Within sixty (60) calendar days of the creation of the final element, an~~ 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~~January 1, 2027), hereby incorporated by reference, and shall be clearly and completely separated from part two of the final assessment. Part one of the DEIA Final Assessment, Form DEIA4, shall be submitted within sixty (60) calendar days of the wrap of principal photography (for live action projects), or within sixty (60) calendar days of the creation of the final element (for animated projects). 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 consist of Form DEIA5 (January 1, 2027), hereby incorporated by reference and be submitted in accordance with section 5555(b)(5)(H) of this article and shall ~~include~~ be submitted within sixty (60) calendar days of the creation of the final element.

(A) A listing of voluntary, self-reported race/ethnicity, ~~and~~ gender, veteran status, disability status, and ZIP Code 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, veteran status, disability status, and ZIP Code 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~~January 1, 2027), 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~~January 1, 2027), 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~~January 1, 2027), 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~~0.35 for independent films and non-independent projects ~~except relocating television series~~ and by ~~0.25~~0.40 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.

11. Final tax credit amount will include the verified credit amount up to 2% of the credit amount allocated under 10. above for qualified productions that employ trainees from a Career Pathways Program.

(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~~January 1, 2027), 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~~January 1, 2027), 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~~January 1, 2027), 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~~January 1, 2027), 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.

CALIFORNIA Film Commission

California Film and Television Tax Credit Program 4.0

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

CHECKLIST

Production Title:	
Production Category:	
Queue Number:	

The California Film Commission (CFC) defines Diversity, Equity, Inclusion, and Accessibility (DEIA) as 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.

In accordance with section 5553(m)(9) of the regulations, applicants shall submit a Diversity Checklist as part of the Phase II application process; failure to do so will result in disqualification. The applicant acknowledges, by checking each box below, best practices for promoting a diverse, equitable, inclusive, and accessible motion picture production industry in California. As set forth in sections 17053.98.1(g)(3)(D)(ii)(I) and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code, goals shall reflect both individuals whose wages are included within qualified wages and individuals whose wages are excluded from qualified wages. Resources related to the best practices listed below are available on the CFC website. The CFC will reject any form related to the diversity, equity, inclusion, and accessibility requirements of sections 17053.98.1(b)(5), 17053.98.1(b)(19)(B)(vi), 17053.98.1(g)(3)(D), 23698.1(b)(5), 23698.1(b)(19)(B)(vi), and 23698.1(g)(3)(D) that includes quotas or other numeric goals regarding protected classes, including but not limited to race, ethnicity, gender, and disability status.

The U.S. Census Data is available as a resource to view statistics broadly reflective of California's population. The items on this form are not intended to require applicants to make any statements, set any goals, or take any actions that are incompatible with or contrary to federal, state, or local law, or applicable collective bargaining agreements.

California Film and Television Tax Credit Program 4.0

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY CHECKLIST

Inclusive Hiring

Inclusive hiring means minimizing bias during the hiring process, valuing diverse perspectives, and implementing an equitable recruiting process.

Efforts may include, but are not limited to:

- ✓ Conducting equitable hiring consideration processes for a wide range of qualified (i.e., below-the-line) candidates throughout the entire production through post by, for example, contacting DEIA-related staffing resources and lists, reviewing resumes, and conducting interviews among other resources.
- ✓ Conducting equitable hiring consideration processes (outreach, reviewing resumes, conducting interviews, etc.) for non-qualified (i.e., above-the-line) roles, such as Writers, Producers, Directors, and Composers.
- ✓ **Live Action:** Hiring hair and makeup crew members who are skilled in working with a variety of racial/ethnic hairstyles, textures, facial features and skin tones that reflect the cast members, and including any DEIA lists or resources the production plans to utilize.
- ✓ **Animation:** Hiring artists such as character designers who are skilled in creating characters presenting different racial or ethnic characteristics, or in cases without human characters describing alternative goals, and including any DEIA lists or resources the production plans to utilize.
- ✓ **Live Action:** Hiring a cinematographer and gaffer/chief lighting technician and key grips who are skilled in lighting and photographing for a variety of skin tones that reflect the cast members, and including any DEIA lists or resources the production plans to utilize.
- ✓ **Animation:** Conducting equitable hiring consideration processes for the storyboard department and including any DEIA lists or resources production plans to utilize.
- ✓ Hiring a casting director skilled in casting underrepresented individuals in major and minor roles, as well as background. Conducting equitable casting consideration processes for in front of the camera roles or VO artists, and including any DEIA lists or resources the production plans to utilize.

Equity Education

Equity Education means learning about the historical and contemporary experiences of underrepresented communities and people, existing civil rights and discrimination laws, and setting goals for tailored DEIA-related education for everyone on the production.

Efforts may include, but are not limited to:

- ✓ Setting Equity Education goals specific to the production's themes, characters, storylines and/or locations, and providing training opportunities to address these goals.
- ✓ Building awareness of the production's commitment to DEIA with department heads and having HODs communicate this commitment to their teams.
- ✓ Acknowledging what the production hopes to gain from learning about the historical and contemporary experiences of underrepresented communities and people specific to the project.
- ✓ Recognizing the underrepresented people and communities living or located in the geographical area where production is located.
- ✓ Researching and engaging California tribal nations, Native communities, and Indigenous people, and sharing a Land Acknowledgement at any point during production.
- ✓ Implementing environmentally responsible practices, such as reduction in fuel and energy consumption, material reuse, and efforts to normalize sustainable behaviors onscreen.

Industry Capacity Building

Industry Capacity Building means nurturing and increasing an inclusive and qualified workforce, leading to long-term and sustainable careers in motion picture production in California.

Efforts may include, but are not limited to:

- ✓ Helping to increase an inclusive and qualified workforce, including but not limited to the use of pathway programs, apprenticeships, internships, mentoring, traineeships, and consideration for transferable skills and experience.
- ✓ Enabling the cast and crew to understand the production's anti-discrimination and anti-harassment policies. Designating who on production will intake safety, harassment, or discrimination reports and provide follow up, and the process for that follow up.
- ✓ Offering gender-neutral bathrooms on set and in administrative production spaces throughout the production.
- ✓ Evaluating and ensuring accessible interviews, casting sessions, and production environments, such as providing for CART, ramps, materials in multiple formats, and hiring an access coordinator. Communicating and providing for reasonable accommodations.

CALIFORNIA
Film Commission

California Film and Television Tax Credit Program 4.0

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY CHECKLIST

Supplier Diversity

Supplier Diversity means providing equitable vendor contracting opportunities, including but not limited to vendors such as catering companies, accounting firms, equipment rentals, and postproduction houses, for vendors owned and operated by individuals from socially and economically underrepresented groups to support production.

Efforts may include, but are not limited to:

- ✓ Conducting outreach to and reviewing bids from diverse suppliers utilizing resources and lists to identify available suppliers.
- ✓ Contracting with diverse suppliers including suppliers reflective of the people and communities specific to the project.

NOTE: Approved projects opting 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 must complete a diversity, equity, inclusion, and accessibility workplan, Form DEIA2, which includes setting goals related to all of the areas described above.

Acknowledgment

I acknowledge and agree that I, the applicant, have read and reviewed the Diversity Checklist, including all the content provided.

Applicant Signature: ______________________ Date: ______________

Applicant Name: ______________________

Applicant Title: ______________________

California Film Commission

California Film and Television Tax Credit Program 4.0

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY
WORKPLAN

Production Title:

Credit Allocation Letter Date: DEIA Workplan Deadline: Queue Number:

Project Category:

Logline:

With the introduction of Program 4.0, the California Legislature declared that "continued work remains to attain shared goals of providing equal opportunity for all." Senate Bill No. 132 (2023-2024 Reg. Sess.), § 1, subd. (e).

The Diversity Workplan (Form DEIA2) is due within 30 calendar days of the date of the Credit Allocation Letter (CAL). This form is submitted on the online application portal. Failure to submit the Form DEIA2 shall result in opting out of the diversity provisions. The CFC will reject any submitted Form DEIA2 that includes quotas or other numeric goals regarding protected classes, including but not limited to race, ethnicity, gender, and disability status. Projects must include goals specific to qualified (i.e. below-the-line) and non-qualified (i.e. above-the-line) roles.

The goals and strategies on the Workplan must demonstrate good-faith efforts. The CFC defines good-faith efforts as efforts that are:

- Proactive, intentional, diligent, impactful
- Broadly reflective of California's population in terms of, but not limited to, race/ethnicity, gender, disability, veteran status, LGBTQ+ identity, and socioeconomic status

To demonstrate good-faith efforts, the goals and strategies must be:

- Tailored to the project
- Thoroughly detailed
- Reasonably achievable within the scope of the project
- Broadly reflective of California's population in terms of factors such as race/ethnicity, gender, disability, LGBTQ+ identity, veteran status, and socioeconomic status

While it is not mandatory to respond directly to the prompts provided, the responses must show comparable goals and level of specificity to show good-faith efforts. It is recommended that creative leadership, line producers, UPMs, and heads of department have significant involvement in the Workplan, Interim Assessment, and Final Assessment.

Acknowledgment and Certification

I acknowledge, agree, and certify that I, the DEIA contact, have read and reviewed the DEIA Workplan, including all the content provided, and that it is accurate to the best of my knowledge, or at least what would be expected of a reasonable person in the same capacity.

DEIA Contact Name: Signature: Date:

Email Address: Phone Number:

A. <u>INCLUSIVE HIRING</u> means minimizing bias during the hiring process, valuing diverse perspectives, and implementing an equitable recruiting process. Include information specific to above-the-line and below-the-line individuals.

NOTE: While it is not mandatory to respond directly to the prompts provided, the responses must show comparable goals and level of specificity to show good-faith efforts.

SUGGESTED PROMPTS TO SHOW GOOD-FAITH EFFORTS	PROJECT-SPECIFIC GOALS
1. Identify which qualified (i.e., below-the-line) roles are still available for consideration, and detail non-numeric goals for equitable hiring consideration processes, including utilizing any DEIA-related staffing resources, reviewing resumes, and conducting interviews. Describe goals across the entire production, through post.	1.
2. Identify which non-qualified (i.e., above-the-line) roles are still available for consideration, and detail non-numeric goals for equitable hiring consideration processes (outreach, reviewing resumes, conducting interviews, etc.) for roles such as Writers, Producers, Directors, Composers.	2.
3. Live Action Only: What are the production's non-numeric goals for hiring hair and makeup crew members skilled in working with a variety of racial/ethnic hairstyles, textures, facial features and skin tones that reflect the cast members? Include any DEIA lists or resources production plans to utilize. 3. Animation Only: What are the production's non-numeric goals for hiring artists such as character designers skilled in creating characters presenting different racial or ethnic characteristics. In cases without human characters, describe alternative goals. Include any DEIA lists or resources production plans to utilize.	3.
4. Live Action Only: What are the production's non-numeric goals for hiring a cinematographer and gaffer/chief lighting technician and key grips skilled in lighting and photographing a variety of skin tones that reflect the cast members? Include any DEIA lists or resources production plans to utilize. 4. Animation Only: What are the production's non-numeric goals for equitable hiring consideration processes for the storyboard department? Include any DEIA lists or resources production plans to utilize.	4.
5. What are the production's non-numeric goals for hiring a casting director skilled in casting underrepresented individuals in major and minor roles, as well as background? What are the production's goals for equitable casting consideration processes in front of the camera (for Animation: as VO artists)? Include any DEIA lists or resources production plans to utilize.	5.

B. **EQUITY EDUCATION** means learning about the historical and contemporary experiences of underrepresented communities and people, existing civil rights and discrimination laws, and setting goals for tailored DEIA-related education for everyone on the production.

NOTE: While it is not mandatory to respond directly to the prompts provided, the responses must show comparable goals and level of specificity to show good-faith efforts.

SUGGESTED PROMPTS TO SHOW GOOD-FAITH EFFORTS	PROJECT-SPECIFIC GOALS
1. What are the production's goals for building awareness of its commitment to DEIA with department heads, and how will HODs communicate this commitment to their teams?	1.
2. What does the production hope to gain, specific to this project, from learning about the historical and contemporary experiences of underrepresented communities and people?	2.
3. What are the production's goals in recognizing the underrepresented people and communities, living or located in the geographical area where production is located?	3.
4. What are the production's goals for researching and engaging California tribal nations, Native communities, and Indigenous people, and sharing a Land Acknowledgement at any point during production?	4.
5. What impactful goals has the production set for implementing environmentally responsible practices, such as reduction in fuel and energy consumption, material reuse, and efforts to normalize sustainable behaviors onscreen?	5.
6. What are the production's Equity Education goals specific to the production's themes, characters, storylines, and/or locations, and what are the training opportunities the production will provide to address its goals?	6.

C. <u>INDUSTRY CAPACITY BUILDING</u> means nurturing and increasing an inclusive and qualified workforce, leading to long-term and sustainable careers in motion picture production in California.

NOTE: While it is not mandatory to respond directly to the prompts provided, the responses must show comparable goals and level of specificity to show good-faith efforts.

SUGGESTED PROMPTS TO SHOW GOOD-FAITH EFFORTS	PROJECT-SPECIFIC GOALS
1. What are the production's non-numeric goals for helping to increase an inclusive and qualified workforce including, but not limited to, the use of pathway programs, apprenticeships, internships, mentoring, traineeships, and consideration for transferable skills and experience?	1.
2. What are the production's goals for enabling the cast and crew to understand its anti-discrimination and anti-harassment policies? Identify who on production will intake safety, harassment, or discrimination reports and provide follow up, and the process for that follow up.	2.
3. What are the production's goals for offering gender-neutral bathrooms on set and in administrative production spaces throughout the production?	3.
4. What are the production's goals for evaluating and ensuring accessible interviews, casting sessions, and production environments, such as providing for CART, ramps, materials in multiple formats, and hiring an access coordinator? What are the goals for communicating and providing for reasonable accommodations?	4.

D. <u>SUPPLIER DIVERSITY</u> means providing equitable vendor contracting opportunities, including but not limited to vendors such as catering companies, accounting firms, equipment rentals, and postproduction houses, for vendors owned and operated by individuals from socially and economically underrepresented groups to support production.

NOTE: While it is not mandatory to respond directly to the prompts provided, the responses must show comparable goals and level of specificity to show good-faith efforts.

SUGGESTED PROMPTS TO SHOW GOOD-FAITH EFFORTS	PROJECT-SPECIFIC GOALS
1. What are the production's goals for outreach to and reviewing bids from diverse suppliers, including the resources or lists it will utilize to identify available suppliers?	1.
2. What are the production's non-numeric goals for contracting with diverse suppliers on this project?	2.

California Film and Television Tax Credit Program 4.0

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

INTERIM ASSESSMENT

Production Title:

Credit Allocation Letter Date: | Principal Photography Start Date: | Queue Number:

Project Category:

The Interim Assessment Form DEIA3 is due prior to the start of principal photography for Live Action and within one hundred and twenty (120) calendar days from the date of the Credit Allocation Letter for Animation projects; see Program Guidelines for Interim Assessment exceptions. Failure to submit Form DEIA3 in accordance with Program Regulations will result in opting out of the diversity provisions. The California Film Commission (CFC) will reject Form DEIA3s that include quotas or other numeric goals or outcomes regarding protected classes, including but not limited to race, ethnicity, gender, and disability status.

Within the Interim Assessment, include in thorough detail one-to-one descriptions of how production has worked towards the goals set in the Diversity Workplan. Description of efforts include, but not limited to: exact language utilized, specific dates (of correspondence, trainings, actions taken, etc.), names of direct points of contact, and reflections on the experience.

The efforts on the Interim must demonstrate good faith efforts. The CFC defines good faith efforts as efforts that are: proactive, intentional, diligent, impactful, and broadly reflective of California's population in terms of, but not limited to, race/ethnicity, gender, disability, veteran status, LGBTQ+ identity, and socioeconomic status.

To demonstrate good faith efforts, the goals and strategies must be:

- Tailored to the project
- Thoroughly detailed
- Reasonably achievable within the scope of the project
- Broadly reflective of California's population in terms of factors such as race/ethnicity, gender, disability, LGBTQ+ identity, veteran status, and socioeconomic status

In the text box provided, include notes, additional goals and efforts, and barriers. In the case of barriers, identify steps to overcome those barriers.

Acknowledgment and Certification

I acknowledge, agree, and certify that I, the DEIA contact, have read and reviewed the DEIA Interim Assessment, including all the content provided, and that it is accurate to the best of my knowledge, or at least what would be expected of a reasonable person in the same capacity.

DEIA Contact Name: | Signature: | Date:

Email Address: | Phone Number:

<u>INCLUSIVE HIRING</u> means minimizing bias during the hiring process, valuing diverse perspectives, and implementing an equitable recruiting process. Include information specific to above-the-line and below-the-line individuals.

NOTE: While it is not mandatory to respond directly to the prompts, the responses must show comparable goals and level of specificity to show good-faith efforts.

PROJECT-SPECIFIC WORKPLAN GOALS	**EFFORTS**
EXAMPLE: *Line producer [full name] intends to call [contact names] at [organizations] for candidates for Production Assistants, Costume Designers and Accountants. LP will receive a list of candidates and forward the candidates to HODs. HODs [full names] will review resumes and set interviews with top candidates.*	***EXAMPLE:*** *Line producer [full name] called organizations on [dates] and received lists on [dates]. HODs set interviews on [dates].* *Statement: [HOD reflection on experience]*
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
NOTES, BARRIERS, ADDITIONAL GOALS AND EFFORTS:	

EQUITY EDUCATION means learning about the historical and contemporary experiences of underrepresented communities and people, existing civil rights and discrimination laws, and setting goals for tailored DEIA-related education for everyone on the production.

NOTE: While it is not mandatory to respond directly to the prompts, the responses must show comparable goals and level of specificity to show good-faith efforts.

PROJECT-SPECIFIC WORKPLAN GOALS	EFFORTS
EXAMPLE: *Production coordinator [full name] will contact [full name] at [organization], will receive resources from [organization] and share these resources with full cast and crew. Production coordinator [full name] also will coordinate training session for entire crew.*	***EXAMPLE:*** *Production coordinator [full name] called [full name] at [organization] on [date], received resources from [organization] on [date] and shared them via email on [date]. Production Coordinator [full name] also coordinated training session for entire crew on [date].* *Statement: [Crew member reflection on training session and materials]*
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
NOTES, BARRIERS, ADDITIONAL GOALS AND EFFORTS	

<u>INDUSTRY CAPACITY BUILDING</u> means nurturing and increasing an inclusive and qualified workforce, leading to long-term and sustainable careers in motion picture production in California.

NOTE: While it is not mandatory to respond directly to the prompts, the responses must show comparable goals and level of specificity to show good-faith efforts.

PROJECT-SPECIFIC WORKPLAN GOALS	EFFORTS
EXAMPLE: *Line producer [full name] intends to email [contact names] at [organizations/Pathways Programs] to make them aware of and request candidates for open internship positions, traineeships in the Camera and Sound departments, and a director shadowing opportunity. HODs, [full names and titles] will review resumes and set interviews with top candidates.*	***EXAMPLE:*** *Line producer [full name] emailed [contact name #1] at [organization] on [date] and [contact name #2] at [Pathways Program] on [date] and received candidates on [dates]. Line Producer [full name] forwarded to [appropriate HODs] who reviewed resumes and set interviews with top candidates on [dates]. Statement: [HOD reflection on experience]*
1.	1.
2.	2.
3.	3.
4.	4.
NOTES, BARRIERS, ADDITIONAL GOALS AND EFFORTS	

SUPPLIER DIVERSITY means providing equitable vendor contracting opportunities, including but not limited to vendors such as catering companies, accounting firms, equipment rentals, and postproduction houses, for vendors owned and operated by individuals from socially and economically underrepresented groups to support production.

NOTE: While it is not mandatory to respond directly to the prompts, the responses must show comparable goals and level of specificity to show good-faith efforts.

PROJECT-SPECIFIC WORKPLAN GOALS	EFFORTS
EXAMPLE: *UPM [full name] will contact [point of contacts] at [Supplier Diversity organizations] for Suppliers and review lists on [Supplier Diversity organization] website, [specific HODs] will collect bids from top vendors from this outreach to consider.*	***EXAMPLE:*** *UPM [full name] contacted [point of contacts] at [Supplier Diversity organizations] for Suppliers. UPM [full name] reviewed lists on [Supplier Diversity organization] website on [date]. [Specific HODs] collected bids from top vendors to consider on [dates].* *Statement: [HOD reflection on experience]*
1.	1.
2.	2.
NOTES, BARRIERS, ADDITIONAL GOALS AND EFFORTS	

California Film and Television Tax Credit Program 4.0

DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

FINAL ASSESSMENT

Production Title: ______________________________

Principal Photography Wrap Date: ______________ Final Element Creation Date: ______________ Queue Number: ______________

Project Category: ______________________________

The Final Assessment (Form DEIA4) is due within sixty (60) calendar days of the principal photography wrap date for Live Action projects and within sixty (60) calendar days of the final element creation for Animation projects. Failure to submit Form DEIA4 within the deadline shall result in opting out of the diversity requirements. The California Film Commission will reject any submitted Form DEIA4 that includes quotas or other numeric goals or outcomes regarding protected classes, including but not limited to race, ethnicity, gender, and disability status.

The Final Assessment is the production's opportunity to reflect on the entire process through post-production. Describe how production has met or made a good-faith effort to meet the goals set in Form DEIA2 Workplan to broadly reflect the population of the state of California. Include how production measured its efforts or successes and any successes, shortfalls, and barriers experienced responsive to the goals set for each of the categories below, including information about both qualified (below-the-line) and non-qualified (above-the-line) roles.

A description of how the production will evaluate the effectiveness of its DEIA efforts, including process-based measures such as voluntary surveys of cast and crew, documentation of outreach activities, and tracking skills development and career progression opportunities for trainees, apprentices, and PAs.

Acknowledgment and Certification

I acknowledge, agree, and certify that I, the DEIA contact, have read and reviewed the DEIA Final Assessment, including all the content provided, and that it is accurate to the best of my knowledge, or at least what would be expected of a reasonable person in the same capacity.

DEAI Contact Name: ______________ Signature: ______________ Date: ______________

Email Address: ______________ Phone Number: ______________

INCLUSIVE HIRING means minimizing bias during the hiring process, valuing diverse perspectives, and implementing an equitable recruiting process. Include information specific to above-the-line and below-the-line individuals.

EQUITY EDUCATION means learning about the historical and contemporary experiences of underrepresented communities and people, existing civil rights and discrimination laws, and setting goals for tailored DEIA-related education for everyone on the production.

INDUSTRY CAPACITY BUILDING means nurturing and increasing an inclusive and qualified workforce, leading to long-term and sustainable careers in motion picture production in California.

SUPPLIER DIVERSITY means providing equitable vendor contracting opportunities, including but not limited to vendors such as catering companies, accounting firms, equipment rentals, and postproduction houses, for vendors owned and operated by individuals from socially and economically underrepresented groups to support production.

California Film Commission

Film and Television Tax Credit Program

Diversity Statistics Form

Form DEIA5 Diversity Statistics - January 1, 2027

Instructions: Approved projects in the California Film and Television Tax Credit Program and the Soundstage Filming Tax Credit Program must submit aggregate, self-reported diversity data for qualified (below-the-line) and non-qualified (above-the-line) labor. Enter information in the highighted fields and submit this form to DEIAProgram@film.ca.gov and IncentiveProgram4@film.ca.gov within 60 calendar days of the creation of the final element.

Project Title		**Queue #**	
Project Category		**Fiscal Year**	

QUALIFIED LABOR

Note: Qualified Labor includes, but are not limited to: Casting Director, off-camera Stunt Coordinators, Background Actors, Production Managers, Assistant Directors, Production Supervisors, Production Coordinators, Paid Interns, Location Managers, Accountants, Production Designers, Art Directors, Grips, Directors of Photography, Camera Operators, Chief Lighting Technicians, Costume Designers, Makeup Artists. Please check the California Film Commission qualified expenditure charts for a list of qualified and non-qualified labor.

Race/Ethnicity	Gender	Total Hires		Disability		Veteran	
		# Hires	# Days Worked	# Hires	# Days Worked	# Hires	# Days Worked
American Indian or Alaska Native	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian Sub-Categories: Cambodian; Chinese; Filipino; Asian Indian; Japanese; Korean; Laotian; Vietnamese; Other Asian. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American Sub-Categories: Descendant of a person or persons who were enslaved in the United States; Not a descendant of a person or persons who were enslaved in the United States, including, but not limited to, African Black, Caribbean Black, or other Black; Descendant status is unknown or choose not to identify. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Hispanic or Latino	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern Sub-Categories: Afghan, Bahraini, Emirati, Iranian, Iraqi, Israeli, Jordanian, Kuwaiti, Lebanese, Omani, Palestinian, Qatari, Saudi Arabian, Syrian, Turkish, Yemeni, Other Middle Eastern. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African Sub-Categories: Algerian, Djiboutian, Egyptian, Libyan, Mauritanian, Moroccan, Somali, Sudanese, Tunisian, Other North African. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander Sub-Categories: Guamanian, Hawaiian, Samoan, Other Pacific Islander. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African Sub-Categories: Amazigh or Berber, Armenian, Assyrian, Chaldean, Circassian, Kurdish, Other Transnational Middle Eastern and North African. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
White/Caucasian	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Other	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Prefer Not to Disclose	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
If available, please submit detailed, sub-categories below to reflect the above categories.							
Asian (Cambodian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Chinese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Filipino)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Asian Indian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Japanese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Korean)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Laotian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Vietnamese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

Asian (Other Asian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American (Descendant of a person or persons who were enslaved in the United States)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American (Not a descendant of a person or persons who were enslaved in the United States, including, but not limited to, African Black, Caribbean Black, or other Black)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American (Descendant status is unknown or choose not to identify)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | American Indian or Alaska Native	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Asian	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Black or African American	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Middle Eastern	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | North African	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Pacific Islander	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Transnational Middle Eastern and North African	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | White/Caucasian	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Other	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Afghan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Bahraini)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Emirati)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Iranian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Iraqi)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Israeli)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Jordanian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Kuwaiti)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Lebanese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Omani)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

Middle Eastern (Palestinian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Qatari)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Saudi Arabian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Syrian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Turkish)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Yemeni)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Other Middle Eastern)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Algerian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Djiboutian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Egyptian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Libyan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Mauritanian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Moroccan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Somali)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Sudanese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Tunisian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Other North African)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Guamanian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Hawaiian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Samoan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Other Pacific Islander)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Amazigh or Berber)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Armenian)	Male						
	Female						
	Non-Binary/Other Gender						

	Prefer Not to State						
Transnational Middle Eastern and North African (Assyrian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Chaldean)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Circassian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Kurdish)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Other Transnational Middle Eastern and North African)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

Form DEIA5 Diversity Statistics - January 1, 2027

California Film Commission

Film and Television Tax Credit Program

Diversity Statistics Form

Instructions: Approved projects in the California Film and Television Tax Credit Program and the Soundstage Filming Tax Credit Program must submit aggregate, self-reported diversity data for qualified (below-the-line) and non-qualified (above-the-line) labor. Enter information in the highighted fields and submit this form to DEIAProgram@film.ca.gov and IncentiveProgram4@film.ca.gov within 60 calendar days of the creation of the final element.

Project Title ______ **Queue #** ______

Project Category ______ **Fiscal Year** ______

NON-QUALIFIED LABOR

Note: Non-Qualified Labor includes, but are not limited to: Executive Producers, Line Producers, Producers, Associate Producers, Post-Production Producers, Visual Effects Producers, Music Producers, Writers, Directors, 2nd Unit Directors, Performers (includes all SAG members except Background Players, off-camera Stunt Coordinators, Safety Personnel and Riggers, Composers, Songwriters, Music Supervisors, Publicists, Special Stills Photographers. Please check the California Film Commission qualified expenditure charts for a list of qualified and non-qualified labor.

Race/Ethnicity	Gender	Total Hires		Disability		Veteran	
		# Hires	# Days Worked	# Hires	# Days Worked	# Hires	# Days Worked
American Indian or Alaska Native	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian Sub-Categories: Cambodian; Chinese; Filipino; Asian Indian; Japanese; Korean; Laotian; Vietnamese; Other Asian. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American Sub-Categories: Descendant of a person or persons who were enslaved in the United States; Not a descendant of a person or persons who were enslaved in the United States, including, but not limited to, African Black, Caribbean Black, or other Black; Descendant status is unknown or choose not to identify. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Hispanic or Latino	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern Sub-Categories: Afghan, Bahraini, Emirati, Iranian, Iraqi, Israeli, Jordanian, Kuwaiti, Lebanese, Omani, Palestinian, Qatari, Saudi Arabian, Syrian, Turkish, Yemeni, Other Middle Eastern. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African Sub-Categories: Algerian, Djiboutian, Egyptian, Libyan, Mauritanian, Moroccan, Somali, Sudanese, Tunisian, Other North African. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander Sub-Categories: Guamanian, Hawaiian, Samoan, Other Pacific Islander. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African Sub-Categories: Amazigh or Berber, Armenian, Assyrian, Chaldean, Circassian, Kurdish, Other Transnational Middle Eastern and North African. *If available, please submit detailed, sub-categories in section below.*	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
White/Caucasian	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Other	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Prefer Not to Disclose	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

If available, please submit detailed, sub-categories below to reflect the above categories.

Asian (Cambodian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Chinese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Filipino)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Asian Indian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Japanese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Korean)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Laotian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Asian (Vietnamese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

Asian (Other Asian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American (Descendant of a person or persons who were enslaved in the United States)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American (Not a descendant of a person or persons who were enslaved in the United States, including, but not limited to, African Black, Caribbean Black, or other Black)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Black or African American (Descendant status is unknown or choose not to identify)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | American Indian or Alaska Native	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Asian	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Black or African American	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Middle Eastern	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | North African	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Pacific Islander	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Transnational Middle Eastern and North African	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | White/Caucasian	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Selected Both: Hispanic or Latino | Other	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Afghan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Bahraini)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Emirati)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Iranian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Iraqi)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Israeli)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Jordanian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Kuwaiti)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Lebanese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Omani)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

Middle Eastern (Palestinian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Qatari)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Saudi Arabian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Syrian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Turkish)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Yemeni)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Middle Eastern (Other Middle Eastern)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Algerian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Djiboutian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Egyptian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Libyan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Mauritanian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Moroccan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Somali)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Sudanese)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Tunisian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
North African (Other North African)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Guamanian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Hawaiian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Samoan)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Pacific Islander (Other Pacific Islander)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Amazigh or Berber)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Armenian)	Male						
	Female						
	Non-Binary/Other Gender						

	Prefer Not to State						
Transnational Middle Eastern and North African (Assyrian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Chaldean)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Circassian)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Kurdish)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						
Transnational Middle Eastern and North African (Other Transnational Middle Eastern and North African)	Male						
	Female						
	Non-Binary/Other Gender						
	Prefer Not to State						

California Film Commission

Film and Television Tax Credit Program

Diversity Statistics Form

CALIFORNIA Film Commission

Form DEIA5 Diversity Statistics - January 1, 2027

Instructions: Approved projects in the California Film and Television Tax Credit Program and the Soundstage Filming Tax Credit Program must submit aggregate, self-reported diversity data, including ZIP Codes, for qualified (below-the-line) and non-qualified (above-the-line) labor. Enter data in the highlighted fields. For each ZIP Code, enter the number of hires and the number of days worked. Submit this form to DEIAProgram@film.ca.gov and IncentiveProgram4@film.ca.gov within 60 calendar days of the creation of the final element.

Project Title		**Queue #**	
Project Category		**Fiscal Year**	

QUALIFIED LABOR

Note: Qualified Labor includes, but are not limited to: Casting Director, off-camera Stunt Coordinators, Background Actors, Production Managers, Assistant Directors, Production Supervisors, Production Coordinators, Paid Interns, Location Managers, Accountants, Production Designers, Art Directors, Grips, Directors of Photography, Camera Operators, Chief Lighting Technicians, Costume Designers, Makeup Artists. Please check the California Film Commission qualified expenditure charts for a list of qualified and non-qualified labor.

ZIP Code (e.g., 90000)	# of Hires	# of Days Worked

NON-QUALIFIED LABOR

Note: Non-Qualified Labor includes, but are not limited to: Executive Producers, Line Producers, Producers, Associate Producers, Post-Production Producers, Visual Effects Producers, Music Producers, Writers, Directors, 2nd Unit Directors, Performers (includes all SAG members except Background Players, off-camera Stunt Coordinators, Safety Personnel and Riggers, Composers, Songwriters, Music Supervisors, Publicists, Special Stills Photographers. Please check the California Film Commission qualified expenditure charts for a list of qualified and non-qualified labor.

ZIP Code (e.g., 90000)	# of Hires	# of Days Worked

California Film Commission
Film and Television Tax Credit Program 4.0

Career Readiness Requirement

Verification Form: **Career Pathways**

PRODUCTION COMPANY INFORMATION

Date ______________________________ Queue # ______________________

Project Title ____

Primary Contact Name ____

Email Address ____

Office Phone ____________________________ Cell Phone ________________

SCHOOL / ORGANIZATION & INTERNSHIP INFORMATION

School OR Career Based Learning Program ___________________________

Program Type / Degrees Offered ☐ Associate ☐ Certificate ☐ H.S. Diploma ☐ Other __________ ☐ N/A

Intern's Name __________________________ Email ______________________

Area of Interest ________________________ Cell Phone _________________

INTERNSHIP REQUIREMENT VERIFICATION

Start Date ______________________________ End Date ___________________

Department _____________________________ Total # of Hours _____________

Internship Duties Description: ___________________________________

____

☐ Reviewed timecards and payroll records.

☐ Verified intern is at least 18 years of age.

☐ Verified intern is from CA High School, Community College, or approved career-based learning program.

☐ Survey completed by intern.

Video testimonial submitted. (Optional) ☐ Yes ☐ No

Submitted images of intern at work, if available. ☐ Yes ☐ No

☐ ***I acknowledge and certify that the information provided above is accurate to the best of my knowledge or at least what would be expected of a reasonable person in the same capacity.***

Primary Contact Name _______________________________ Date ______________

IncentiveProgram4@film.ca.gov • 7080 Hollywood Blvd, Suite 900 Hollywood, CA 90028 • 323.860.2960 • www.film.ca.gov

California Film Commission

Film and Television Tax Credit Program 4.0

Career Readiness Requirement

Verification Form: **WORK-BASED LEARNING ACTIVITY**

PRODUCTION COMPANY INFORMATION

Date ______________________ Queue # ______________________

Project Title ______________________

Primary Contact Name ______________________

Email Address ______________________

Office Phone ______________________ Cell Phone ______________________

SCHOOL / ORGANIZATION PRESENTATION INFORMATION

School OR Career Based Learning Program ______________________

Program Type / Degrees Offered ☐ Associate ☐ Certificate ☐ H.S. Diploma ☐ Other ____________ ☐ N/A

Classes Participating ______________________ # of Students Participating ________

School/Organization Contact Name ______________________

Position ______________________ Email ______________________

WORK-BASED LEARNING ACTIVITY VERIFICATION

Select an option and complete applicable fields.

Option #1: CLASSROOM WORKSHOP / PANEL / PRESENTATION

Presentation Date ______________________ Total # of Hours ______________________

Workshop / Event Topics ______________________

____

Presentation, Workshop, or Panel Presenters

Names	Job Title

Option #2: JOB SHADOW / SET TOUR / STUDENT EXTERNSHIP

Tour Date(s) ________________________ Total # of Hours ____________

Production Department(s) Tour Location ________________________

Brief Description of Tour Activities and Focus ________________________

____

ACKNOWLEDGEMENT

☐ Survey completed by participants.

Video testimonial submitted. (Optional) ☐ Yes ☐ No

Submitted video and images of event, if available. ☐ Yes ☐ No

☐ ***I acknowledge and certify that the information provided above is accurate to the best of my knowledge or at least what would be expected of a reasonable person in the same capacity.***

Primary Contact Name ________________________ Date ____________

IncentiveProgram4@film.ca.gov • 7080 Hollywood Blvd, Suite 900 Hollywood, CA 90028 • 323.860.2960 • www.film.ca.gov

Career Readiness Requirement

Verification Form: **FACULTY EXTERNSHIP / CONTINUING EDUCATION**

PRODUCTION COMPANY INFORMATION

Date ______________________ Queue # ______________________

Project Title ______________________

Primary Contact Name ______________________

Email Address ______________________

Office Phone ______________________ Cell Phone ______________________

EDUCATOR AND SCHOOL INFORMATION

Education Institution ______________________

Program Type / Degrees Offered ☐ Associate ☐ Certificate ☐ H.S. Diploma ☐ Other __________ ☐ N/A

Name ______________________ Title ______________________

Email ______________________ Phone ______________________

Courses Taught ______________________

EXTERNSHIP REQUIREMENT VERIFICATION

Externship Date(s) ______________________ Total # of Hours ______________

Production Department Externship Location ______________________

Brief Description of Externship Duties ______________________

____

☐ Survey completed by educator.

Video testimonial submitted. (Optional) ☐ Yes ☐ No

Submitted images of educator at work, if available. ☐ Yes ☐ No

☐ ***I acknowledge and certify that the information provided above is accurate to the best of my knowledge or at least what would be expected of a reasonable person in the same capacity.***

Primary Contact Name ______________________ Date ______________

IncentiveProgram4@film.ca.gov • 7080 Hollywood Blvd, Suite 900 Hollywood, CA 90028 • 323.860.2960 • www.film.ca.gov

California Film Commission

Film and Television Tax Credit Program 4.0

Career Readiness Requirement

Verification Form: **FINANCIAL CONTRIBUTION**

PRODUCTION COMPANY INFORMATION

Date ______________________ Queue # ______________________

Project Title ______________________

Primary Contact Name ______________________

Email Address ______________________

Office Phone ______________________ Cell Phone ______________________

FINANCIAL CONTRIBUTION RECIPIENT

Organization / Fund ______________________

Amount of Contribution ______________________

The Production Company may contribute to California Department of Education (CDE) **or** Foundation of California Community Colleges (FCCC). The contribution must be of .25% of the estimated tax credit with a minimum of $5,000 and a maximum of $20,000. To verify financial contribution, a receipt obtained from CDE or FCCC must be submitted along with this form to the California Film Commission.

California Department of Education

Write check to *Californians Dedicated to Education Foundation*, with a note on the memo line - *Career Readiness Program*.

- ☐ Teacher Professional Development & Externships
- ☐ Curriculum Development
- ☐ Equipment, Materials, Facilities
- ☐ Program Promotion
- ☐ Convening Industry Partners
- ☐ Student Leadership
- ☐ Other ______________________
- ☐ No Preference

Foundation of California Community Colleges

Write check to *Foundation of California Community Colleges*, with a note on the memo line - *Non-Profit Internship Fund*.

- ☐ Non-Profit Internship Fund

☐ ***I acknowledge and certify that the information provided above is accurate to the best of my knowledge or at least what would be expected of a reasonable person in the same capacity.***

Primary Contact Name ______________________ Date ______________________

IncentiveProgram4@film.ca.gov • 7080 Hollywood Blvd, Suite 900 Hollywood, CA 90028 • 323.860.2960 • www.film.ca.gov

California Film and Television Tax Credit Program 4.0

TAX CREDIT CERTIFICATE

Tax Credit Certificate ____________________ Date ____________

Production Title ____________________ Fiscal Year ____________

Production Type ____________________ Independent Film ☐

Production Period

Start Date of Pre-Production ____________________

End Date of Postproduction ____________________

Qualified Taxpayer

Applicant Entity ____________________

Type of Entity ____________________ Taxpayer ID ____________

Copyright Registration Number Seller's Permit Number

Production Contact, Title ____________________

Address ____________________

City ____________________

State Zip

Phone ____________________ Cell ____________

Email

TAX CREDIT AMOUNT

FINAL TAX CREDIT AMOUNT

Pursuant to Revenue and Taxation Code sections 17053.98.1 and 23698.1, this document certifies that the above identified qualified taxpayer has been granted the amount of Film and Television Tax Credits described as FINAL TAX CREDIT AMOUNT. This certificate does not guarantee any tax benefits. Credits may only be claimed on or after July 1, 2025, and only in accordance with the Revenue and Taxation Code. Purchased credits attributable to an independent film may not be used to offset or obtain a refund of sales and use taxes. An applicant that makes a one-time, irrevocable election pursuant to sections 17053.98.1(k) and 23698.1(k) of the Revenue and Taxation Code to be paid a refund must do so on an original, timely filed return required under Part 10.2 (commencing with Section 18401) of the Revenue and Taxation Code for the taxable year that this credit certificate is issued, as prescribed by the Franchise Tax Board.

Granted by:

California Film Commission Date

CALIFORNIA
Film Commission

California Film & Television Tax Credit Program 4.0

AGREED UPON PROCEDURES

For Projects with Credit Allocation Letters issued on or after July 1, 2025

I. Introduction

The California Film and Television Tax Credit Program 4.0 (Program 4.0) provides tax credits for qualified expenditures incurred when producing qualified motion pictures. The tax credits may be used to offset either California personal or corporate income taxes, or sales and use taxes, or be refunded as applicable and in accordance with sections 17053.98.1(k) or 23698.1(k) of the Revenue and Taxation Code. A production company requesting a tax credit must submit an Independent Certified Public Accountant's Report on Applying Agreed Upon Procedures (the 'Report') to demonstrate compliance with the Program 4.0 requirements.

II. Statutory and Regulatory References

California Revenue and Taxation Code Sections:

- 6902.5 (sales and use tax)
- 17053.98.1 (personal income tax)
- 23698.1 (corporate income tax)

California Code of Regulations, Title 10, Chapter 7.75, Article 5, Sections 5550 – 5556

III. General

The following Agreed Upon Procedures (AUP) are to be performed by a certified public accountant (CPA) with an active California license to perform attest services. The CPA shall have successfully completed a California Film & Television Tax Credit Program 4.0 Orientation Meeting for CPAs. The accounting firm performing attest services must provide a letter from the board of review in the state in which the firm resides, evidencing the firm has actively participated in a peer review program for CPA firms performing Agreed Upon Procedures within the past three (3) years from date services are rendered and has received a "pass" on said review. If the firm performing attest services is newly formed, the firm must provide evidence it is registered with the board of review in the state in which the firm resides for a peer review in the future.

The selected CPA must have sufficient knowledge of accounting principles and practices generally recognized in the film and television production industry. The CPA shall read the statute and regulations governing the Program. Program Guidelines, Qualified Expenditure Charts, Budget Tagging and Tracking Tips, and other Program 4.0 materials are posted on the California Film Commission website as resources. The appendices and/or exhibit numbers noted **in red** are included with this document.

The following codes for expenses which are used to tag expenses by the production company are as follows: **QW** - Qualified Wages; QW, **ZW** - Out-of-Zone Qualified Wages; QW, **LW** - Local Hire Labor Qualified Wages; QW, **PW** - Qualified Picture Editing and Postproduction Sound Wages; QW, **SW** - Qualified Soundstage Wages; QW, **VU** - Qualified Wages Eligible for VFX Uplifts and/or Bonus Points; QW, **MW** - Expenditures Eligible for Music Wage Bonus Points; **QE** - Qualified Non-Wage Expenditures; QE, **ZE** - Out-of-Zone Non-Wage Expenditures used both in and out of zone; QE, **ZC** - Out-of-Zone Non-Wage Expenditures used exclusively out of zone; QE, **PE** - Qualified Picture Editing and Postproduction Sound Non-Wage Expenditures; QE, **VU** - Qualified Non-Wage Expenditures Eligible for VFX Uplifts and/or Bonus Points; **NQ-** Non-Qualified California Expenditures; **XX-** Non-Qualified, Non-California Expenditures.

1. The Report shall be prepared for the use of the following specified parties:

    a. The production company (Company); and

    b. The California Film Commission (CFC).

2. The Report must include the California CPA license number or proof of a valid out-of-state accounting firm registration for the firm practicing attest services.

3. The Report must clearly state the name of the production, the credit allocation number, as found on the Credit Allocation Letter (CAL), and the queue number, as well as the production category the project applied under, i.e.:

    - 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)
    - Non-independent film
    - Recurring television series
    - New television series
    - Relocating television series
    - Pilot
    - Miniseries/Limited series
    - Second Season television series
    - Reboot television series
    - Large-scale competition television series
    - Animation television series
    - Animation film
    - A soundstage applicant, as defined in section 5550(s)(5) of the regulations, may apply with any of the above project types and would indicate the appropriate production category by adding "soundstage" (e.g., "New television series, Soundstage")

4. The Report must be dated as of the last day of the performance of all procedures.

5. The Company's cost report must be presented in U.S. dollars.

6. The Company must provide documentation of all funds expended on the production, both within and outside of California, including during pre-production, production, and postproduction periods.

7. Please include in the Report the name and contact information for the CPA responsible for the review and final sign-off of the Report.

8. If, in connection with the application of the agreed upon procedures, matters come to the CPA's attention by other means that significantly contradict the subject matter or assertion, the CPA is required to notify the CFC of those matters, utilizing the contact information under 10. below.

9. The CPA may reach out to the CFC for assistance, utilizing the contact information under 10. below, if, in connection with the application of the agreed upon procedures, the CPA has questions about the rules contained herein.

10. The CPA may utilize either of the following contact methods to communicate with the CFC:

    - Via email: IncentiveProgram4@film.ca.gov
    - Via phone: (323) 860-2960 and speak with a Motion Picture Production Analyst, Senior Program Manager, or Deputy Director of the Tax Credit Program.

AGREED UPON PROCEDURES

The CPA shall perform the following procedures. Any exceptions are to be listed as a finding in the CPA's report on applying agreed-upon procedures.

IV. Eligibility

1. Obtain the detailed cost ledger (e.g., Bible) of California Qualified Expenditures and Total Production Expenditures.

2. Obtain access to Applicant's online Application and submitted materials from the Company, including the CFC-approved Qualified Expenditure Budget and Adjusted Jobs Ratio Comparison Calculator, **Exhibit 2**.

3. Obtain and read the Company's Credit Allocation Letter (CAL). Indicate in the Report the CFC Approved Jobs Ratio as stated by the CFC on the Credit Allocation Letter. Note in the Report the amount of tax credits reserved.

4. Obtain and inspect postproduction documents (e.g., facility invoices) evidencing the date the final elements (e.g., final composite answer print, domestic air master, or digital cinema files) were created (foreign language or archival element creation does not apply). Determine and

document in the Report the Qualified Production Period, which begins as of the date of the CAL and ends thirty (30) calendar days after creation of the final element. Verify that the Qualified Production Period does not exceed thirty (30) months after the date on which the CFC issued the CAL. Include Final Element Creation Letter as attachment **Exhibit A**.

5. For all projects except for animation projects obtain and inspect documentation (e.g., call sheets and/or production reports, shooting schedules) for all principal photography days for the production in order to determine the following:

    a. Based upon the inspection of the documentation, state the percentage of total California principal photography days as a percentage of the total principal photography days. (The total principal photography days in California ratio can be obtained by dividing the number of days of principal photography in California by the total number of principal photography days).

    b. State the number of principal photography days outside the Los Angeles zone (OZ), as defined in Revenue and Taxation Code sections 17053.98.1(a)(4)(D)(i)(ll)(ib) and 23698.1(a)(4)(D)(i)(ll)(ib); only include in the day-count OZ principal photography days in which the first scene of the day was photographed outside the Los Angeles zone. Note amount of OZ days in the Report and state the percentage of principal photography days outside the Los Angeles zone.

    c. For animation projects obtain and inspect monthly status reports.

6. If the production did not meet or exceed seventy-five percent (75%) per the procedure in Section 5.a. above, perform the following procedures:

    a. Obtain a detailed cost ledger of Total California Expenditures (including qualified and non-qualified expenditures) and the Total Production Expenditures. State the ratio of Total California Expenditures to the Total Production Expenditures.

    b. Select a sample of expenditures from the Total California Expenditure population (including qualified and non-qualified expenditures) according to the sampling methodology noted in **Appendix A**.

    c. For each expenditure item selected, obtain and inspect invoices, proof of payment (e.g., bank statements, check images, credit card statement and reimbursement checks, if applicable) or other equivalent documentation. Verify that the expenditure amount agrees with the invoice and was incurred and paid for services and goods in California. The full value of all assets may be taken when determining eligibility if assets were rented or purchased and used in California. Adjust for known errors and recalculate Total California Expenditures and determine if seventy-five percent (75%) of Total Production Expenditures were spent in California.

    d. All animation projects must show that seventy-five percent (75%) or more of Total Production Expenditures were spent in California. Note: this is the only eligibility test for animation projects.

7. Inspect the detailed cost ledger of Total Production Expenditures to determine that the Total Production Expenditures meet the minimum statutory category thresholds, as detailed in section 5551 of the regulations.

8. Career Readiness requirement: Obtain the appropriate verification form (CR4-1 through

CR4-5) from the Company issued by the designated representative of a California high school, community college, California State University, or career-based learning and training program approved by the CFC which states that the Company has satisfied all the Career Readiness requirements. This form is a requirement to be eligible for the issuance of the tax credit certificate; include a copy of the applicable Career Readiness verification form with the Report, **Exhibit B**.

a. If the Company made a financial contribution, verify a contribution of no less than one quarter percent (0.25%) of the estimated tax credit, per the CAL (minimum contribution of five thousand dollars ($5,000), maximum required contribution of twelve thousand dollars ($20,000)) and include proof of payment with the applicable Career Readiness verification form (CR4-5).

b. Career Pathways Trainee Program & Uplift Verification:

1) Trainee Count Verification: Verify that the Trainee Program Graduates have received a certificate from the Career Pathways Trainee Program. Obtain and inspect documentation from the CFC or designated fiscal agent to verify the number (if any) Trainee Program Graduates the project employed for the minimum period of days/hours specified in the Program 4.0 Permanent Regulations.

2) Non-Qualified Classification Verification: Inspect the detailed cost ledger and payroll records to confirm that all wages, stipends, and payments made to Trainee Program Graduates are properly classified as Non-Qualified Expenditures (NQ) and excluded from Qualified Wages (QW) and Qualified Expenditures (QE).

3) Credit Uplift Calculation (If Claimed): If the applicant claims the optional Career Pathways tax credit uplift, verify that the uplift rate (Non-independent, 0.5% per qualified Trainee, up to a total of two percent (2%), Independent projects with qualified expenditure budgets over ten million ($10,000,000), 1% per qualified Trainee Program Graduate, up to a total of two percent (2%), Independent projects with a budget of ten million ($10,000,000) or less, two percent 2% per qualified trainee up to a total of two percent (2%)) is applied solely to the verified tax credit amount, not the total actual qualified expenditure.

4) Documentation: Include trainee completion certificates and uplift calculation schedules (Form CPP5).

9. Career Pathways contribution: Obtain verification (Form CPP4) and copy of the receipt from the Company issued by the Career Pathways program fiscal agent that the required contribution was paid as specified in a. below. A portion may be refundable if the tax credit amount is significantly reduced due to reasonable cause (contact the CFC if reasonable cause may be a factor). Include proof as attachment **Exhibit C**.

a. For Independent Films, the contribution shall be no less than one quarter percent (0.25%) of the estimated tax credit (per the CAL).

b. For all other production categories, the contribution shall be:

- 0.5% of the CAL amount for projects allocated tax credits in fiscal years 2025-2026, 2026-2027, and 2027-2028.
- 0.75% of the CAL amount for projects allocated tax credits in fiscal year 2028-2029.
- 1% of the CAL amount for projects allocated tax credits in fiscal year 2029-2030.

10. For a soundstage applicant, as defined in section 5550(s)(5) of the regulations, obtain and inspect documentation (e.g., call sheets and/or production reports, shooting schedules) for all principal photography stage shooting days for the production in order to determine the following:

    a. Based upon the inspection of the documentation, state the total number of principal photography days on soundstages; only include principal photography days in which the company utilized the stage for a minimum of six (6) hours. State the number of principal photography days on a soundstage or soundstages certified as part of a certified studio construction project.

    b. Calculate the percentage of principal photography stage shooting days on certified soundstages by dividing the number of principal photography stage shooting days on certified soundstages by the total number of principal photography stage shooting days.

    c. Determine if fifty percent (50%) or more of principal photography stage shooting days took place on certified soundstages.

11. For a soundstage applicant, inspect the detailed cost ledger of Total Production Expenditures to determine that the applicant paid or incurred a minimum of five million dollars ($5,000,000) in soundstage wages (QW, SW), as defined in section 5550(s)(6) of the regulations, during the production period.

12. For a soundstage advantage applicant, inspect the detailed cost ledger of Total California Expenditures (including qualified and non-qualified expenditures) and the Total Production Expenditures and determine:

    a. The total expenditures for picture editing and postproduction sound labor and services.

    b. The expenditures for picture editing and postproduction sound labor and services incurred in California.

    c. A soundstage advantage applicant must pay or incur seventy-five percent (75%) of picture editing and postproduction sound labor and services expenditures in California.

13. If the Company has not met eligibility standards as noted above, there is no need to continue with the AUP. Notify the Company's management to inform the CFC that they are ineligible for the tax credit program.

V. Qualified Non-Wage Expenditures (QE) - Inside and Outside the Los Angeles Zone

1. Inspect the detailed cost ledger and verify that all QE are qualified as defined in California Revenue and Taxation Code 17053.98.1(b)(17) and 23698.1(b)(17) and do not include Non-

Qualified Expenditures (NQ) as defined in 17053.98.1(b)(22)(B)(i)-(iv) or 23698.1(b)(22)(B)(i)-(iv). Adjust QE for any NQ noted, such as insurance premiums which may not have been prorated for out of state work and box/car/computer rentals for out of state qualified individuals which do not qualify unless purchased or rented and used in the state. Remove any findings from the population to be sampled below.

2. Select the non-payroll samples from the detailed cost ledger according to the sampling methodology noted in **Appendix A**. For Television Series, the CPA must sample items from each episode, including amortization costs. For each expenditure item selected in the samples perform the following procedures:

   a. Inspect invoices, proof of payment (e.g., bank statements, check images, credit card statement and reimbursement checks, if applicable) or other equivalent documentation. Verify that expenditure amount is correct, incurred and paid for services incurred and goods purchased or rented and used in California. QE must be purchased or rented from a California In-State Vendor as defined in section 5550(c)(2) of the regulations. If purchased from an internet source, verify item was purchased from entity registered to do business in California and shipped from a California location to a California location.

   b. Verify that the expenditure was not associated with activities specifically excluded by the statute.

   c. Verify that the expenditure was allowable as defined by sections 17053.98.1(b)(17) and (b)(19)(B)(i)-(v) and sections 23698.1(b)(17) and {b)(19)(B)(i)-(v) of the statute. In particular, inspect travel costs, insurance premiums which may not have been prorated for out of state work, and box/car/computer rentals for out of state qualified

   d. Verify that the expenditure was not for in-kind services.

   e. Verify that the expenditure was recorded net of any refunds, insurance claims, credit notes received for discounts, rebates, invoicing errors, and purchase returns, as recorded in the cost report.

   f. Verify that the expenditure was recorded net of proceeds from any sale of the production assets.

   g. Verify that the expenditures purchased and/or rented in California are prorated to reflect any usage out of the state.

   h. If applicable, and the expenditure is determined to be an electronic asset with a purchase price of two hundred fifty dollars ($250) or more or an asset with a purchase price of ten thousand dollars ($10,000) or more, verify the asset is included in the correct asset listing. If it is not included, include in asset listing, **Exhibit D**.

   i. Verify that the expenditure (regardless of when paid) was not incurred prior to the date on which the CAL was issued. For insurance premiums, stage rentals, completion bond, or office rent payments made prior to the issuance of the CAL, confirm that these costs are prorated by the number of pre-production, production and post-production weeks and that only the prorated costs after the CAL date are included in QE. With the exception of insurance premiums, stage rentals, completion bond and/or office rental, prorations are not allowed; if a proration has been made in error, make adjustment and include in the Report.

j. Verify that the expenditure (regardless of when paid) was not incurred more than thirty (30) days after creation of the final element.

3. For exceptions noted in the QE testing in procedure 2. above:

    a. For the sample identified in the Top Stratum of **Appendix A** (Non-Payroll), adjust QE for known errors noted during your testing.

    b. For the samples identified in **Appendix A** (Non-Payroll) as Stratum 1 and Stratum 2, adjust QE for known errors noted during your testing and project the misstatement results of the samples to all items from which the samples were selected. For purposes of calculating the projected misstatement, divide the monetary amount of misstatement of the exceptions identified by the sample population total amount (rate of misstatement). Multiply this rate of misstatement to the total expenditure population from which the Stratum 1 and Stratum 2 samples were selected (refer to **Appendix B** for a misstatement example). Perform the following procedures based upon the results of the calculation of the projected misstatement:

        5) If the projected misstatement does not exceed two percent (2%) of Qualified California Production Expenditures (non-payroll), document the projected misstatement in Exhibit E, the list of noted non-payroll exceptions. Do not make any adjustment to QE for a projected misstatement.

        6) If the projected misstatement exceeds two percent (2%) of Qualified California non-payroll Production Expenditures, select a second additional sample according to the sampling methodology noted in Appendix A (Non-Payroll) for Stratum 1 and Stratum 2. Recalculate the projected misstatement for the second additional samples. If the projected misstatement for the second additional samples does not exceed two percent (2%), document the projected misstatement in the Report. Do not make an adjustment to QE for a projected misstatement; however, do adjust QE for noted known errors in the second samples. If the projected misstatement from the second samples exceeds two percent (2%) of QE, adjust QE for the average of the two projected misstatements to QE population not sampled.

    c. Attach a listing of any known exceptions noted in the QE tests in procedures 2. and 3.b. above in **Exhibit E**. The listing should include amount, vendor/person, and nature of discrepancy.

4. Obtain from the Company a statement, either separately or within the representation letter, that all outstanding purchase orders and all invoices for qualified expenditures have been paid and attach as **Exhibit F**. If applicable, for any invoices or purchases orders that have not been paid, deduct expenditures from total QE.

5. Sort the detailed cost ledger by invoice/ledger posting dates. Inspect the descriptions in the ledger for invoice/ledger posting dates which are prior to the Qualified Period and fourteen (14) calendar days after issuance of the CAL. After final element creation, inspect the detailed cost ledger fourteen (14) calendar days after element creation and thereafter. Based on this description determine if expenditures were incurred within the Qualified Period. Summarize and inquire with client those expenditures which appear to be outside the Qualified Period. Based on your inspection and the inquiries with Company, adjust QE for

any amounts outside the Qualified Period.

6. For the qualified items listed which required full or partial payment, such as insurance premiums, stage rentals, completion bond, or office rent (if not reviewed in procedure V.2.i., made prior to the issuance of the CAL), confirm that these costs are prorated by the number of pre-production, production and post-production weeks or obtain a statement of allocation from the California based broker and/or completion bond company. Confirm only the prorated costs after the CAL date and no more than thirty (30) calendar days after creation of the final element are included in QE.

7. Obtain fixed asset listings from the Company of all assets used in the production as follows: all electronic equipment with a purchase price equal to or greater than two hundred fifty dollars ($250); and all other assets not considered electronic equipment with an original purchase price equal to or greater than ten thousand dollars ($10,000). The listings must indicate the status of the assets (e.g., destroyed, sold, donated, being held for future productions, given to cast or crew, etc.). Attach a copy of both asset listings as **Exhibit D**. For all assets on the listings perform the following procedures:

    a. For all electronic assets (include electronic assets purchased for set dressing and/or prop purposes) including but not limited to computers, hardware and relevant components, printers, copiers, etc. with a purchase price equal to or greater than two hundred fifty dollars ($250), verify that the QE is the lesser of the net costs of the asset after sales proceeds (if asset is sold) or twenty percent (20%) of the original cost. If the asset was given to a non-qualifying cast or crew member or sold to a non-qualifying cast or crew member for less than twenty percent (20%) of original purchase price, verify that the cost of such asset is not included in the QE. "Period" electronic equipment, meaning electronic equipment manufactured more than five (5) years prior to start of principal photography, shall not be considered an electronic asset for purposes of QE and shall be treated as a prop/set dressing expense.

    b. For all assets with an original purchase price equal to or greater than ten thousand dollars ($10,000), not including electronic equipment, verify the following: If the asset is sold, verify that the QE is the lesser of the net cost of the asset after sales proceeds or fifty percent (50%) of the original cost of such asset; If the asset is retained, verify that the QE is fifty percent (50%) of the original cost of such asset; If the asset is destroyed during the process of production, verify that the production company maintains documentation to support the destruction of the asset (e.g., call sheets, production reports, still photographs, video footage, etc.) and allow one hundred percent (100%) of that asset; and: If the asset is given to a non-qualifying cast or crew member or sold to a non-qualifying cast or crew member for less than fifty percent (50%) of original purchase price, verify that the cost of such asset is not included in the QE.

    c. Based on description in the detailed cost ledger, search the detailed cost ledger for primary electronic assets by description name, including cameras, copiers, printers, computers, televisions, and monitors. Inspect QE found for any purchased electronic assets with a purchase price equal to or over two hundred fifty dollars ($250) not included on the electronic asset list and include in electronic asset listing.

    d. For exceptions noted in procedures a., b., and c. above, adjust QE for known errors noted and include the listing of those errors in **Exhibit D**.

8. Obtain a listing of customized leased or rented items which are manufactured, assembled, or

fabricated to specification with lease payments aggregating ten thousand dollars ($10,000) or more. Verify that these items are included on the asset listing noted above (Expenditures, procedure 7.) if they meet any one of the following four conditions:

a. If the term of the lease exceeds seventy-five percent (75%) of the useful life of the asset;

b. If there is a transfer of ownership to the lessee at the end of the lease term;

c. If there is an option to purchase the asset for substantially less than fair market value ("Bargain price") at the end of the lease term;

d. If the present value of the lease payments, discounted at an appropriate discount rate, exceeds ninety percent (90%) of the fair market value of the asset.

   Any such rental or lease agreement that meets the above standards for a capital lease will be considered a purchase and subject to the fifty percent (50%) limitation for purposes of determining QE as per above expenditure procedure 7.b.

9. Verify with the Company the names of any and all visual effects, digital effects, postproduction sound and/or title companies which worked on the production whose costs are being claimed as QE. Verify that all listed parties have provided the Company with documentation (i.e., letter on letterhead signed by managerial level personnel with knowledge of the project, with contact information including address and phone number) indicating the dollar amount of work which was performed in the state. If applicable, the letter must state the names of any subcontractors and indicate the dollar amount of work that was performed in the state through those subcontracted vendors. Verify that only the amount of work performed within the state of California is included in the total QE. Adjust QE for any work which was not performed in California. The applicant must include vendor verification letters and list of such vendors in **Exhibit G**.

   Animation vendors which itemize their labor are allowed to tag those lines of their invoice QW.

10. Verify with the Company that any insurance claims related to QE have been properly credited in the cost report and obtain a signed letter from a Company representative (or as part of the representation letter) stating that the applicant entity (as listed on the CAL) has properly disclosed all insurance claims whose costs are being claimed as QE. Verify that completion bond expenditures, if applicable, are reported net after rebate and include in **Exhibit F**.

VI. Qualified Wage Expenditures (QW) - Inside and Outside the Los Angeles Zone

1. Obtain documentation (e.g., email or letter on letterhead signed by authorized representative) from the payroll service verifying that there are no outstanding invoices pending for work incurred up to thirty (30) calendar days after the creation of the final element. Adjust QW (and QE if applicable) for any non-paid invoices. Applicant must include a payroll representative letter or email with documentation submitted as **Exhibit H**.

2. Inspect the detailed cost ledger and verify that it only contains account codes entered for qualified individuals as defined in California Revenue and Taxation Code Section 17053.98.1(b)(18)(A) and (B)(i)-(ii) or 23698.1(b)(18)(A) and (B)(i)-(ii), and that all wages

are qualified as defined in 17053.98.1(b)(22)(A)(i)-(iv) or 23698.1(b)(22)(A)(i)-(iv). Adjust QW for any non-qualified individuals or misclassified wages. Verify that any box/car/cell phone allowances classified as wage but rented from out-of-state workers are reclassified as non-qualified expenditures. In your review, include non-qualified payroll that may have been mis-tagged and should be qualified. Remove findings from population in the next procedure.

3. Select a sample of employees from the Qualified Wages in the detailed cost ledger according to the sampling methodology noted in **Appendix A** (Payroll). For a Television Series, the CPA must sample from each episode, including amortization costs. For each employee selected in the sample perform the following procedures:

    a. Compare the amount of the QW in the detailed cost ledger for the individual with the payroll register from payroll company which incorporates payroll with week ending dates within the Qualified Period. For any variances determine if the cause is due to vacation pay, holiday pay or equivalent reconciling items. Disqualify all salaries, wages, and fees included in the detailed cost ledger that are not included in the payroll register or unknown variances.

    b. Inspect time cards, production reports, call sheets or other equivalent documentation. For animation projects inspect all invoices that contain itemized labor lines. Verify that wage amounts are incurred only for services performed in California.

    c. Inspect invoices from any "qualified entity," as defined in Sections 17053.98.1(b)(16) and 23698.1(b)(16) of the Revenue and Taxation Code, also known as a loan-out company. Verify the date the expenditure was incurred, and that the loan-out company name and the amount of the expenditure agrees with supporting payroll records. Verify that the expenditure was incurred in California.

    d. Verify that the QW only include those expenses listed in Revenue and Taxation Code Section 17053.98.1(b)(22)(A)(i)-(iv) or Section 23698.1(b)(22)(A)(i)-(iv) and do not include any of the expenses listed in Section 17053.98.1(b)(22)(B)(i)-(iv) or Section 23698.1(b)(22)(B)(i)-(iv).

    e. Determine that only "qualified individuals" as defined in Revenue and Taxation Code Sections 17053.98.1(b)(18) and 23698.1(b)(18), received QW.

    f. Verify that all QW do not include compensation for any work incurred out of the state.

    g. Verify that the QW (regardless of when paid) was not incurred prior to the date on which the CAL was issued.

    h. Verify that QW (regardless of when paid) was not incurred more than thirty (30) calendar days after creation of the final element.

    i. Verify that the QW are paid by the Company or its payroll service and only include those items indicated as QW on the Qualified Expenditure Charts. If the payroll entity has a different federal ID for signatory purposes, notify the CFC ahead of report completion.

    j. For animation projects, verify that the percentage charge-off of applicant entity full-time employees does not include any individuals considered to be "overhead" as per the regulations. Verify that the percentage charge-off of the employees who DO qualify corresponds to the actual amount of time spent on the project.

4. For exceptions noted in the QW test in procedure 3. above:

    a. For the sample identified in the Top Stratum of **Appendix A** (Payroll), adjust QW for known errors noted during your testing.

    b. For exceptions noted in the QW test in procedure 3.a. through i. above, for the sample identified in Stratum 1 in **Appendix A** (Payroll), adjust QW for known errors noted during your testing and project the misstatement results of the sample to all items from which the sample was selected. For purposes of calculating the projected misstatement, divide the monetary amount of misstatement of the exceptions identified by the sample population total amount (rate of misstatement). Multiply this rate of misstatement to the total QW population from which the Stratum 1 sample was selected. Perform the following procedures based upon the results of the calculation of the projected misstatement:

        1) If the projected misstatement does not exceed two percent (2%) of QW, document the projected misstatement in the Report. Do not make adjustments to QW for the projected misstatement.

        2) If the projected misstatement exceeds two percent (2%) of QW, select a second additional sample according to the sampling methodology noted in **Appendix A** (Payroll) for Stratum 1. Recalculate the projected misstatement for the second sample. If the projected misstatement for the second sample does not exceed two percent (2%), document the projected misstatement in the Report. Do not make adjustments to QW for a projected misstatement; however, do adjust QW for noted known errors in this second sample. If the projected misstatement from the second sample selection exceeds two percent (2%) of QW, adjust QW for the average of the two projected misstatements to the QW population not sampled.

    c. Attach a listing in **Exhibit J** of any payroll exceptions noted in the QW tests in procedures 3., and 4.b. above. The listing should include amount, person or entity, and nature of discrepancy.

5. Sort the detailed cost ledger by invoice/ledger posting dates. Inspect the descriptions in the ledger for invoice/ledger posting dates which are prior to the Qualified Period and fourteen (14) calendar days after issuance of the CAL. After the final element creation, inspect the detailed cost ledger fourteen (14) calendar days after element creation and thereafter. Based on this description, determine if QW including qualified fringes were incurred within the Qualified Period. Summarize and inquire with client those QW which appear to be outside the Qualified Period. Based on your inspection and the inquiries with Company, adjust the QW for any amounts outside the Qualified Period.

6. Obtain the final "galley" or "checker" or electronic version of the main (if applicable) and end title credits for the production.

    a. For those individuals receiving both above the line (ATL) and below the line (BTL) credits (Dual Role Employees), please note the names, qualified compensation, and end title credits received and attach in **Exhibit K**.

    b. For any Dual Role Employee whose BTL wages are not within industry standards or equivalent with other crew in similar positions, adjust QW. Additionally, verify that QW for all dual role employees does not exceed one hundred thousand dollars ($100,000), exclusive of qualified taxes, fees, or fringes.

c. For any Dual Role Employees that were tagged as NQ, but received qualified credits, adjust the NQ to QW, up to a maximum of one hundred thousand dollars ($100,000) in wages, exclusive of qualified taxes, fees, or fringes. Box rentals and car allowances are not part of the one hundred thousand-dollar ($100,000) cap.

d. Please note that the cap sums referenced for dual role employees apply to any season of a television series as a whole, whether an order for additional episodes resulted in an additional Credit Allocation Letter (CAL} for a supplemental season application, as described in section 5553(h)(1) of the regulations, or the season was issued a single CAL.

e. Inspect the main and end title credits for all individuals working in non-qualified positions (e.g., performers, producers, directors, composer, etc.). Perform a search in QW to ensure their individual wages are not included. Verify that all non-qualified individuals receiving only an Above The Line (ATL) credit have no qualified wages included in QW. Adjust the QW for known errors and note such findings in **Exhibit K**.

f. Inspect end credits and note in the Report if CFC acknowledgement and logo are included as required pursuant to, and in accordance with section 5556 of the regulations, or not included. For a television series or mini-series, the acknowledgement and logo are required on each episode.

7. Verify with the Company that any insurance claims related to QW have been properly credited in the cost report and obtain a signed letter from a Company representative stating that the applicant entity (as stated in the CAL) has properly disclosed all insurance claims whose costs are being claimed as QW. The information in this letter can be incorporated into the representation letter, **Exhibit F**.

8. Sampling of Out of Los Angeles Zone (OZ) Qualified Wages (ZW) Excluding Local Hire Labor (Excluding Independent Productions, Relocating TV Series and Animation Projects).

    a. Select the top fifteen (15) highest paid employees from the detailed cost ledger indicated as ZW. If the percentage of principal photography days outside the Los Angeles zone is over fifty percent (50%), per Eligibility procedure 5.b. above, select the top thirty (30) ZW employees.

    b. Inspect time cards and/or individual weekly payroll summary reports and note the dates in which OZ location is indicated. Time cards may designate "bus-to" for a nearby location outside the Los Angeles Zone and should include county.

    c. Confirm location is an OZ location, as defined in Revenue and Taxation Code Section 17053.98.1(a)(4)(D)(i)(ll)(ib) or Section 23698.1(a)(4)(D)(i)(ll)(ib).

    d. Inspect shooting schedule, call sheets and production reports to determine that ZW was incurred at the OZ location during the Applicable Period (as defined in Section 5550(a)(2) of the Regulations).

    e. Obtain daily payroll report by individual or other relevant payroll report and reconcile the OZ wages identified in the ledger with the OZ wages in the daily payroll reports by individual.

9. For exceptions noted in ZW testing in procedure 8. above:

   a. Adjust ZW for known errors noted during your testing.

   b. Project the misstatement results of the sample to the ZW from which the sample was selected. For purposes of calculating the projected misstatement, divide the monetary amount of misstatement of the exceptions identified by the sample population total amount (rate of misstatement). Multiply this rate of misstatement to the total ZW population from which the sample was selected. If the known errors noted during testing result in an adjustment to NQ, rather than an adjustment to QW, do not include these errors when calculating the rate of misstatement.

   c. If the projected misstatement does not exceed two percent (2%) of ZW, document the projected misstatement in the Report. Do not make adjustments to ZW for the projected misstatement.

   d. If the projected misstatement exceeds two percent (2%), adjust ZW for the projected misstatement amount to the ZW population that was not sampled and reclassify errors to QW.

   e. Attach known errors and projected misstatement (if applicable) from the above ZW procedures 8. and 9. as **Exhibit L**, the summary of wage exceptions related to uplift and bonus points.

10. Local Hire Labor Qualified Wages (LW). Animation projects are excluded from this uplift.

    a. Select the top fifteen (15) highest paid employees from the detailed cost ledger indicated as LW. If the percentage of principal photography days outside the Los Angeles zone is over fifty percent (50%) per Eligibility procedure 5.b. above, select the top thirty (30) LW employees.

    b. Inspect documentation provided in accordance with Section 5552(i)(3) of the regulations and verify employee address is outside the Los Angeles zone. Payroll reports should indicate employees by zip code to help identify individuals residing outside the Los Angeles zone (as per section d. below). If the address is not outside the Los Angeles zone, reclassify as QW or ZW, as applicable.

    c. Verify that box/car/cell phone allowances for qualified individuals who live in Los Angeles Zone but are working outside the LA zone do not receive a local wage uplift, as the items were not purchased or rented out of the zone.

    d. Inspect timecards and/or individual weekly payroll summary reports and note the dates on which OZ location is indicated. Timecards may designate "bus-to" for a nearby location outside the Los Angeles Zone and should include county.

    e. Confirm location is an OZ location, as defined in Revenue and Taxation Code Section 17053.98.1(a)(4)(D)(i)(II)(ib) or Section 23698.1(a)(4)(D)(i)(II)(ib).

    f. Inspect shooting schedule, call sheets and production reports to determine that the qualified Local Hire Wages were incurred outside the Los Angeles zone during the Applicable Period (as defined in Section 5550(a)(2) of the Regulations).

g. Obtain daily payroll report by individual or other relevant payroll report and reconcile LW identified in the ledger with the qualified Local Hire wages in the daily payroll reports by individual.

11. For exceptions noted in the LW testing in procedure 10. above:

    a. Adjust LW for known errors noted during your testing.

    b. Project the misstatement results of the sample to the LW from which the sample was selected. For purposes of calculating the projected misstatement, divide the monetary amount of misstatement of the exceptions identified by the sample population total amount (rate of misstatement). Multiply this rate of misstatement to the total LW population from which the sample was selected. If the known errors noted during testing result in an adjustment to NQ, rather than an adjustment to QW or ZW, do not include these errors when calculating the rate of misstatement.

    c. If the projected misstatement does not exceed two percent (2%) of LW, document the projected misstatement in **Exhibit L**. Do not make adjustments to LW for the projected misstatement.

    d. If the projected misstatement exceeds two percent (2%), adjust LW for the projected misstatement amount to the LW population that was not sampled. Reclassify the projected misstatement amount proportionally to QW and ZW, as applicable.

VII. Music Wage Expenditures (MW) (does not apply to Independent Films with Qualified Expenditure Budgets of Ten Million Dollars ($10,000,000) or less)

1. Identify MW wages in the detailed cost ledger paid to scoring musicians, as defined in section 5550(s)(4) of the regulations, meaning individuals with the following job classifications: instrumental musicians, vocalists, music arrangers, orchestrators, Musical Instrument Digital Interface (MIDI) transcribers, music copyists, music librarians, conductors (except a conductor that is also the composer), musician and choral contractors.

2. If wages were paid by the Company or its payroll service, select a sample of the top ten (10) wage earners and verify through payroll ledger that the individuals had MW qualified job titles per the listing in procedure Vll.1.

3. If wages were paid by a third-party music payroll service, select a sample of the top five (5) transactions (by dollar value), examine backup documentation (such as invoices and check copies) and verify that all tested amounts represent MW qualified job titles per the listing in procedure Vll.1.

4. Adjust total MW wages for any errors noted and attach findings to **Exhibit L.**

VIII. Non-Qualified Expenditure Testing (non-payroll)

1. Select a sample of NQ (other than payroll) from the detailed cost ledger which includes all items twenty-five thousand dollars ($25,000) or over and randomly select an additional fifteen (15) items.

2. For each expenditure item, inspect invoices, proof of payment or other equivalent

documentation. Verify that the expenditure was not qualified as per Revenue & Taxation code 17053.98.1 (b)(22)(B)(i)-(iv) or 23698.1(b)(22)(B)(i)-(iv) and was not purchased or rented and used in California during the applicable period.

3. For exceptions noted in the prior procedure, adjust for known errors and as per findings, reclassify as QE or QW. Utilize these additional findings, if applicable, when calculating Jobs Ratio and tax credit amount. Attach findings and state error rate in **Exhibit M**, the list of noted NQ reclassifications.

IX. Related Parties & Other Affiliations

1. Obtain from the Company a schedule listing of all related party transactions (including parties with a five percent (5%) or greater ownership in or affiliation with the Company) for which the Company is including the transactions in the California Qualified Expenditures. The listing must note the type of relationship between the related party and the Company and the nature and amount of the transactions.

2. Obtain a signed letter from a Company representative stating that the applicant entity (as stated on the CAL) has properly disclosed all related parties and related party transactions and that the schedules produced in accordance with item number 1. above are complete and accurate. This statement may be included in the applicant representation letter, **Exhibit F**.

3. From the schedule obtained in item number 1., select a sample of related party transactions for testing. Select all transactions greater than twenty-five thousand dollars ($25,000); if related party issues were addressed, it is not necessary to retest items tested in QE procedure V.2. and/or QW procedure VI.3. For the transactions less than twenty-five thousand dollars ($25,000), randomly select fifteen (15) transactions for testing. Perform the following procedures for each related party transaction selection:

   a. For selected QE paid to related parties:

      1) Inspect studio rate cards or comparison bids obtained by the Company to determine that related party transactions did not exceed the highest rate/bid. In addition, inspect pass-through vendor invoices to determine no markup was added. Any expenditures above the highest rate/bid and/or which were marked up when passed through the related party must be noted and explained on the related party transaction listing attachment, see procedure 4.

      2) Verify that the expenditure is allowable as per QE procedure V.2.

   b. For selected QW paid to related parties:

      1) Verify that any mounts paid to individuals as defined in Revenue and Taxation Code Sections 17-53.98.1(b)(18)(B)(i)-(ii) and 23698.1(b)(18)(B)(i)-(ii) are not included in QW.

      2) Verify that the wage is allowable as per QW procedure VI.3.

      3) Compare rate of pay with applicable union rate or industry standard for position.

      4) For any qualified wages paid by a related party, verify that the wages paid

by the related party are by the same entity (same federal ID#) in which the Applicant is paying wages. If not, expenditure must be considered non-wage. (If the paying entity has a different federal ID for signatory purposes, notify the CFC ahead of report completion.)

I. Request documentation from related party to verify that employee of related party worked on the production (e.g., timecard, crew list, production report, screen credit).

II. For studio personnel whose wages are prorated based on work on other studio productions, request documentation to verify proration is accurate, based on comparing salary with payments on other studio productions.

5) Attach an electronic listing as **Exhibit N** of all related party transactions obtained in procedure 1. above. Note and explain any sampled transactions that did not have comparison bids, were above the higher rate/bid, and/or were marked up when passed through the related party.

c. For animation projects, a percentage charge-off for facilities or technology shall be considered a Related Party transaction. The above-listed procedures shall be performed for these charge-offs, and shall be noted in the **Exhibit N**. In addition, verify that the percentage charge-off corresponds to the percentage of actual time devoted to the project.

X. **Non-Independent Productions: Additional tax credit calculation (Uplifts)**
Note: This procedure is not applicable to Relocating Series in its first season in California, or to Animation projects.

1. Visual Effects

a. Obtain from the Company a detailed listing of all worldwide visual effects (VFX) expenditures from the detailed cost ledger and cross reference amounts from VFX vendor letters in QE procedure V.9. with inspection of invoices, ledgers, etc. (**Exhibit G**). Determine if the production spent either a minimum of ten million dollars ($10,000,000) or seventy-five percent (75%) of their total worldwide VFX expenditures on qualified VFX in California. If so, note percentages and amount in the Report.

b. Obtain a signed letter from a Company representative stating that the applicant entity (as stated on the CAL) has properly disclosed all visual effects expenditures worldwide and include as part of the representation letter **Exhibit F**. *Note: If VFX spend does not qualify for uplift but the Company has qualified VFX expenditures, perform procedure below to determine amount of qualified VFX in order to complete Jobs Ratio bonus points procedure in Section X/1.1.a.*

c. Select a sample from the detailed cost ledger items identified as qualified for the visual effects uplift (VU) containing the top five (5) highest costs and five (5) additional randomly selected costs.

d. Verify the sampled VFX costs were incurred in California and qualify for the additional five percent (5%) tax credit (VU Uplift) as per section 5550(v)(1) of the regulations. Adjust VU for expenditures which do not qualify for VU Uplift (or bonus points) and include in attachment **Exhibit O**, visual effects adjustment and reclassification. If the sampled VU costs represent Outside Contract Bids/ VFX Vendor costs, verify that for purpose of the jobs ratio calculation only, the costs are prorated seventy percent (70%) QW and thirty percent (30%) QE as per Revenue and Taxation Code Sections 17053.98.1(b)(8) and 23698.1(b)(8). Reclassify between QW and QE as necessary, based upon the errors noted. (**Exhibit O**)

e. For productions that do not qualify for the uplift, prorate VFX Outside Contract Bids/ VFX Vendor costs seventy percent (70%) QW and thirty percent (30%) QE, for purposes of recalculating the jobs ratio only.

f. Note findings in **Exhibit Q**, uplifts and bonus points.

2. Out of Zone Expenditures:

a. Non-wages – Out of Zone Consumables Expenditures (ZC)

1) Select top fifteen (15) ZC expenditures and randomly select an additional ten (10) items labeled ZC and verify that the expenditures were purchased or rented from an out of the zone vendor and meet the definition of a consumable as defined in Section 5552(h)(2)(B) in the Regulations. In particular, scrutinize equipment and/or box rentals from non-local personnel, as they do not qualify as ZC.

2) Perform procedures in QE Section V.2. unless previously tested.

3) For exceptions noted above, adjust ZC for known errors and project the misstatement results of the sample to all items from which the sample was selected.

4) If the projected misstatement does not exceed two percent (2%) of ZC, document the projected misstatement in attachment **Exhibit P**, summary of OZ non-wages. Do not make adjustments to ZC for the projected misstatement.

5) If the projected misstatement exceeds two percent (2%), adjust ZC for the projected misstatement amount to the ZC population that was not sampled and include findings in **Exhibit P**.

6) Utilizing findings from above procedures and calculate total amount of ZC eligible for additional five percent (5%) tax credit. Note in attachment **Exhibit Q** and in **Exhibit 1A**.

b. Non-wages – Out of Zone Non-Wage Expenditures (ZE)

1) Select top fifteen (15) ZE expenditures and randomly select an additional ten (10) items labeled ZE and verify that the expenditures were purchased or rented from an out of zone vendor.

2) All ZE expenditures that were entirely used or consumed outside of the zone should be reclassified as ZC.

3) Perform procedures in QE Section V.2. unless previously tested.

4) For exceptions, adjust ZE for known errors and project the misstatement results of the sample to all items from which the sample was selected. If the projected misstatement does not exceed two percent (2%) of ZE, document the projected misstatement in the Report. Do not make adjustments to ZE for the projected misstatement. If the projected misstatement exceeds two percent (2%), adjust ZE for the projected misstatement to the out of zone ZE population that was not sampled and attach findings **in Exhibit P**.

5) Utilize findings in Eligibility Section IV.5.b. to prorate the sum from the procedure above by utilizing the percentage of principal photography OZ days in relation to total California principal photography days to calculate total amount of ZE eligible for additional five percent (5%) tax credit. Note in attachment **Exhibit Q** and **Exhibit 1A**.

c. Out of Zone Wages

7) Utilize population in the ledger tagged as ZW incorporating findings in QW procedures VI.8. and 9. to determine amount of ZW eligible for additional five percent (5%) tax credit during the Applicable Period. Include findings in **Exhibit Q**.

8) Utilize population in the ledger tagged as LW incorporating findings in QW procedures VI.10. and 11. to determine amount of LW eligible for additional ten percent (10%) tax credit during the Applicable Period. Include findings in **Exhibit Q**.

3. Diversity, Equity, Inclusion, and Accessibility (DEIA) Goals:

a. An applicant that has opted in to the DEIA provisions detailed in sections 5553.3 and 5554.2 of the regulations and that has met or made a good-faith effort to meet its DEIA workplan goals is eligible to have one hundred percent (100%) of its allocated credits certified, subject to audit and verification.

b. An applicant that has opted out of the DEIA provisions or does not meet or make a good-faith effort to meet its DEIA workplan goals is eligible to have ninety-six percent (96%) of its tax credits certified.

c. Pursuant to section 5554.2(b) of the regulations, an applicant that has opted in to the DEIA provisions detailed in sections 5553.3 and 5554.2 of the regulations must submit its final documentation to the CFC within sixty (60) calendar days of creation of the final element, and the CFC will provide the applicant with its assessment and determination within thirty (30) calendar days of receipt. The applicant will supply the CPA performing the AUP with the CFC's determination.

d. A Soundstage Program project that applies under Program 4.0 due to the exhaustion of funds for the Soundstage Program must follow the DEIA rules and regulations for the Soundstage Program and is therefore unable to opt out or to receive less than 100% of the Verified Tax Credit Amount for failure to achieve the DEIA goals.

e. A Soundstage project that applies under Program 4.0 must follow the DEIA rules and requirements of Program 4.0. They may opt out and they are subject to the 96% adjustment in the event they fail to meet the DEIA goals.

XI: Independent Films: Additional tax credit calculation (Uplifts)

1. Local Hire Labor Qualified Wages (LW)

    a. Utilize findings from Section VI.10. and 11. to calculate LW uplift (10%) for Independent Films, if applicable, and note findings in **Exhibit Q** and in **Exhibit 1B**.

2. Visual Effects (VU)

    a. Utilize findings in QE procedure V.9. and if applicable, verify that top five (5) highest cost and five (5) randomly chosen expenditures tagged VU were incurred in California and qualify for bonus points as per section 5553.1(b)(1) of the Regulations by comparing to the VFX categories indicated in green on the applicable QEC. Adjust VFX expenditures for costs which do not qualify for bonus points. Verify that sampled Outside Contract Bids/ VFX Vendor costs are prorated, for purpose of the jobs ratio calculation only, seventy percent (70%) QW and thirty percent (30%) QE as per Revenue and Taxation Code Sections 17053.98.1(b)(8) and 23698.1(b)(8). Reclassify between QW and QE as necessary, based upon the errors noted. Include findings in attachment **Exhibit O**.

3. Diversity, Equity, Inclusion, and Accessibility (DEIA) Goals:

    a. An applicant that is an independent film with a qualified expenditure budget over ten million dollars ($10,000,000) that has opted in to the DEIA provisions detailed in sections 5553.3 and 5554.2 of the regulations and that has met or made a good-faith effort to meet its DEIA workplan goals is eligible to have one hundred percent (100%) of its allocated credits certified, subject to audit and verification.

    b. An applicant that has opted out of the DEIA provisions or does not meet or make a good-faith effort to meet its DEIA workplan goals is eligible to have ninety-six percent (96%) of its tax credits certified.

    c. An applicant that is an independent film with a qualified expenditure budget of ten million dollars ($10,000,000) or less is exempt from the DEIA workplan, interim assessment, and final assessment provisions and is eligible to have one hundred percent (100%) of its tax credits certified, subject to audit and verification, without meeting those requirements.

    d. Pursuant to section 5554.2(b) of the regulations, an applicant that has opted in to the DEIA provisions detailed in sections 5553.3 and 5554.2 of the regulations must submit its final documentation to the CFC within sixty (60) calendar days of creation of the final element, and the CFC will provide the applicant with its assessment and determination within thirty (30) calendar days of receipt. The applicant will supply the CPA performing the AUP with the CFC's determination.

XII. Relocating TV Series

1. Hire Labor Qualified Wages (LW)

    a. Utilize findings from Section VI.10. and 11. to calculate LW uplift (5%) for Independent Films, if applicable, and note findings in **Exhibit Q** and in **Exhibit 1B**.

2. Visual Effects (VU)

    a. For Relocating television series, utilize findings in QE procedure V.9. and if applicable, verify that top five (5) highest cost and five (5) randomly chosen expenditures tagged VU were incurred in California and qualify for bonus points as per section 5553.1(b)(1) of the Regulations by comparing to the VFX categories indicated in green on the applicable QEC. Adjust VFX expenditures for costs which do not qualify for bonus points. Verify that sampled Outside Contract Bids/ VFX Vendor costs are prorated, for purpose of the jobs ratio calculation only, seventy percent (70%) QW and thirty percent (30%) QE as per Revenue and Taxation Code Sections 17053.98.1(b)(8) and 23698.1(b)(8). Reclassify between QW and QE as necessary, based upon the errors noted. Include findings in attachment **Exhibit O**.

3. Diversity, Equity, Inclusion, and Accessibility (DEIA) Goals:

    a. An applicant that is a Relocating television series that has opted in to the DEIA provisions detailed in sections 5553.3 and 5554.2 of the regulations and that has met or made a good-faith effort to meet its DEIA workplan goals is eligible to have one hundred percent (100%) of its allocated credits certified, subject to audit and verification.

    b. An applicant that has opted out of the DEIA provisions or does not meet or make a good-faith effort to meet its DEIA workplan goals is eligible to have ninety-six percent (96%) of its tax credits certified.

    c. Pursuant to section 5554.2(b) of the regulations, an applicant that has opted in to the DEIA provisions detailed in sections 5553.3 and 5554.2 of the regulations must submit its final documentation to the CFC within sixty (60) calendar days of creation of the final element, and the CFC will provide the applicant with its assessment and determination within thirty (30) calendar days of receipt. The applicant will supply the CPA performing the AUP with the CFC's determination.

XIII. Recomputation of Jobs Ratio

1. Qualified Visual Effects

    a. Utilizing findings from procedure X.1. and procedure XI.2., state the amount of qualified visual effects performed in California eligible for additional bonus points (no minimum VFX spend requirements for additional bonus points) in attachment **Exhibit Q**.

2. Out of Los Angeles Zone Days

    a. Utilizing findings from section IV.5.b., state the number of principal photography days outside the Los Angeles zone as defined in Revenue and Taxation Code Sections 17053.98.1(a)(4)(D)(i)(II)(ib) and 23698.1(a)(4)(D)(i)(II)(ib); state the percentage of principal photography days outside the Los Angeles zone as a percentage of the total principal photography days in California.

3. Musician Scoring/Track Recording Wages

   a. Utilizing findings from section VII., state the amount of wages eligible for bonus points. (**Exhibit Q**)

4. Obtain Adjusted Jobs Ratio Comparison Calculator (**Exhibit 2**) from the CFC website portal. Input findings related to schedule from Section IV. (Eligibility) and verified QW and QE excluding completion bond fees or any Uplifts. Note maximum tax credit amount in re-computation is capped at CAL amount. Include the completed form **Exhibit 2** in Excel format. Note final jobs ratio in **Exhibit 1A or 1B** as applicable.

5. Compare original CFC approved Adjusted Jobs Ratio from Eligibility procedure IV.3. to the re-computed Adjusted Jobs Ratio. If the new Adjusted Jobs Ratio is significantly lower than the original Jobs Ratio, a penalty may apply. If the Jobs Ratio has been reduced by more than ten percent (10%), the credit will be reduced by the total percentage, (e.g., if nine percent (9%), no reduction; if twelve percent (12%) reduction, then the penalty percentage is twelve percent (12%)). If the penalty percentage is over twenty percent (20%), reduce by total percentage and state in the Report.

6. For an applicant, except an independent film with a qualified expenditure budget of ten million dollars ($10,000,000) or less, that has opted out of the DEIA provisions of, or that did not meet or make a good-faith effort to meet its goals set pursuant to, sections 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) of the Revenue and Taxation Code, the ninety-six percent (96%) sum that the applicant is eligible to have certified, subject to verification and audit, shall be applied after the penalty.

7. If the Company states there is reasonable cause, as defined in section 5550(r)(2) of the regulations, to justify the reduction in the Jobs Ratio, please inform a representative of the Company to contact the CFC to provide supporting documentation. Once the CFC has reviewed the supporting documentation, obtain verification from the CFC and recalculate the Jobs Ratio if necessary.

XIV. Wrap-up Procedures

1. As applicable, verify and note that the Independent Film did not exceed a maximum of seven million dollars ($7,000,000) in tax credits (the twenty million-dollar ($20,000,000) qualified expenditure threshold exclusive of uplifts) or the Non-Independent project except Relocating television series did not exceed forty-two million dollars ($42,000,000) in tax credits (the one hundred twenty million-dollar ($120,000,000) qualified expenditure threshold exclusive of uplifts) or the Relocating television series did not exceed forty-eight million dollars ($48,000,000) in tax credits (the one hundred twenty million-dollar ($120,000,000) qualified expenditure threshold exclusive of uplifts). Verify that uplift amounts do not exceed the maximum allowable as per Section 5552(h), (i) and (j) of the Regulations.

2. If applicable (i.e., if the production does not meet the seventy-five percent (75%) principal photography threshold in Section IV. Eligibility procedure 5.), recalculate the seventy-five percent (75%) spend test (Eligibility procedure 6.) after accounting records are revised for findings in QE and QW procedures. Confirm that seventy-five percent (75%) of Total Production Expenditures were for California Expenditures. For animation projects, only the 75% spend test applies for eligibility purposes.

3. Verify that the applicant has submitted its mandatory final safety evaluation report to the CFC, as required pursuant to section 5554(d)(8) of the regulations. This does not apply to animation projects that do not make use of motion capture.

4. For soundstage applicants, recalculate the five million-dollar ($5,000,000) minimum threshold required for qualified soundstage wages (inclusive of qualified fringes) incurred on certified stage(s) or in certified ancillary buildings during the production period. Recalculate and confirm that at least seventy-five percent (75%) of picture editing and postproduction sound labor and services expenditures have taken place in California, after accounting records are revised for findings in QW procedures. Verify that the thresholds have been met. If the thresholds have not been met, the project is not eligible. Inform the management of the production to inform the CFC that the project does not qualify.

5. If completion bond costs are included in qualified spend, obtain total completion bond costs and recalculate as a percentage of qualified expenditures not to exceed two percent (2%). If cost exceeds two percent (2%), reduce completion bond fee to no more than two percent (2%) of qualified spend.

6. Complete and attach **Exhibit 1A or 1B** as applicable, based on findings in **Exhibit 2**.

AUP APPENDIX A
California Film and Television Tax Credit

Program 4.0 Sampling Chart - All

Production Categories

	PAYROLL		Non-Payroll*		
	Top Stratum	Stratum 1	Top Stratum	Stratum 1	Stratun

Total Qualified Expenditures	Employees with topl0 total qualified wages	Employees with wages under topl0	Items $25,000 and over	Items over $500 and under $25,000	Items $50 less
0-$500,000	All items	lO	All items	50	25
$500,001-$1,000,000	All items	20	All items	50	25
$1,000,001 - $5,000,000	All items	25	All items	50	25
$5,000,001-$10,000,000	All items	25	All items	60	25
$10,000,001 - $25,000,000	All items	25	All items	75	25
$25,000,001 - $50,000,000	All items	25	All items	100	25
$50,000,001 +	All items	25	All items	100	25

* For a television series, non-payroll sampling must be based upon aggregating all episode and amortization costs together for purposes of determining the total qualified expenditures above. Once a sample size is determined, the CPA must sample from each episode, including amortization costs.

AUP APPENDIX B
California Film and Television Tax Credit Program 4.0

2% CALCULATION

TEST #1		
Total Non-Payroll Population	1,500,000	A
Less Top Stratum Tested	(100,000)	B
Population for Stratum I and 2	1,400,000	C=A+B
Test I Findings	15,000	E
Rate of Misstatement in Sample	3%	F=E/D
Projected Misstatement of Sampled Population	42,000	G=F
Projected Misstatement% in Total Population (If below 2% no additional test needed)	2.80%	H=G/A
TEST#2		
Total Non-Payroll Population	1,500,000	A
Less Top Stratum Tested	(100,000)	B
Population for Stratum I and 2	1,600,00	C=A+B
Less Stratum land 2 from Test #1	(500,000)	D
Population for Stratum land 2 Test #2	1,100,000	I=C+D
Sample for Stratum land 2 Test #2	250,000	J
Test #2 Findings	6,000	K
Rate of Misstatement in Sample	2.40%	L=J/K
Projected Misstatement of Sampled Population	38,400	M=CxI
Projected Misstatement% in Total Population	2.56%	N=M/A
Average of Two Projected Misstatements (if both over 2%)	2.68%	P = Average (H, N)
Total Non-Payroll Population	1,500,000	A
Less Top Stratum Tested	(100,000)	B
Less Tested in Sample for Test #1	(500,000)	D
Less Tested in Sample for Test #2	(250,000)	j
Total Population Not Tested	650,000	Q=A+B+D+J
Projected Misstatement in Population Not Tested	17,420	R=PxQ
Total Non-Payroll Population Unadjusted	1,500,000	A
Less Actual Findings Top Stratum		
Less Actual Findings Test #1	(15,000)	E
Less Actual Findings Test #2	(6,000)	K
Less Projected Findings Avg of Tests	(17,420)	R
Total Adjusted Non-Payroll Qualified Costs	1,461,580	S = A+B+F+L+R

CALIFORNIA
Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

EXPENDITURE SUMMARY REPORT

TITLE:	
CATEGORY:	
DATE SUBMITTED:	

FISCAL YEAR:		
QUEUE #:	**CAL #:**	**CAL DATE:**
COPYRIGHT #		
SELLER'S PERMIT # (if applicable)		

Section 1: APPLICANT INFORMATION

Applicant Entity Name:		
Type of Entity:		
Taxpayer ID:	**Type of Taxpayer ID:**	
Contact Name:	**Contact Title:**	
Address:		
Country:	**Email:**	
Phone:	**Cell Phone:**	**Fax:**

Section 2: CONTACT INFORMATION

A. Parent Company

Contact Name:	**Title:**
Company Name:	
Address:	
Phone:	**Email:**

B. Agreed Upon Procedures - CPA Firm Information

CPA:		**CPA Firm:**	
Phone:		**Email:**	

Section 3: PROJECT INFORMATION

A. Type of Production

Production Category:		
☐ **TV Pilot was initially accepted in the program.**		**# of episodes this season.**

B. Production Schedule

Start Date of Pre-Production:		Start Date of Principal Photography or Greenlight Notice (Animation):	
End Date of Principal Photography:		Projected or Actual Release Date:	
Hiatus Start Date (if applicable):		Hiatus End Date (if applicable):	
End Date of Postproduction: (Final Element creation date)		End of Eligible Period (30 days from final element creation)	

CALIFORNIA Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

Section 4: PRODUCTION SHOOT DAYS AND LOCATIONS

A. Principal Photography (PP) Days

Total PP days in Los Angeles zone:		Total non-CA PP days:	
Total PP days outside LA zone (in CA):		Total PP days:	
Total CA PP days:		Total % CA PP days:	%
Total % PP outside LA Zone:	%	Estimated total CA 2nd Unit / Stunt / VFX Days:	

If shot outside of LA zone, indicate CA counties:	
If shot outside the state, indicate state(s) or country(s):	

Section 5: PRODUCTION STATISTICS

A. Labor Statistics for In-State Work

Total # of Cast Members:		Total Cast Days Worked:	
Total # of Base Crew:		Total Crew Days Worked:	
Total Background Performer / Stand-in Days Worked:		Total # of Qualified CA Residents:	
Total # of Outside Zone Local Hires:		Total # of Qualified Non-residents:	
Total # of vendors:			

B. Employment Diversity Information

(Complete Attached Demographic Data Collection Spreadsheet Form DEIA5

Section 6: FINANCIAL STATISTICS

A. Production Budget	
Total Worldwide Expenditures	
Total CA Expenditures (Qualified and Non-Qualified)	
B. Visual Effects	
Total Worldwide Expenditures	
Total CA Expenditures (Qualified and Non-Qualified)	
Total qualified California VFX expenditures eligible for uplifts	
C. Music (Bonus Points)	
Total CA Music Expenditures (Qualified & Non-Qualified)	
Total CA Music Scoring Wages eligible for Bonus Points (MW)	

CALIFORNIA Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

Section 7: CAREER READINESS and CAREER PATHWAYS PROGRAMS

A. Career Readiness		
☐ Verification Form	☐ Donation Receipt (if applicable)	
B. Career Pathways		
☐ Verified	$ Amount	Date
☐ 2% Uplift ☐ 1.5% Uplift Total amount of Trainees: ☐ 1% Uplift ☐ .5% Uplift		

Section 8: UPLIFTS AND BONUS POINTS

A. Out of Zone (Uplift)			
Total Out of Zone Wages (ZW)		100 %	
Total Out of Zone Non-Wages (ZE)		%	
Total Out of Zone Consumables (ZC)		100 %	
Total Out of Zone Eligible Expenditures (ZW+ZE+ZC)			
Total Out of Zone Uplift amount			
B. Local Hire Labor (Uplift)			
Total out of zone Local Hire Labor eligible for uplift			
☐ 10% Uplift ☐ 5% Uplift			
C. Visual Effects (Uplift and Bonus Points)			
Total Visual Effects eligible for uplift and/or Bonus Points			
☐ 10% Uplift ☐ 5% Uplift			
D. Music (Bonus Points)			
Total Music Scoring Wages eligible for Bonus Points			

CALIFORNIA Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

Section 9: CREDIT ALLOCATION

Total Qualified Wages:	
Total Qualified Non-Wages:	
Total Completion Bond Fee no more than 2% of Qualified Expenditures:	
Total Qualified Expenditures	
Total Credit (35 or 40%):	
Total Uplifts (If Applicable):	
Career Pathways Uplift Percentage (0%, .5%, 1%, 1.5%, 2%)	
Adjusted Credit Amount:	

Section 10: JOBS RATIO & FINAL TAX CREDIT

A. JOBS RATIO DIFFERENTIAL

	CAL Jobs Ratio		Verified Jobs Ratio		Difference	
					%	

B. FINAL TAX CREDIT

Credit Allocation Letter Amount:	$
Total Adjusted Credit Amount:	$
Adjustment for Overstatement (if applicable):	$
Applicable Credit Percentage (96% or 100%)	%

FINAL CREDIT AMOUNT: $

Section 11: SIGNATURE CERTIFICATION

Signing in the designated box below, 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 Expenditure Summary Report by the applicant is true and accurate to the best of his or her knowledge or at least the knowledge of what would be expected of a reasonable person in the same capacity.

Applicant's Signature

Applicant's Name

Applicant's Title

Date

CALIFORNIA Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

EXPENDITURE SUMMARY REPORT

TITLE:	
CATEGORY:	
DATE SUBMITTED:	

FISCAL YEAR:		
QUEUE #:	CAL #:	CAL DATE:
COPYRIGHT #		
SELLER'S PERMIT # (if applicable)		

Section 1: APPLICANT INFORMATION

Applicant Entity Name:		
Type of Entity:		
Taxpayer ID:	Type of Taxpayer ID:	
Contact Name:	Contact Title:	
Address:		
Country:	Email:	
Phone:	Cell Phone:	Fax:

Section 2: CONTACT INFORMATION

A. Parent Company

Contact Name:	Title:
Company Name:	
Address:	
Phone:	Email:

B. Agreed Upon Procedures - CPA Firm Information

CPA:		CPA Firm:	
Phone:		Email:	

Section 3: PROJECT INFORMATION

A. Type of Production

Production Category:		
☐ TV Pilot was initially accepted in the program.		# of episodes this season.

B. Production Schedule

Start Date of Pre-Production:		Start Date of Principal Photography:	
End Date of Principal Photography:		Projected or Actual Release Date:	
Hiatus Start Date (if applicable):		Hiatus End Date (if applicable):	

CALIFORNIA Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

End Date of Postproduction: (Final Element creation date)		End of Eligible Period (30 days from final element creation)	

Section 4: PRODUCTION SHOOT DAYS AND LOCATIONS

A. Principal Photography (PP) Days

Total PP days in Los Angeles zone:		Total non-CA PP days:	
Total PP days outside LA zone (in CA):		Total PP days:	
Total CA PP days:		Total % CA PP days:	%
Total % PP outside LA Zone:	%	Estimated total CA 2nd Unit / Stunt / VFX Days:	
If shot outside of LA zone, indicate CA counties:			
If shot outside the state, indicate state(s) or country(s):			

B. Stage-Shooting Days

Total stage-shooting days:		Total stage-shooting days on certified stages:	
Percentage of stage-shooting days on certified stages:	%		

Section 5: PRODUCTION STATISTICS

A. Labor Statistics for In-State Work

Total # of Cast Members:		Total Cast Days Worked:	
Total # of Base Crew:		Total Crew Days Worked:	
Total Background Performer / Stand-in Days Worked:		Total # of Qualified CA Residents:	
Total # of Outside Zone Local Hires:		Total # of Qualified Non-residents:	
Total # of vendors:			

B. Employment Diversity Information

(Complete Attached Demographic Data Collection Spreadsheet – Form DEIA5)

Section 6: FINANCIAL STATISTICS

A. Production Budget

Total Worldwide Expenditures	
Total CA Expenditures (Qualified and Non-Qualified)	

B. Visual Effects

Total Worldwide Expenditures	

CALIFORNIA Film Commission

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

Total CA Expenditures (Qualified and Non-Qualified)	
Total qualified California VFX expenditures eligible for uplifts	
C. Music (Bonus Points)	
Total CA Music Expenditures (Qualified & Non-Qualified)	
Total CA Music Scoring Wages eligible for Bonus Points (MU)	
D. Soundstage Wage Expenditures	
Total Soundstage Wage Expenditures	
E. Expenditures for Picture Editing and Postproduction Sound Labor and Services	
CA Picture Editing and Postproduction Sound Wages	
CA Picture Editing and Postproduction Sound Non-Wage Expenditures	
Total Worldwide Picture Editing and Postproduction Sound Labor and Services Expenditures	
CA Percentage of Worldwide Expenditures	%

Section 7: CAREER READINESS and CAREER PATHWAYS PROGRAMS

A. Career Readiness

☐ Verification Form ☐ Donation Receipt

B. Career Pathways

☐ Verified $ Amount: Date:

☐ 2% Uplift ☐ 1.5% Uplift Total amount of Trainees:

☐ 1% Uplift ☐ .5% Uplift

Section 8: UPLIFTS AND BONUS POINTS

A. Out of Zone (Uplift)

Total Out of Zone Wages (ZW):		100 %	
Total Out of Zone Non-Wages (ZE):		%	
Total Out of Zone Consumables (ZC):		100 %	

CALIFORNIA FILM AND TELEVISION TAX CREDIT PROGRAM 4.0

Total Out of Zone Eligible Expenditures (ZW+ZE+ZC)	
Total Out of Zone Uplift amount:	
B. Local Hire Labor (Uplift)	
Total out of zone Local Hire Labor eligible for uplift:	
C. Visual Effects (Uplift and Bonus Points)	
Total Visual Effects eligible for uplift and/or Bonus Points:	
D. Music (Bonus Points)	
Total Music Scoring Wages eligible for Bonus Points:	

Section 9: CREDIT ALLOCATION

Total Qualified Wages:	
Total Qualified Non-Wages:	
Total Completion Bond Fee no more than 2% of Qualified Expenditures:	
Total Qualified Expenditures	
Total Credit (35 or 40%):	
Total Uplifts (If Applicable):	
Career Pathways Uplift Percentage (0%, .5%, 1%, 1.5%, 2%)	
Adjusted Credit Amount:	

Section 10: JOBS RATIO & FINAL TAX CREDIT

A. JOBS RATIO DIFFERENTIAL

	CAL Jobs Ratio		Verified Jobs Ratio		Difference	
					%	

B. FINAL TAX CREDIT

Credit Allocation Letter Amount:	$
Total Adjusted Credit Amount:	$
Adjustment for Overstatement (if applicable):	$
Applicable Credit Percentage (96% or 100%)	%

FINAL CREDIT AMOUNT: $

Section 11: SIGNATURE CERTIFICATION

Signing in the designated box below, 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 Expenditure Summary Report by the applicant is true and accurate to the best of his or her knowledge or at least the knowledge of what would be expected of a reasonable person in the same capacity.

Applicant's Signature

Applicant's Name

Applicant's Title

Date

California Film & Television Tax Credit Program

MONTHLY STATUS REPORT – ANIMATION PROJECTS

Please complete and submit this form within five business days after the end of the month following the issuance of the tax credit allocation letter, from pre-production to completion of post-production. Monthly Status Reports should be emailed to incentiveprogram4@film.ca.gov

Production Title:	Credit Allocation Letter #
Applicant Name:	
Production Company:	
Report for the Month Ending:	

1. Current Production Cycle

ϒ Pre-production ϒ Production ϒ Post-production ϒ Post-Completion / Audit Reporting

2. Has there been any significant changes in financing and / or budget as part of the tax credit application submitted to the California Film Commission? ϒ No ϒ Yes *If yes, please provide details:*

3. To date, is the production on track to spend at least 75% of expenditures in California?
ϒ Yes ϒ No *If no, please provide details:*

4. Is the production outsourcing any animation work to a third-party vendor or outside of California?

ϒ No ϒ Yes *If yes, please attach a current cost report detailing the breakdown of the percentage of work for qualified wages and qualified expenditures.*

5. Has there been a change to the production schedule / duration of the production since the Credit Allocation Letter was issued or when the last monthly report was submitted? ϒ No ϒ Yes *If yes, please provide details:*

6. Has there been a change to the final element creation date of the project since the Credit Allocation Letter was issued or when the last monthly report was submitted? ϒ No ϒ Yes *If yes, please provide details:*

7. Have there been any significant changes to the information supplied in the tax credit application such as a change in the production title? ϒ No ϒ Yes *If yes, please provide details:*

ADDITIONAL INFORMATION

Name of Preparer	Title	Date
Phone	E-mail	

INITIAL STATEMENT OF REASONS

OVERVIEW

In 2025, the Legislature and Administration approved Assembly Bill (AB) 1138 (Ch. 27, Stat. 2025), which, among other factors, extended and modified the California Film and Television Tax Credit Program by amending Sections 17053.98, 17053.98.1, 23698, and 23698.1 of, and adding Section 23696 to the Revenue and Taxation Code. Building on prior iterations of the program, AB 1138 instated the California Film and Television Tax Credit Program 4.0 (Program 4.0), enabling the California Film Commission (CFC) to allocate tax credits to eligible motion picture projects for the 2025–2026 fiscal year and each fiscal year thereafter, through and including the 2029–2030 fiscal year. Extending and modifying the California Film and Television Tax Credit Program through Program 4.0 is part of the state's ongoing efforts to retain its status as the world's film and television production capital, a status long earned due to its superior crews, talent, infrastructure, weather, locations, and a host of other attributes that lead to business and creative success. Tax credit incentives from other states and countries to host film and television productions have been on the rise; extending the program is necessary to retain, attract, and grow motion picture production in California.

In AB 1138, the bill revised the definition of qualified motion picture to include live action and animated series with episodes averaging 20 minutes or more, as well as animated films, and large-scale competition shows. In addition, the bill increased the credit amount allowed for a qualified motion picture to 35% or 40%, as specified. The bill additionally increased the amount of qualified expenditures the California Film Commission is allowed to consider when determining the credit amount allocated to a qualified motion picture. As related to the diversity workplan and final diversity assessment process, and demographic data submittal, new requirements were added to Program 4.0, including disability status, veteran status, and ZIP Code. The bill increased the aggregate amount of credits that may be allocated in a fiscal year to $750,000,000, with a sunset date of June 30, 2030.

Within AB 1138, the Legislature also included provisions for approved applicants to utilize a discounted, refundable tax credit which enables all major studios to compete for spots within Program 4.0 and ensures Program 4.0 attracts high-value productions with the greatest economic return to the state. The proposed regulations include information about this option, which is administered by the Franchise Tax Board.

The statute outlines Program 4.0 requirements and eligibility and task the California Film Commission (CFC) with establishing criteria for allocating tax credits, a procedure for applicants to file an application for allocation of tax credits, audit requirements, and a procedure for verifying the allocation for issuance of a tax credit certificate. The proposed regulations detail these criteria, procedures, and requirements in one comprehensive article to ensure applicants understand how the program functions and applies to them, and to enable the CFC to determine and designate applicants that meet those criteria. Program 4.0, as required by Revenue and Taxation Code sections 17053.98.1 and 23698.1 and implemented through these proposed regulations, will incentivize motion picture production diversity, provide training opportunities for California youth from traditionally underserved communities, and create jobs and benefit the economy by building on the success of California's film and television tax credit programs, which have generated billions in production spending for the state, to continue to retain, attract, and grow the motion picture production industry in the state.

In the process of drafting the proposed regulations, the CFC conducted a series of meetings with stakeholders such as industry subject matter experts on diversity, equity, inclusion, and accessibility (DEIA), the Safety in Productions Program, tax credit program audits, and CFC career programs, as well as labor representatives, and industry representatives in the form of independent and non-independent producers, organizations, and individuals with experience applying to the California Film and Television Tax Credit Program. Reference to these meetings and stakeholder suggestions and opinions will be made in this statement of reasons wherever relevant.

SPECIFIC PURPOSE OF EACH REGULATION AND FACTUAL BASIS FOR DETERMINATION THAT EACH REGULATION IS NECESSARY

SECTION 5550

Section 5550, subdivision (a), paragraph (1)

Specific purpose: Paragraph 5550(a)(1) defines “animation project” which is essential to include in the regulations because the new statute includes animation project as a new type of qualifying motion picture. This definition is necessary because it clarified which productions qualify for California’s Film & Television Tax Credit Program 4.0. Animation projects differ fundamentally from live-action productions. For example, there’s no equivalent to principal photography in animation—production phases include development, layout, animation, and final post. Defining an animation project allows the Commission to recognize and set unique marker points, deadlines, and documentation requirements, such as greenlight notice instead of principal photography start. This prevents the misapplication of live-action rules to animation and assists with streamlining compliance and reporting.

Factual basis: The CFC is adding this regulatory language consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(a)(1) is necessary to ensure that animated projects, for which applicants are seeking credits are eligible pursuant to sections 17053.98.1(a)(4)(D)(i) and 23698.1(a)(4)(D)(i) of the Revenue and Taxation Code, and to ensure applicants are aware of the parameters applied to such credit. The definition included in paragraph 5550(a)(1) aligns with the statutory definition of “animation project” in sections 17053.98.1(a)(4)(D)(i)(II)(ia) and 23698.1(a)(4)(D)(i)(II)(ia) of the Revenue and Taxation Code; the CFC believes that this duplication serves to aid applicants by providing comprehensive access to relevant definitions within the program regulations, in particular because this definition is not within the statutory subdivision that contains most other definitions.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (a), paragraph (4)

Specific purpose: Paragraph 5550(a)(4) defines the term “apprenticeship program” for the California Film and Television Tax Credit Program 4.0. Defining an apprenticeship program ensures compliance with state and federal labor codes. In California, an apprenticeship must meet minimum requirements: paid on-the-job training, structured classroom instruction, and approval by the Division of Apprenticeship Standards or the Department of Labor. Only programs that meet these standards are recognized as legitimate apprenticeships, which is critical for accessing requirements under Program 4.0’s Career Readiness and Career Pathways Programs.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (e), paragraph (1)
Specific purpose: Paragraph 5550(e)(1) re-defines the term “equity education” for the California Film and Television Tax Credit Program 4.0. A modified definition allows equity education to be tailored to the specific context of each production. Approved projects opting in the DEIA provisions are encouraged to connect major characters and storylines to DEIA-related communities and conduct trainings relevant to their principal photography locations. This ensures that equity education is not generic, but meaningful and responsive to the unique needs of the workforce and the cast and crew represented.

Factual basis: Paragraphs 5550 (e)(1), (i)(1), (i)(3), and (s)(9) define the terms “equity education,” “inclusive hiring,” “industry capacity building,” and “supplier diversity.” These terms all relate to the California Film and Television Tax Credit Program 4.0 diversity, equity, inclusion, and accessibility documents and requirements. They are defined to enable applicants to understand the terminology used on the mandatory diversity workplan checklist as well as for those applicants that opt in to providing a diversity workplan and subsequent assessments. These terms are all part of the best practices and the areas where applicants have to formulate goals. While these terms are not unique to the program, providing detailed definitions ensures that applicants are able to work toward fulfilling the related program requirements with a thorough understanding of what the terminology means specifically in the context of the program. The definitions have been developed to align with the intent of SB 132 to ensure that applicants’ DEIA-related goals address unequal starting points and drive equal outcomes, and therefore that equity is embedded within productions that receive tax credits, as well as the shared goals of providing equal and equitable opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry.

The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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), 17053.98.1(b)(5), 17053.98.1(g)(3)(D) and 23698.1(g)(3)(D) Revenue and Taxation Code; and Section 14998.1, Government Code

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (e), paragraph (2)
Specific purpose: Paragraph 5550(e)(2) defines the term “externship” for the California Film and Television Tax Credit Program 4.0. A formal definition sets standards for externship structure, duration, and outcomes. It ensures that externships are meaningful, well-supervised, and aligned with industry needs—not just informal job shadowing. This consistency supports quality assurance, making sure externships provide valuable exposure and learning for participants, and that productions fulfill statutory DEIA rules and Career Readiness Program requirements.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (g), paragraph (1)
Specific purpose: Paragraph 5550(g)(1) defines the term “game shows” for the California Film and Television Tax Credit Program 4.0. Defining “game show” is essential for determining which productions qualify for California’s Film & Television Tax Credit Program. The program distinguishes between “game shows,” “large-scale competition shows,” and other formats. Only certain categories—like large-scale competition shows—are eligible for tax credits, while traditional game shows are specifically excluded by statute. A clear definition prevents confusion and ensures that only eligible productions can apply.

Factual basis: The CFC is implementing procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(g)(1) is necessary to ensure that game show projects seeking credits are ineligible pursuant to sections 17053.98.1(a)(4)(D)(i) and 23698.1(a)(4)(D)(i) of the Revenue and Taxation Code are aware of the parameters applied to such credit. The definition included in paragraph 5550(a)(1) aligns with the statutory definition of “animation project” in sections 17053.98.1(a)(4)(D)(i)(II)(ia) and 23698.1(a)(4)(D)(i)(II)(ia) of the Revenue and Taxation Code; the CFC believes that this duplication serves to aid applicants by providing comprehensive access to relevant definitions within the program regulations, in particular because this definition is not within the statutory subdivision that contains most other definitions.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (i), paragraph (3)

Specific purpose: Paragraph 5550(i)(3) defines the term "industry capacity building" for the California Film and Television Tax Credit Program 4.0. "Industry capacity building" is designed to broaden access to industry careers, especially for individuals from underrepresented communities. A clear definition ensures these activities are accessible, inclusive, and structured to provide real opportunities—not just token experiences. This supports the industry's commitment to diversity, equity, inclusion, and accessibility.

Factual basis: Paragraphs 5550 (e)(1), (i)(1), (i)(3), and (s)(8) define the terms "equity education," "inclusive hiring," "industry capacity building," and "supplier diversity." These terms all relate to the California Film and Television Tax Credit Program 4.0 diversity, equity, inclusion, and accessibility documents and requirements. They are defined to enable applicants to understand the terminology used on the mandatory diversity workplan checklist as well as for those applicants that opt in to providing a diversity workplan and subsequent assessments. These terms are all part of the best practices and the areas where applicants have to formulate goals. While these terms are not unique to the program, providing detailed definitions ensures that applicants are able to work toward fulfilling the related program requirements with a thorough understanding of what the terminology means specifically in the context of the program. The definitions have been developed to align with the intent of SB 132 to ensure that applicants' DEIA-related goals address unequal starting points and drive equal outcomes, and therefore that equity is embedded within productions that receive tax credits, as well as the shared goals of providing equal and equitable opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry.

The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraphs 5550 (e)(1), (i)(1), (i)(3), and (s)(8) are necessary to ensure that applicants to the program can fulfil the requirements of Revenue and Taxation Code sections 17053.98.1(b)(19)(B)(vi), 17053.98.1(g)(3)(D), 23698.1(b)(19)(B)(vi), and 23698.1(g)(3)(D) with insight into the specific meaning of the terms in use as they relate to the motion picture production industry and to the California Film and Television Tax Credit Program 4.0. The terminology is consistent with Revenue and Taxation Code sections 17053.98.1(b)(5), and 23698.1(b)(5), or established pursuant to Revenue and Taxation Code sections 17053.98.1(g)(3)(D)(ii)(I)(id), and 23698.1(g)(3)(D)(ii)(I)(id). The terms and definitions were developed by the CFC DEIA Resource Program Manager, in collaboration with Industry subject matter experts on diversity, equity, inclusion, and accessibility (DEIA), and with feedback from industry stakeholders with past and current experience as California Film and Television Tax Credit Program applicants.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (i), paragraph (4) and (4)(A)

Specific purpose: Paragraph 5550(i)(4) and (4)(A) defines the term "internship" for the California Film and Television Tax Credit Program 4.0. A formal definition sets standards for internship structure, duration, supervision, and outcomes. It ensures that internships are meaningful, well-supervised, and aligned with industry needs—not just informal job shadowing or unpaid labor. This consistency supports quality assurance, making sure internships provide valuable exposure and learning for participants, and that productions fulfill DEIA rules and Career Readiness Program requirements.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (j), paragraph (2)
Specific purpose: Paragraph 5550(j)(2) defines the term “internship” for the California Film and Television Tax Credit Program 4.0. “Job shadowing” is a recognized form of experiential learning within workforce development and DEIA programs. Defining “job shadow experience” ensures productions, organizations, and participants understand what qualifies—typically a structured opportunity for an individual to observe and learn from a professional in a real-world setting, without direct responsibility for tasks. This clarity is essential for meeting program requirements and for reporting compliance.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (l), paragraph (1)
Specific purpose: Paragraph 5550(l)(1) defines the term “large-scale competition show” for the California Film and Television Tax Credit Program 4.0. Defining “large-scale competition show” is essential for determining which productions qualify for California’s Film & Television Tax Credit Program. The program distinguishes between large-scale competition shows, game shows, and other formats. Pursuant to the statute, only large-scale competition shows are eligible for tax credits, while traditional game shows and reality shows are specifically excluded. Knowing whether a project is classified as a large-scale competition show affects budgeting, scheduling, and production planning. A clear definition aligns with industry standards and best practices, ensuring consistency across productions, networks, and regulatory bodies.

Factual basis: The CFC is implementing procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(l)(1) is necessary to ensure that large-scale competition shows seeking credits are eligible pursuant to sections 17053.98.1(a)(4)(D)(i) and 23698.1(a)(4)(D)(i) of the Revenue and Taxation Code are aware of the parameters applied to such credit. The definition included in paragraph 5550(a)(1) aligns with the statutory definition of “large-scale competition shows” in sections 17053.98.1(a)(4)(D)(i)(II)(ia) and 23698.1(a)(4)(D)(i)(II)(ia) of the Revenue and Taxation Code; the CFC believes that this duplication serves to aid applicants by providing comprehensive access to relevant definitions within the program regulations, in particular because this definition is not within the statutory subdivision that contains most other definitions.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (m), paragraph (1)

Specific purpose: Paragraph 5550(m)(1) defines the term “mentorship” for the California Film and Television Tax Credit Program 4.0. Defining “mentorship” is essential for clarity, quality, eligibility, equity, and alignment with industry and educational standards. It ensures mentorship is structured, meaningful, and accessible—creating real pathways for participants and supporting productions in meeting workforce development and DEIA requirements.

Factual basis: The CFC is implementing procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (m), paragraph (3)

Specific purpose: Paragraph 5550(m)(3) defines the term “motion capture” for the California Film and Television Tax Credit Program 4.0. Knowing whether a project is classified as motion capture affects budgeting, scheduling, and production planning. Motion capture projects may have unique requirements for equipment, talent, and post-production, so producers must plan accordingly. This definition also impacts how expenditures are tagged and reported for audit purposes.

Factual basis: The CFC is implementing procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (m), paragraph (4)

Specific purpose: Paragraph 5550(m)(4) defines the term “motion capture animated project” for the California Film and Television Tax Credit Program 4.0. Defining “motion capture animated project” is essential for determining which productions qualify for California’s Film & Television Tax Credit Program. The program distinguishes between traditional animation, live-action, and motion capture animated projects. Only certain categories—such as animated projects that utilize motion capture—are eligible for tax credits, while others are excluded via statute. This distinction is critical for compliance, reporting, and enforcement.

Factual basis: The CFC is implementing procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (p), paragraph (6), subparagraph (B)

Specific purpose: Paragraph 5550(p)(6)(B) defines the term “principal photography” for animation for the California Film and Television Tax Credit Program 4.0. A formal definition provides clarity in regulations and statutes. For example, California law and program guidelines specify that principal photography must begin within a certain timeframe after receiving a Credit Allocation Letter (CAL). For animation, this means identifying the start of the main creative production phase, which may differ from live-action projects. This distinction is critical for compliance, reporting, and enforcement

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(p)(6), inclusive, is necessary to define and specify principal photography consistent with sections 17053.98.1(b)(14) and 23698.1(b)(14) and program requirements in sections 17053.98.1(a)(4)(D)(i)(II)(ib)-(ic), 17053.98.1(b)(19)(B)(iv), 23698.1(a)(4)(D)(i)(II)(ib)-(ic), and 23698.1(b)(19)(B)(iv) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (r), paragraph (3)
Specific purpose: Paragraph 5550(r)(3) re-defines the term “reboot television series” for the California Film and Television Tax Credit Program 4.0. California law specifies that a reboot television series must meet the 48-month rule, which means the series must have completed principal photography of its previous season at least four years before applying for a credit allocation. This distinction is critical for compliance, reporting, and enforcement, and helps the California Film Commission administer the program fairly and consistently.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(r)(3), inclusive, is necessary to define and specify principal photography consistent with sections 17053.98.1(b)(13) and 23698.1(b)(13) and program requirements in sections 17053.98.1(a)(4)(D)(i)(II)(ia)-(ic), 17053.98.1(b)(19)(B)(iv)(II), 23698.1(a)(4)(D)(i)(II)(ia)-(ic), and 23698.1(b)(19)(B)(iv) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (r), paragraph (5)
Specific purpose: Paragraph 5550(r)(5) re-defines the term “relocating television series” for the California Film and Television Tax Credit Program 4.0. California law specifies that a relocating television series must meet the 48-month rule, which means the series must have completed principal photography of its previous season outside of California less than 48 months before applying for a credit allocation. This distinction is critical for compliance, reporting, and enforcement, and helps the California Film Commission administer the program fairly and consistently.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(r)(5), inclusive, is necessary to define and specify relocating television series consistent with sections 17053.98.1(b)(26) and 23698.1(b)(28) and program requirements in sections 17053.98.1(a)(4)(D)(i)(II)(ia)-(ic), 17053.98.1(b)(19)(B)(iv)(II), 23698.1(a)(4)(D)(i)(II)(ia)-(ic), and 23698.1(b)(19)(B)(iv) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (s), paragraph (2)
Specific purpose: Paragraph 5550(s)(2) re-defines the term “second season television” for the California Film and Television Tax Credit Program 4.0. Defining “second season television series” is essential for determining which productions qualify for California’s Film & Television Tax Credit Program. The program distinguishes between new series, recurring series, reboots,

and second season series. Only television series that did not commence principal photography before a certain date, or that applied for but did not receive a credit allocation for the first season, are eligible as second season series. This prevents confusion and ensures that only eligible productions can apply for incentives intended to encourage continued production and investment in California.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A). Section 5550 ensures that applicants can navigate the program with a clear understanding of the applicable terminology. Paragraph 5550(s)(2), inclusive, is necessary to define and specify second season television consistent with sections 17053.98.1(b)(19) and 23698.1(b)(19) and program requirements in sections 17053.98.1(a)(4)(D)(i)(II)(ia)-(ic), 17053.98.1(b)(19)(B)(iv)(III), 23698.1(a)(4)(D)(i)(II)(ia)-(ic), and 23698.1(b)(19)(B)(iv) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (s), paragraph (9)

Specific purpose: Paragraph 5550(s)(9) defines the term “supplier diversity” for the California Film and Television Tax Credit Program 4.0. Supplier diversity is included within the options that applicants may commit to as part of their DEIA efforts, under California’s Film & Television Tax Credit Program 4.0. Productions must demonstrate DEIA efforts, if applicable to their tax credit, and one of these efforts could be to engage diverse suppliers—such as minority-owned, women-owned, veteran-owned, and other underrepresented businesses. It ensures that productions are correctly categorized, comply with statutory requirements, and receive appropriate incentives and support.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (t), paragraph (5)

Specific purpose: Paragraph 5550(t)(5) defines the term “trainee” for the California Film and Television Tax Credit Program 4.0. A clear definition of “trainee” ensures productions understand who qualifies as a trainee for statutory workforce development and DEIA compliance. Only approved trainee placements—such as those in structured programs, with supervision and skill-building—count toward fulfilling requirements for tax credits and incentives. Knowing what counts as a trainee affects budgeting, scheduling, and production planning. Producers must plan accordingly, as only eligible trainee placements can access additional tax credits and fulfill DEIA requirements.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5550, subdivision (w), paragraph (1)

Specific purpose: Paragraph 5550(w)(1) defines the term "work-based learning" for the California Film and Television Tax Credit Program 4.0. Defining "work-based learning" is essential for determining which activities qualify for California's Film & Television Tax Credit Program 4.0 and related workforce development initiatives. Only approved work-based learning experiences—such as paid internships, apprenticeships, traineeships, and mentorships—count toward compliance with statutory DEIA and industry capacity-building requirements. A clear definition prevents confusion and ensures productions can document their efforts accurately for compliance and reporting.

Factual basis: The CFC is putting procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5551

Section 5551, subdivision (b), paragraph (1), subparagraphs (A) through (K)

Specific purpose: Subdivisions 5551(a) through (j), subdivision 5551(b), paragraph 5551(b)(1), and subparagraphs 5551(b)(1)(A)-(H) specify eligibility for tax credit allocation under the California Film and Television Tax Credit Program 4.0 and clarifies basic expenditure and principal photography thresholds, as well as permitted and prohibited motion picture categories. Including these provisions ensures that a prospective applicant to the program is able to determine whether or not their project will qualify, both in terms of the project category and in terms of planned filming and expenditures in California, as well as planning commencement of principal photography to maintain eligibility. The provisions also enable the CFC to administer a transparent program fairly and consistently.

The purpose of this subdivision is to ensure that section 5551 of the regulations contains all relevant details about eligibility for tax credit allocation under this program in one place.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(C), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall determine and designate applicants that meet the criteria of the program. Section 5551 is necessary to specify the parameters for verifying that a qualified motion picture has met the criteria and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Because the information in statute that establishes program eligibility is spread out in various sections and subdivisions and contains a number of project criteria, subdivisions 5551(a) and through (j), inclusive, subdivision 5551(b), paragraph 5551(b)(1), and subparagraphs 5551(b)(1)(A)-(H) are necessary to clarify the statutory objectives in a manner that is accessible to applicants and to achieve implementation of the statutory objectives set forth in, and consistent with, sections 17053.98.1(b)(19)(B)(i), 17053.98.1(b)(19)(B)(iv), 17053.98.1(b)(19)(D), 17053.98.1(i)(2)(A), 23698.1(b)(19)(B)(i), 23698.1(b)(19)(B)(iv), 23698.1(b)(19)(D), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

<u>Section 5551, subdivisions (c), (d), (e), (f), (g), (h), (i), paragraphs (h)(1), (h)(2), (h)(3)and (h)(4)</u>
Specific purpose: Subdivisions 5551(c)-(g), subdivision 5551(h), and subdivision 5551(i), specify the eligible motion picture project categories for tax credit allocation under the California Film and Television Tax Credit Program 4.0. The subdivisions clarify time and budget thresholds for independent and non-independent films, pilots, new television series, relocating television series, and miniseries/limited series, prerequisites for recurring and relocating television series, and company restrictions for independent films. These provisions enable prospective applicants to determine whether their project will qualify for the program, and within which category, which ensures they can plan their application for the appropriate allocation period.

The purpose of this subdivision is to ensure that section 5551 of the regulations contains all relevant details about eligibility for tax credit allocation under this program in one place.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(C), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall determine and designate applicants that meet the criteria of the program. Section 5551 is necessary to specify the parameters for verifying that a qualified motion picture has met the criteria and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Because the information in statute that establishes program eligibility is spread out in various sections and subdivisions 5551(c)-(g), subdivision 5551(h), and subdivision 5551(i) are necessary to clarify the statutory objectives in a manner that is accessible to applicants and to achieve implementation of the statutory objectives set forth in, and consistent with, sections 17053.98.1(b)(7), 17053.98.1(b)(11), 17053.98.1(b)(19)(A), 17053.98.1(b)(19)(D), 17053.98.1(b)(23), 17053.98.1(b)(27), 17053.98.1(i)(2)(A), 23698.1(b)(7), 23698.1(b)(11), 23698.1(b)(19)(A), 23698.1(b)(19)(D), 23698.1(b)(23), 23698.1(b)(27), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5552

Section 5552
Subdivision (a)
Subdivision (b), paragraphs (b)(1) and (b)(2)
Subdivision (e), paragraphs (e)(1), (e)(2), and (e)(3)
Subdivision (f), paragraph (f)(1)
Subdivision (h), Paragraphs (h)(2), and (h)(3)
Paragraphs (i)(1), (i)(2), and (i)(3)
Subdivision (k), Paragraphs (1)B-D

Specific purpose: Subdivision 5552(a) specifies the parameters for tax credit allocation under the California Film and Television Tax Credit Program 4.0 and clarifies that there will be at minimum four allocation periods per fiscal year during the course of the program, as well as which years the program will be in effect.

Subdivisions 5552(b), 5552(d), 5552(e), and 5552(f), specify the categories of qualified motion picture projects that are eligible to receive an allocation, the applicable percentages, CFC's ability to divide an allocation for a series of films, as well as the statutory maximum budget sums an allocation percentage can be applied to and that applies to additional credit allocations known as uplifts.

Subdivisions 5552(h) and 5552(i), specify the conditions for and percentages of uplifts for out-of-zone expenditures and principal photography, VFX, and local hire labor applicable to non-independent projects, except relocating televisions series, and to independent films and relocating television series, respectively. This includes which expenditures uplifts apply to, as well as the documentation requirements for applicants to verify local hire labor.

The information contained in these subdivisions allows a prospective applicant to gain an overview of program requirements and provides an accessible and transparent overview of the bases and terms for tax credit allocation and uplifts. This ensures that the prospective applicant can determine their program eligibility as well as how participation in the program will benefit their project. Further, the details and requirements of these subdivisions ensure that the CFC can verify uplift eligibility and administer the program fairly and consistently.

The purpose of this subdivision is to ensure that section 5552 of the regulations contains all relevant details about the tax credit allocation under this program in one place.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(B) and 23698.1(g)(2)(B) of the Revenue and Taxation Code, the CFC shall establish criteria for tax credit allocation. Section 5552 is necessary to implement and specify the applicable criteria and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii), and 23698.1(e)(1)(A)(ii).

Subdivisions 5552(a)-(b), 5552(d)-(f), and 5552(h)-(i), are necessary to implement the statutory objectives pursuant to and consistent with sections 17053.98.1(a)(1)-(4), 17053.98.1(g)(2)(B), 17053.98.1(j), 23698.1(a)(1)-(4), 23698.1(g)(2)(B), and 23698.1(j) of the Revenue and Taxation Code. Aside from additional information on the statutory program timeframe and category allocation percentages, these provisions are identical to the provisions of the California Film and Television Tax Credit Program 3.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5552, subdivision (g), paragraph (4) and (5)

Specific purpose: Subdivision 5552(g)(4), specifies the parameters for tax credit allocation under the California Film and Television Tax Credit Program 4.0 as it relates to the new DEIA provisions for the program, including which project category is exempt, which project categories must opt in to or out of the provisions versus those who are required to comply with the provisions, and the impact on the amount of allocated tax credits a project is eligible to have certified based on the applicant’s choice and their ability to meet or make a good-faith effort to meet their goals. The subdivision also includes reference to relevant statute, and the sections of the regulations that provide more details on the provisions and related processes.

Including this information in the section about tax credit allocation ensures that prospective applicants are aware of these new provisions and how they may impact the tax credit amount, and further ensures that prospective applicants are able to locate additional information so that they can make an informed decision about program participation.

The purpose of this subdivision is to ensure that section 5552 of the regulations contains all relevant details about the tax credit allocation under this program in one place.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(B) and 23698.1(g)(2)(B) of the Revenue and Taxation Code, the CFC shall establish criteria for tax credit allocation. Section 5552 is necessary to implement and specify the applicable criteria and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5552(g), inclusive, is necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(e)(1)(A)(iii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(g)(3)(D), 23698.1(e)(1)(A)(iii), 23698.1(g)(2)(D)(iv), and 23698.1(g)(3)(D) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5552, subdivision (j), paragraph (1), subparagraphs (A) through (C)
Specific purpose: The 2% uplift is designed to encourage productions to hire and train new talent, especially from underrepresented communities, as now included in the statute. By offering an additional tax credit for employing trainees, the program incentivizes productions to invest in workforce development and skills training, helping to build a more inclusive and qualified industry pipeline. A clear, published uplift aligns with industry standards and best practices, ensuring consistency across productions, networks, and regulatory bodies. It helps avoid disputes about eligibility and supports transparent communication with unions, vendors, and talent.

Factual basis: The CFC is implementing procedures in place consistent with the authority provided in Revenue and Taxation Code 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.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5553

Section 5553
Subdivision (a), paragraphs (a)(1), (a)(2), (a)(3), (a)(4)
Subdivision (b)
Subdivision (e)
Subdivision (h), paragraph (h)(1)
Subdivision (i)
Subdivision (j), paragraph (j)(12)
Subdivision (k)

Specific purpose: Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) specify information about the application process for the California Film and Television Tax Credit Program 4.0 for applicants, including information about the allocation periods and how they are announced, eligible project categories and how they are grouped for allocation, that the CFC utilizes an online application portal, that applicants may reapply with the same project if they remain eligible and did not receive an allocation in a prior allocation period, that recurring television series must reapply for each season, as well as details about the two phases of the application process, how the applicant initiates Phase I, the jobs ratio function, and how applicants are selected for Phase II of the process.

This general information about the application process enables prospective applicants to understand how the program works and is administered, allows them to plan their projects and prepare for application, and ensures they are aware of the different steps as well as the method of application. Clarifying the structure, frequency, and components of the application process enables the CFC to administer the program with fairness and consistency.

As there is no prohibition in statute for a project that did not receive a tax credit allocation to reapply in a subsequent allocation period, as long as that project continues to meet eligibility requirements, this is specified in subdivision 5553(e) so that applicants have explicit clarity and may continue to seek the benefits of the program and plan their project in accordance with that possibility.

While recurring television series are guaranteed tax credit allocation priority throughout the life of the series, tax credit allocation must be based on specific project information for each season, and regulations therefore include in subdivision 5553(h), inclusive, the explicit requirement that such projects apply for each season. Including this provision allows applicants to plan accordingly, both in terms of scheduling and budgeting, and also enables the CFC to evaluate recurring television series seasons and appropriately allocate tax credits.

The purpose of this regulation is to provide all relevant details about the application for tax credits under the California Film and Television Tax Credit Program 4.0 in an accessible and detailed format within section 5553.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (j)

Specific purpose: Paragraphs 5553(j) subparagraphs require information be provided in the application to determine the applicant entity and necessary contact information for the CFC to communicate with the applicant, type o taxpayer ID and a taxpayer ID number to verify that the applicant is a qualified taxpayer that can utilize tax credits, the production category under which an allocation of tax credits is sought so that the allocation can be made from the appropriate funds, verification of eligibility for the specific category (runtime, budget, narrative or relocating statement), the title of the project and unique information about the project (logline, synopsis, screenplay) to identify it for tracking and allocation purposes, and production schedule documentation and details to verify eligibility and enable the CFC to track the project and its interim responsibilities accurately.

Paragraph 5553(j) requires the applicant to provide estimated statistics for in-state work for the production, enabling the CFC to track and report on the projected job creation as a result of the program.

Paragraph 5553(j) specifies that an applicant must acknowledge that they are aware of the requirement to make a contribution to the Career Pathways Program. The purpose of this acknowledgement is to ensure that applicants are aware of it at the time they submit their application because the payment is due within thirty (30) calendar days of CAL issuance and the contribution is mandatory to remain in the program.

Paragraph 5553(j) clarifies that a jobs ratio will be assigned to each application based on the information the applicant provides, and references the section of regulations that expands on the jobs ratio calculation and factors. This information ensures the applicant is aware that the CFC will calculate the jobs ratio that is used to rank projects and also has access to the information necessary to know how the calculation works. This also enables the CFC to administer the program fairly and consistently.

The purpose of this regulation is to provide all relevant details about the application for tax credits under the California Film and Television Tax Credit Program 4.0 in an accessible and detailed format within section 5553.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program.

Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Paragraphs under 5553(j) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.98.1(a)(3)(B), 17053.98.1(a)(4), 17053.98.1(b)(7), 17053.98.1(b)(17), 17053.98.1(b)(19)(B)(i), 17053.98.1(b)(22)(A)(ii), 17053.98.1(g)(2)(A)(i)-(ii), 17053.98.1(g)(2)(A)(v), 23698.1(a)(3)(B), 23698.1(a)(4), 23698.1(b)(7), 23698.1(b)(17), 23698.1(b)(19)(B)(i), 23698.1(b)(22)(A)(ii), 23698.1(g)(2)(A)(i)-(ii), and 23698.1(g)(2)(A)(v) of the Revenue and Taxation Code and are included to allow the CFC to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (j), paragraph (4), subparagraph (B)
Specific purpose: A greenlight notice serves as a formal confirmation that a feature film project has received final approval from its funder and/or distribution source, authorizing the project to proceed into the production phase. This notice is a critical milestone in the application process for California's Film and Television Tax Credit Program 4.0, as it demonstrates that the project is fully financed and ready to begin principal photography or animation production.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (j), paragraph (5), subparagraph (A)
Specific purpose: For animated films and television series, the regulations specify that "principal photography" does not apply unless the project is a motion capture animated project. In such cases, the applicant must provide the number of motion capture days instead of principal photography days. This distinction ensures that only projects with substantial motion capture production activity are eligible for certain incentives and bonus points under the program. Reporting motion capture days allows the California Film Commission to verify that the project is actively engaged in production, similar to how principal photography days are used for live-action projects. It provides a standardized metric for tracking the scope and scale of production, which is essential for compliance and auditing.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (j), paragraph (8), subparagraph (B), clause (1)
Specific purpose: The DEIA orientation is mandatory and must be attended within 20 days of CAL. By requiring opt-in within 15 days, productions can secure their place in the orientation and begin preparing their Workplan with guidance from the CFC DEIA team. The Workplan, which sets the foundation for all DEIA efforts, is due within 30 days of CAL. Early opt-in ensures productions have the full window to develop meaningful, project-specific goals.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (j), paragraph (9), subparagraph (F), subclause (1)
Specific purpose: The new program 4.0 statute clarifies an increase in the tax credit amount for qualified motion pictures. The purpose of the tax credit program is to incentivize motion picture production activity that creates jobs and economic impact in California. This increase reflects a shift toward increasing the competitiveness of Program 4.0 through higher tax credit amounts and incentivizing applicants to stay in California instead of relocating to other jurisdictions with competitive film and television tax credit programs. This regulatory addition is aligned with industry feedback and competitiveness goals discussed in recent board meetings and the statutory expiration.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (j), paragraph (10), subparagraph (C)

Specific purpose: The new Program 4.0 statute clarifies eligibility for tax credits and includes the expiration of mandatory soundstage requirements for lease and ownership agreements. The expiration reflects a shift toward greater flexibility for productions. The regulations now allow productions to qualify for tax credits based on a broader set of criteria. This change was made to encourage more productions to participate in the tax credit program, regardless of their ability to lease or own certified soundstages, and to reduce barriers for productions that may not have access to certified soundstages, especially independent films. This regulatory deletion is aligned with industry feedback and competitiveness goals discussed in recent board meetings and the statutory expiration.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (m), paragraph (2)(A)(B)
Specific purpose: A pick-up notice is a standard industry document that provides proof of distribution for a pilot or television series. The pick-up notice demonstrates that the series has been officially ordered for production or additional episodes by a distributor or network. It serves as evidence that the project is not speculative, but has a committed path to completion and broadcast/distribution.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553, subdivision (m), paragraph (3)
Specific purpose: A greenlight notice serves as a formal confirmation that a feature film project has received final approval from its funder and/or distribution source, authorizing the project to proceed into the production phase. This notice is a critical milestone in the application process for California's Film and Television Tax Credit Program 4.0, as it demonstrates that the project is fully financed and ready to begin principal photography or animation production.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(B), and 23698.1(g)(2)(C) of the Revenue and Taxation Code, the CFC shall establish a procedure for applicants to file an application, establish criteria for tax credit allocation, and determine and designate applicants that meet the criteria of the program. Section 5553 is necessary to institute the process by which applicants may apply for tax credit allocation for their qualified motion picture project, to specify the applicable criteria, and to establish the procedure to verify that a qualified motion picture has met the criteria, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553(a)-(b), 5553(e), 5553(h)-(i), and 5553(k), inclusive, subdivision 5553(j) and paragraph 5553(j)(12) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(1), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(D)(i)-(ii), 17053.98.1(g)(2)(D)(iv), 17053.98.1(i)(2)(A), 23698.1(g)(1), 23698.1(g)(2)(A), 23698.1(g)(2)(D)(i)-(ii), 23698.1(g)(2)(D)(iv), and 23698.1(i)(2)(A) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5553.1

Section 5553.1, subdivision (c),
Paragraph (1) subparagraphs (A) through (D)
Paragraph (2) subparagraphs (A) through (D)
Paragraph (3) subparagraphs (A) through (D)

Specific purpose: Subdivisions 5553.1(b) and (c), inclusive, specify for an applicant to the California Film and Television Tax Credit Program 4.0, how the permitted increase of the jobs ratio based on increased economic activity in the state is implemented through the use of a bonus points system. The subdivisions further clarify the eligible areas (visual effects, out of zone filming, and music wages), and the applicable bonus point ranges, and how they apply or do not apply to specific qualified motion picture project categories. Providing applicants with this information ensures that they can accurately plan their project and understand the ways they are able to enhance their jobs ratio by generating specific economic activity within California, thereby maximizing their ability to fully benefit from the program. In addition, it allows the CFC to clarify and encourage the ways in which applicants can have a more significant impact on in-state economic activity, thereby fulfilling the program’s main objectives.

At the time of writing, the CFC has implemented the bonus point ranges as specified in this section throughout full fiscal years of the California Film and Television Tax Credit program 3.0 and has seen a spread of utilization across project categories and points ranges. For this reason, no change to the ranges was proposed for this program; the CFC consulted with independent and non-independent industry stakeholders on this issue and the consensus was that the bonus point ranges function as intended and should be maintained until and if data indicates otherwise. Industry stakeholders as well as stakeholders with experience in performing program audits further encouraged the inclusion of the full ranges in regulations for increased clarity.

The purpose of this subdivision is to provide all relevant details about the jobs ratio and bonus points calculations in use during the application and audit processes in an accessible and detailed format within section 5553.1 of the program regulations.

Factual basis:
As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(D), 17053.98.1(g)(2)(D)(i)-(iii), 23698.1(g)(2)(B), 23698.1(g)(2)(D), and 23698.1(g)(2)(D)(i)-(iii), and consistent with sections 17053.98.1(b)(8) and 23698.1(b)(8) of the Revenue and Taxation Code, the CFC shall compute an applicant's jobs ratio, may increase an applicant's jobs ratio if applicable, and shall allocate tax credits in accordance with a jobs ratio ranking. Section 5553.1 is necessary to institute the process by which an applicant's jobs ratio is calculated and may be enhanced and to specify the applicable criteria and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivisions 5553.1(b) and (c), inclusive, are necessary to achieve implementation of the statutory objectives pursuant to and consistent with, sections 17053.98.1(g)(2)(D)(iii)(I) and 23698.1(g)(2)(D)(iii)(I) of the Revenue and Taxation Code, and are included to allow the CFC to clarify this aspect of the California Film and Television Tax Credit Program 4.0 in an accessible and comprehensive manner.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5553.2

Section 5553.2, subdivision (a), paragraph (3), subparagraph (G), clause (1) through (2)
Specific purpose: Subdivision 5553.2(a), inclusive, specifies information related to what does and does not constitute qualified expenditures for an applicant to the California Film and Television Tax Credit Program 4.0. The subdivision clarifies the statutory conditions for expenditures to qualify in ways relevant to motion picture production and other program requirements. Being able to easily identify what does and does not constitute qualified expenditures allows an applicant to accurately structure their project budget and submit information to the CFC which impacts the project's jobs ratio, ranking, and tax credit allocation and certification.

The purpose of this subdivision is to gather and specify the conditions that govern whether an expenditure qualifies or does not qualify for tax credit allocation, and the details of various expenditures, as well as the required budget tagging of those expenditures in use during the application and audit processes in an accessible and detailed format within section 5553.2 of the program regulations.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(A)(i), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(A)(i), 23698.1(g)(2)(B), and 23698.1(g)(2)(C), and consistent with sections 17053.98.1(b)(17), 17053.98.1(b)(22), 23698.1(b)(17), and 23698.1(b)(22) of the Revenue and Taxation Code, the CFC shall establish an application procedure for the program and criteria for allocating tax credits, shall require submission of an applicant's budget, and shall determine and designate applicants that meet the program criteria and allocate tax credits based on a percentage of a qualified motion picture project's qualified expenditures. Section 5553.2 is necessary to specify in an organized manner the criteria of qualified expenditures and qualified wages, both as explicitly listed in statute and as specified by the CFC, as well as to establish uniform budget tags that enable CFC's motion picture analysts to determine program eligibility and tax credit allocation amounts, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivision 5553.2(a), inclusive, is necessary to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.98.1(a)(1), 17053.98.1(b)(17), 17053.98.1(b)(19)(B)(i), 17053.98.1(g)(2)(A)(1), 23698.1(a)(1), 23698.1(b)(17), 23698.1(b)(19)(B)(i), and 23698.1(g)(2)(A)(1) of the Revenue and Taxation Code and is included to allow the CFC to verify that the applicant's budget is accurate for an allocation of credits under the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553.2, subdivision (b), paragraph (2), subparagraph (D)

Specific purpose: Qualified expenditures must be directly attributable to the production of the motion picture project. Production overhead—which typically includes indirect costs such as general administrative expenses, office supplies, utilities, and other non-production-specific costs—is not considered a qualified expenditure. The exclusion is intended to ensure that tax credits are allocated only for costs that directly support the creation of the film or television project, not for broader business operations.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(A)(i), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(A)(i), 23698.1(g)(2)(B), and 23698.1(g)(2)(C), and consistent with sections 17053.98.1(b)(17), 17053.98.1(b)(22), 23698.1(b)(17), and 23698.1(b)(22) of the Revenue and Taxation Code, the CFC shall establish an application procedure for the program and criteria for allocating tax credits, shall require submission of an applicant's budget, and shall determine and designate applicants that meet the program criteria and allocate tax credits based on a percentage of a qualified motion picture project's qualified expenditures. Section 5553.2 is necessary to specify in an organized manner the criteria of qualified expenditures and qualified wages, both as explicitly listed in statute and as specified by the CFC, as well as to establish uniform budget tags that enable CFC's motion picture analysts to determine program eligibility and tax credit allocation amounts, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

While statute clarifies most of the content of subdivision 5553.2(b), inclusive, the CFC believes this subdivision and the partial duplication is necessary to provide applicants with relevant information in a structured manner to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.98.1(b)(16), 17053.98.1(b)(17), 17053.98.1(b)(22), 23698.1(b)(16), 23698.1(b)(17), and 23698.1(b)(22) of the Revenue and Taxation Code in a format that is accessible to applicants.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553.2, subdivision (b), paragraph (2), subparagraph (F)
Specific purpose: The purpose of the tax credit program is to incentivize motion picture production activity that creates jobs and economic impact in California. Competition shows often incur costs that are not directly related to the creative or production process—such as prize money, contestant travel, or other expenses that do not contribute to filmmaking or job creation. This ensures that credits are used for actual production expenditures—such as crew wages, set construction, and filming—rather than for costs that are peripheral to production.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(A)(i), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(A)(i), 23698.1(g)(2)(B), and 23698.1(g)(2)(C), and consistent with sections 17053.98.1(b)(17), 17053.98.1(b)(22), 23698.1(b)(17), and 23698.1(b)(22) of the Revenue and Taxation Code, the CFC shall establish an application procedure for the program and criteria for allocating tax credits, shall require submission of an applicant’s budget, and shall determine and designate applicants that meet the program criteria and allocate tax credits based on a percentage of a qualified motion picture project’s qualified expenditures. Section 5553.2 is necessary to specify in an organized manner the criteria of qualified expenditures and qualified wages, both as explicitly listed in statute and as specified by the CFC, as well as to establish uniform budget tags that enable CFC’s motion picture analysts to determine program eligibility and tax credit allocation amounts, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553.2, subdivision (b), paragraph (2), subparagraph (G)
Specific purpose: The statutory language and regulatory framework are clear that only certain direct production costs are eligible for tax credits. Career pathways trainee wages are considered a separate category, aligned with workforce development goals, not production incentives. By excluding trainee wages, the program treats all productions equally and prevents some from inflating their qualified expenditures by including workforce development costs. This

maintains a level playing field for applicants and ensures credits are allocated based on actual production activity.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(A)(i), 17053.98.1(g)(2)(B), 17053.98.1(g)(2)(C), 23698.1(g)(2)(A), 23698.1(g)(2)(A)(i), 23698.1(g)(2)(B), and 23698.1(g)(2)(C), and consistent with sections 17053.98.1(b)(17), 17053.98.1(b)(22), 23698.1(b)(17), and 23698.1(b)(22) of the Revenue and Taxation Code, the CFC shall establish an application procedure for the program and criteria for allocating tax credits, shall require submission of an applicant's budget, and shall determine and designate applicants that meet the program criteria and allocate tax credits based on a percentage of a qualified motion picture project's qualified expenditures. Section 5553.2 is necessary to specify in an organized manner the criteria of qualified expenditures and qualified wages, both as explicitly listed in statute and as specified by the CFC, as well as to establish uniform budget tags that enable CFC's motion picture analysts to determine program eligibility and tax credit allocation amounts, and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

The added regulation meets the "necessity," "clarity," and "consistency" standards of the Administrative Procedure Act (APA), Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5553.3

Section 5553.3, subdivision (a), paragraph (a)(1)

Specific purpose: Subdivision 5553.3(a), inclusive, clarifies the requirement to submit the diversity workplan checklist form that applies to all applicants moving to Phase II of the application process and is statutorily mandated for a motion picture project to qualify for the California Film and Television Tax Credit Program 4.0. This information enables applicants to ensure eligibility so that they can continue to qualify for the program.

The purpose of this subdivision is to specify, in adequate detail and gathered within section 5553.3 of the program regulations, the conditions of the mandatory and optional DEIA provisions required pursuant to section 5553 that fall specifically within the application process. This will enable the CFC to administer the program in alignment with the Legislature's intent to attain shared goals of providing equal opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry, and through these DEIA provisions to enable applicants to address unequal starting points and drive equal outcomes so equity is embedded within productions that receive the California Film and Television Tax Credit.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(b)(5), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(C), 17053.98.1(g)(3)(D)(ii)(I)(id), 23698.1(b)(5), 23698.1(g)(2)(A), 23698.1(g)(2)(C), and 23698.1(g)(3)(D)(ii)(I)(id), and consistent with sections 17053.98.1(b)(19)(B)(vi), 17053.98.1(g)(3)(D)(ii)(I), 23698.1(b)(19)(B)(vi), and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code, the CFC shall establish an application procedure for the program and criteria for allocating tax credits, shall require submission of an applicant's diversity workplan checklist and allow an applicant to opt in to submitting a diversity workplan, and shall determine and designate applicants that meet the program criteria. Section 5553.3 is necessary to clarify both mandatory and optional criteria related to the DEIA provisions of the California Film and Television Tax Credit Program 4.0 during the application process and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivision 5553.3(a), inclusive, is necessary to achieve implementation of the statutory objectives pursuant to and consistent with Revenue and Taxation Code sections 17053.98.1(b)(5), 17053.98.1(b)(19)(B)(vi), 17053.98.1(g)(3)(D)(ii)(I), 23698.1(b)(5), 23698.1(b)(19)(B)(vi), and 23698.1(g)(3)(D)(ii)(I) and is included to allow the CFC to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5553.3
Subdivision (c), paragraphs (c)(4), subparagraphs (c)(4)(A)-(C)
Specific purpose: Subdivision 5553.3(c), inclusive, addresses the statutory requirement that the CFC establish guidelines to evaluate DEIA workplans, and establishes criteria responsive to the mandated content in the workplan and the fact that each workplan must be project-specific.

The purpose of this subdivision is to specify, in adequate detail and gathered within section 5553.3 of the program regulations, the conditions of the mandatory and optional DEIA provisions required pursuant to section 5553 that fall specifically within the application process. This allows applicants to pursue the highest possible allocation and certification of tax credits and fully realize the benefits of the program. This will also enable the CFC to administer the program in alignment with the Legislature's intent to attain shared goals of providing equal opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry, and through these DEIA provisions to enable applicants to address unequal starting points and drive equal outcomes so equity is embedded within productions that receive the California Film and Television Tax Credit.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(1), 17053.98.1(g)(1), 23698.1(a)(1), and 23698.1(g)(1) of the Revenue and Taxation Code, a tax credit is allowed for the production of a qualified motion picture in California and the CFC shall allocate the tax credit to eligible applicants under the California Film and Television Tax Credit Program 4.0. Pursuant to sections 17053.98.1(b)(5), 17053.98.1(g)(2)(A), 17053.98.1(g)(2)(C), 17053.98.1(g)(3)(D)(ii)(I)(id), 23698.1(b)(5), 23698.1(g)(2)(A), 23698.1(g)(2)(C), and 23698.1(g)(3)(D)(ii)(I)(id), and consistent with sections 17053.98.1(b)(19)(B)(vi), 17053.98.1(g)(3)(D)(ii)(I), 23698.1(b)(19)(B)(vi), and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code, the CFC shall establish an application procedure for the program and criteria for allocating tax credits, shall require submission of an applicant's diversity workplan checklist and allow an applicant to opt in to submitting a diversity workplan, and shall determine and designate applicants that meet the program criteria. Section 5553.3 is necessary to clarify both mandatory and optional criteria related to the DEIA provisions of the California Film and Television Tax Credit Program 4.0 during the application process and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5554

Section 5554
Subdivision (a), paragraphs (a)(1) and (a)(2), subparagraphs (a)(1)(A) and (a)(2)(A)-(B), clauses 5554(a)(2)(B)1.-4.
Subdivision (b), paragraphs (b)(1) and (b)(2)
Subdivision (d), paragraphs (d)(3), (d)(4), and (d)(5)
Specific purpose: Subdivisions 5554(a) and 5554(b), subdivision 5554(d) and paragraphs 5554(d)(3)-(5) specify information relating to required start of principal photography, the hiatus provision, mandatory program orientation, and submission of production related documents to the CFC for an approved applicant to the California Film and Television Tax Credit Program 4.0. Clarifying these requirements enables an applicant to appropriately manage their production schedule to remain eligible for the allocated tax credits, to ensure the appropriate project personnel are trained on program timeframes and budget tagging for expenditures, and to submit the appropriate documentation to the CFC during the course of the production, so that, at the time of final audit, the applicant is in compliance. Requiring project personnel to attend an orientation enables the CFC to ensure that all program participants have the necessary information to appropriately complete and document their participation in the program. Requiring documentation to verify principal photography days, such as call sheets and production reports, and requiring updated production schedules and notifications about significant changes enables the CFC to verify that an applicant is in compliance with program requirements and to appropriately administer the program. Requiring significant changes to be reported during the course of a production also aids the CFC in keeping project information up to date and fairly and consistently evaluating reasonable cause for any possible jobs ratio reduction, which may otherwise lead to a penalty for the applicant.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554 of the program regulations, the conditions of the various mandatory and optional provisions that apply after a qualified motion picture project has received a CAL and prior to the applicant initiating the final audit process and the application for a tax credit certificate. This will enable applicants to get a clear overview of their responsibilities, including timeframes and references to more detail on certain complex provisions, which will aid them in meeting requirements and benefiting from the program.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(2)(C), 17053.98.1(g)(3)(A), 17053.98.1(g)(3)(B), 23698.1(g)(2)(C), 23698.1(g)(3)(A), 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall determine and designate applicants that meet the program criteria and establish verification and audit procedures for certification of tax credits. Section 5554 is necessary to clarify the requirements and provisions for approved applicants in the California Film and Television Tax Credit Program 4.0 during the production of their qualified motion picture project and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivisions 5554(a) and 5554(b), inclusive, and subdivision 5554(d) and paragraphs 5554(d)(3)-(5) are necessary to achieve implementation of the statutory objectives set forth in, and consistent with, sections 17053.98.1(b)(19)(B)(iv), 17053.98.1(g)(3)(A)(i), 23698.1(b)(19)(B)(iv), and 23698.1(g)(3)(A)(i) of the Revenue and Taxation Code, and are included to allow the CFC to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5554
Subdivision (c), paragraph (c)(1)
Paragraphs (d)(2) and (d)(8)
Specific purpose: Subdivision 5554(c), and paragraphs 5554(d)(2) and 5554(d)(8) specify information related to the optional DEIA provisions in the California Film and Television Tax Credit Program 4.0. An applicant that opts in to the provisions is required to submit several forms and set project-specific goals. To support applicants in developing the required goals and complete the forms, both in conjunction with the application process and during the production period, the CFC conducts an orientation with appropriate production personnel which applicants that opt in to the provisions are required to attend. This orientation is entirely focused on the DEIA provisions and is therefore separate from the general orientation, which is focused on budget information and mandatory for all applicants. As the first form from applicants related to the provisions is due within thirty (30) calendar days of CAL issuance, the DEIA orientation is scheduled to ensure applicants receive adequate support to complete that form on time. The two forms that are due during the production period are referenced in this section, paragraphs 5554(d)(2) and (d)(8), to clarify the timeframes for submission and to refer applicants to the section of regulations that includes more detail. These requirements and references support applicants in their program participation and ensure they have enough information and support to successfully participate in the DEIA provisions and maximize their potential tax credits. They also enable the CFC to provide adequate guidance through the process.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554 of the program regulations, the conditions of the various mandatory and optional provisions that apply after a qualified motion picture project has received a CAL and prior to the applicant initiating the final audit process and the application for a tax credit certificate. This will enable applicants to get a clear overview of their responsibilities, including timeframes and references to more detail on certain complex provisions, which will aid them in meeting requirements and benefiting from the program.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(2)(C), 17053.98.1(g)(3)(A), 17053.98.1(g)(3)(B), 23698.1(g)(2)(C), 23698.1(g)(3)(A), 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall determine and designate applicants that meet the program criteria and establish verification and audit procedures for certification of tax credits. Section 5554 is necessary to clarify the requirements and provisions for approved applicants in the California Film and Television Tax Credit Program 4.0 during the production of their qualified motion picture project and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivision 5554(c), inclusive, and paragraphs 5554(d)(2) and 5554(d)(8) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.98.1(g)(3)(D)(ii), 17053.98.1(g)(3)(D)(ii)(II)-(III), 23698.1(g)(3)(D)(ii), and 23698.1(g)(3)(D)(ii)(II)-(III) of the Revenue and Taxation Code, and are included to allow the CFC to support the applicant in completing requirements and verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5554, paragraphs (d)(2) and (d)(5)
Specific purpose: Paragraphs 5554(d)(2) and 5554(d)(5) specify timeframes and provide references to more detail around career program obligations for an applicant to the California Film and Television Tax Credit Program 4.0. There are two statutory career related obligations all applicants must fulfill, one is a financial support obligation, due within a short timeframe from the date of CAL issuance, and one is a hands-on career engagement opportunity that can take place during any part of the production period and prior to the audit process. Specifying these provisions here, with reference to the sections of regulations that go into detail, will enable program applicants to fulfill mandatory requirements and benefit as much as possible from the program. This will also ensure that the program fulfills its industry capacity building commitment to Californians.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554 of the program regulations, the conditions of the various mandatory and optional provisions that apply after a qualified motion picture project has received a CAL and prior to the applicant initiating the final audit process and the application for a tax credit certificate. This will enable applicants to get a clear overview of their responsibilities, including timeframes and references to more detail on certain complex provisions, which will aid them in meeting requirements and benefiting from the program.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(2)(C), 17053.98.1(g)(3)(A), 17053.98.1(g)(3)(B), 23698.1(g)(2)(C), 23698.1(g)(3)(A), 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall determine and designate applicants that meet the program criteria and establish verification and audit procedures for certification of tax credits. Section 5554 is necessary to clarify the requirements and provisions for approved applicants in the California Film and Television Tax Credit Program 4.0 during the production of their qualified motion picture project and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Paragraphs 5554(d)(1) and 5554(d)(6) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.95(e), 17053.98(e), 17053.98.1(d)(K)-(L), 17053.98.1(e)(1)(A)(iii), 23695(e), 23698(e), 23698.1(d)(K)-(L), and 23698.1(e)(1)(A)(iii), of the Revenue and Taxation Code, and are included to allow the CFC to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

<u>Section 5554, paragraph (d)(7), subparagraph (7)(A)</u>
Specific purpose: Paragraph 5554(d)(7), clarifies for an applicant to the California Film and Television Tax Credit Program 4.0 that they are required to submit a final safety evaluation report related to the Safety on Productions Pilot Program established in the Labor Code and includes the appropriate statutory reference. It also includes the applicable timeframe for submission and addendum submission. As submission of the report is a condition for certification of tax credits, including this information helps ensure that applicants are aware of this eligibility requirement and can take the necessary steps to fulfill it if on time.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554 of the program regulations, the conditions of the various mandatory and optional provisions that apply after a qualified motion picture project has received a CAL and prior to the applicant initiating the final audit process and the application for a tax credit certificate. This will enable applicants to get a clear overview of their responsibilities, including timeframes and references to more detail on certain complex provisions, which will aid them in meeting requirements and benefiting from the program.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(2)(C), 17053.98.1(g)(3)(A), 17053.98.1(g)(3)(B), 23698.1(g)(2)(C), 23698.1(g)(3)(A), 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall determine and designate applicants that meet the program criteria and establish verification and audit procedures for certification of tax credits. Section 5554 is necessary to clarify the requirements and provisions for approved applicants in the California Film and Television Tax Credit Program 4.0 during the production of their qualified motion picture project and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Paragraph 5554(d)(7), inclusive, is necessary to achieve implementation of the statutory objective pursuant to and consistent with sections 17053.98.1(g)(3)(A)(ii) and 23698.1(g)(3)(A)(ii) of the Revenue and Taxation Code and consistent with sections 9152(a) and 9152(h) of the Labor Code and is included to allow the CFC to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5554.1

Section 5554.1, subdivision (b), paragraphs (b)(1), (b)(2), (b)(3), (b)(4), (b)(5)
Specific purpose: Subdivision 5554.1(b), inclusive, specifies requirements related to the Career Readiness Program for an applicant to the California Film and Television Tax Credit Program 4.0. Applicants can fulfill the statutory requirement through multiple options, which are all detailed in the paragraphs of this subdivision. Each option has been developed to ensure that any qualified motion picture project, independent of budget or category, is able to find a manageable way to successfully fulfill the requirement and engage with current and recent California students and faculty to provide insight or resources related to industry capacity building. Aside from the detailed in-person or virtual training options available, the subdivision also clarifies that there is a financial contribution option, and that applicants may also suggest their own idea for fulfilling this requirement. The provisions of subdivision 5554.1(b), ensure that applicants find a way to meet the requirements of the program that fits their project and capacity and enables the CFC to support applicants in meeting this requirement in a suggested or tailored way.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554.1, all the requirements for an applicant to fulfill the industry capacity building career program provisions of the program that must be completed prior to and during the production of the qualified motion picture project. This will enable program applicants to fulfill mandatory requirements and benefit as much as possible from the program and ensure that the program fulfills its industry capacity building commitment to Californians.

Factual basis: Sections 17053.95(e), 23695(e), 17053.98(e), and 23698(e) of the Revenue and Taxation Code established the career readiness and career pathways programs, respectively, for applicants to the California Film and Television Tax Credit Program. Pursuant to sections 17053.98.1(d)(1)(K), 17053.98.1(d)(1)(L), 17053.98.1(e)(1)(A)(iii), 17053.98.1(g)(3)(B), 23698.1(d)(1)(K), 23698.1(d)(1)(L), 23698.1(e)(1)(A)(iii), and 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall maintain a career pathways program, establish tax credit program audit procedures, and make the certification of tax credits contingent on an applicant’s completion of the career readiness requirement and submission of the career pathways fee under the California Film and Television Tax Credit Program 4.0. Section 5554.1 is necessary to clarify both mandatory and optional criteria related to the career program provisions of the program for applicants and organizations and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivision 5554.1(b), inclusive, is necessary to achieve implementation of the statutory objectives. pursuant to, and consistent with, sections 17053.95(e), 17053.98.1(d)(1)(K), 23695(e), and 23698.1(d)(1)(K) of the Revenue and Taxation Code and is included to allow the CFC to implement the required career components and verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0. This subdivision is consistent with the requirements implemented in the California Film and Television Tax Credit Program 3.0 and the California Soundstage Filming Tax Credit Program, aside from minor edits for clarification.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5554.1, subdivision (d), paragraph (d)(2) and (d)(2)(E)

Specific purpose: Subdivision 5554.1(d), inclusive, specifies application requirements for a career-based learning organization wishing to participate in the Career Readiness Program of the California Film and Television Tax Credit Program 4.0. There is no limitation on organizations that may collaborate with the CFC and program applicants to facilitate the Career Readiness requirement, therefore any organization that works to fulfill the Career Readiness objectives, established as of the California Film and Television Tax Credit Program 2.0, and can demonstrate this to the CFC in line with subparagraphs 5554.1(d)(2)(A)-(D) will be included among organizations applicants can chose to work with. Detailing these requirements in this subdivision ensures that organizations have a clear understanding of how to become affiliated with the program and establishes a transparent process that enables the CFC to administer the Career Readiness Program fairly and consistently.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554.1, all the criteria an organization must fulfill to work with program applicants. This will enable eligible organizations to qualify for participation, and benefit as much as possible from the program, and ensure that the program fulfills its industry capacity building commitment to Californians.

Factual basis: Sections 17053.95(e), 23695(e), 17053.98(e), and 23698(e) of the Revenue and Taxation Code established the career readiness and career pathways programs, respectively, for applicants to the California Film and Television Tax Credit Program. Pursuant to sections 17053.98.1(d)(1)(K), 17053.98.1(d)(1)(L), 17053.98.1(e)(1)(A)(iii), 17053.98.1(g)(3)(B), 23698.1(d)(1)(K), 23698.1(d)(1)(L), 23698.1(e)(1)(A)(iii), and 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall maintain a career pathways program, establish tax credit program audit procedures, and make the certification of tax credits contingent on an applicant’s completion of the career readiness requirement and submission of the career pathways fee under the California Film and Television Tax Credit Program 4.0. Section 5554.1 is necessary to clarify both mandatory and optional criteria related to the career program provisions of the program for applicants and organizations and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivision 5554.1(d), inclusive, is necessary to achieve implementation of the statutory objectives. pursuant to, and consistent with, sections 17053.95(e), 17053.98.1(d)(1)(K), 23695(e), and 23698.1(d)(1)(K) of the Revenue and Taxation Code and is included to allow the CFC to implement the required career components of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5554.1, subdivision (e), paragraphs (e)(2), (e)(3), (e)(4), subparagraphs (e)(1)(A)-(D), (e)(2)(A)-(C), (e)(3)(A)-(B), clauses (e)(1)(B)1.-4., (e)(1)(C)1.-5., and (e)(2)(C)1.-3., subclause (e)(1)(C)4.(i)
Subdivision (f)(1)(2)(A)(B)(C)
Specific purpose: Subdivision 5554.1(e), inclusive, specifies application process and requirements for a career-based learning organization wishing to participate in the Career Pathways Program of the California Film and Television Tax Credit Program 4.0. The Career Pathways Program is sustained by contributions from approved program applicants and is affiliated, through the CFC’s fiscal agent, with a limited number of nonprofit organizations with an established record of training and job placement in the motion picture production industry. Because the program is focused on entry into work, the regulations specify, in subparagraph 5554.1(e)(2)(B), that the training providers must focus on individuals eighteen (18) years old and over. The other qualifying requirements outlined in paragraph 5554.1(e)(2), inclusive, are established in statute, and along with the process and requirements set out in paragraphs 5554.1(e)(1), and 5554.1(e)(3)-(4), inclusive, the contents of the subdivision ensure that organizations have a clear understanding of what is required to qualify for participation as well as the steps involved during the request for proposal, application, and approval process. Further, the subdivision establishes a transparent process that enables the CFC and its fiscal agent to administer the Career Pathways Program fairly, consistently, and in a pattern of responsible and sustainable growth that takes into account industry needs and student availability.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554.1, all the criteria an organization must fulfill to work with program applicants. This will enable eligible organizations to qualify for participation, and benefit as much as possible from the program, and ensure that the program fulfills its industry capacity building commitment to Californians.

Factual basis: Sections 17053.95(e), 23695(e), 17053.98(e), and 23698(e) of the Revenue and Taxation Code established the career readiness and career pathways programs, respectively, for applicants to the California Film and Television Tax Credit Program. Pursuant to sections 17053.98.1(d)(1)(K), 17053.98.1(d)(1)(L), 17053.98.1(e)(1)(A)(iii), 17053.98.1(g)(3)(B), 23698.1(d)(1)(K), 23698.1(d)(1)(L), 23698.1(e)(1)(A)(iii), and 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall maintain a career pathways program, establish tax credit program audit procedures, and make the certification of tax credits contingent on an applicant’s completion of the career readiness requirement and submission of the career pathways fee under the California Film and Television Tax Credit Program 4.0. Section 5554.1 is necessary to clarify both mandatory and optional criteria related to the career program provisions of the program for applicants and organizations and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A) and 23698.1(e)(1)(A).

Subdivision 5554.1(e), inclusive, is necessary to achieve implementation of the statutory objectives. pursuant to, and consistent with, sections 17053.98(e), 17053.98.1(d)(1)(L), 17053.98.1(e)(1)(A)(iii)(I), 23698(e), 23698.1(d)(1)(K), and 23698.1(e)(1)(A)(iii)(I) of the Revenue and Taxation Code and is included to allow the CFC to implement the required career components of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5554.2

Section 5554.2, subdivision (a), paragraphs (a)(1), (a)(2), (a)(3), subparagraphs (a)(1)(A)-(D) and (a)(3)(A)

Specific purpose: Subdivision 5554.2(a), paragraphs 5554.2(a)(1)-(3), and subparagraphs 5554.2(a)(1)(A)-(D) and 5554.2(a)(3)(A) specify the timeframes for submission and review of an applicant’s interim assessment form, as well as the criteria the CFC will review, and the consequences of failing to submit the form for an applicant opting in to the DEIA provisions of the California Film and Television Tax Credit Program 4.0. Clarifying the steps an applicant must take to meet this requirement, the applicable timeframes, and the consequences of not meeting the deadline ensures that applicants are able to successfully complete this requirement, which in turn enables them to receive guidance on how to fulfill the overall DEIA provisions successfully and on time. The CFC’s review criteria are specified to aid applicants in understanding that their responses must be project-specific and show that the applicant is making good-faith efforts toward their goals, and in order for the CFC to determine whether that is the case, they must also be thoroughly detailed.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554.2, all the requirements for an applicant to fulfill the optional and mandatory DEIA provisions of the program that must be completed during the production and after completion of the qualified motion picture project. This will enable applicants to seek to qualify for the maximum tax credit certification for their project and benefit as much as possible from the program. This will also enable the CFC to administer the program in alignment with the Legislature’s intent to attain shared goals of providing equal opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry, and through these DEIA provisions to enable applicants to address unequal starting points and drive equal outcomes so equity is embedded within productions that receive the California Film and Television Tax Credit.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(3)(A)(i), 17053.98.1(g)(3)(B), 23698.1(g)(3)(A)(i), and 23698.1(g)(3)(B), and consistent with sections 17053.98.1(d)(1)(J), 17053.98.1(g)(3)(D)(ii)(II), 17053.98.1(g)(3)(D)(ii)(III), 23698.1(d)(1)(J), 23698.1(g)(3)(D)(ii)(II), and 23698.1(g)(3)(D)(ii)(III) of the Revenue and Taxation Code, the CFC shall establish a verification procedure and audit requirements for the program to facilitate certification of tax credits, and review and determine an applicant's effort as demonstrated in an interim and final assessment. Section 5554.2 is necessary to clarify parameters, conditions, and requirements related to the mandatory and optional DEIA provisions for an applicant allocated tax credits and seeking tax credit certification under the California Film and Television Tax Credit Program 4.0 and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Subdivision 5554.2(a), paragraphs 5554.2(a)(1)-(3), and subparagraphs 5554.2(a)(1)(A)-(D) and 5554.2(a)(3)(A) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.98.1(g)(3)(D)(i)-(ii), 17053.98.1(g)(3)(D)(ii)(II), 23698.1(g)(3)(D)(i)-(ii), and 23698.1(g)(3)(D)(ii)(II) of the Revenue and Taxation Code and are included to allow the CFC to set fair and consistent procedures and timeframes and to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5554.2, subdivision (b), paragraphs (b)(1), (b)(3), (b)(4), and subparagraph (b)(3)(A)

Specific purpose: Subdivision 5554.2(b), paragraphs 5554.2(b)(1), 5554.2(b)(3)-(4), and subparagraph 5554.2(b)(3)(A) specify the timeframes for submission and review of an applicant's final assessment form for applicants opting in to the DEIA provisions of the California Film and Television Tax Credit Program 4.0. Clarifying the steps an applicant must take to meet this requirement, the timeframes set to complete those steps and have them reviewed, the consequences of not taking those steps, and the process following approval ensures that applicants are able to successfully complete this requirement and plan their completion and submission to fit their overall plans. Because an applicant's final assessment must be reviewed prior to the final audit process, a timeframe for submission after completion of the final element is necessary for the CFC to track applicant obligations and for the CFC staff to provide a timely review for applicants.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554.2, all the requirements for an applicant to fulfill the optional and mandatory DEIA provisions of the program that must be completed during the production and after completion of the qualified motion picture project. This will enable applicants to seek to qualify for the maximum tax credit certification for their project and benefit as much as possible from the program. This will also enable the CFC to administer the program in alignment with the Legislature's intent to attain shared goals of providing equal opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry, and through these DEIA provisions to enable applicants to address unequal starting points and drive equal outcomes so equity is embedded within productions that receive the California Film and Television Tax Credit.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(3)(A)(i), 17053.98.1(g)(3)(B), 23698.1(g)(3)(A)(i), and 23698.1(g)(3)(B), and consistent with sections 17053.98.1(d)(1)(J), 17053.98.1(g)(3)(D)(ii)(II), 17053.98.1(g)(3)(D)(ii)(III), 23698.1(d)(1)(J), 23698.1(g)(3)(D)(ii)(II), and 23698.1(g)(3)(D)(ii)(III) of the Revenue and Taxation Code, the CFC shall establish a verification procedure and audit requirements for the program to facilitate certification of tax credits, and review and determine an applicant's effort as demonstrated in an interim and final assessment. Section 5554.2 is necessary to clarify parameters, conditions, and requirements related to the mandatory and optional DEIA provisions for an applicant allocated tax credits and seeking tax credit certification under the California Film and Television Tax Credit Program 4.0 and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Because the statute requires the submission of a final assessment, and makes certification of one hundred percent (100%) of an applicant's tax credits contingent on submission and approval of the final assessment, subdivision 5554.2(b), paragraphs 5554.2(b)(1), 5554.2(b)(3)-(4), and subparagraph 5554.2(b)(3)(A) are necessary to achieve implementation of the statutory objectives pursuant to and consistent with sections 17053.98.1(g)(3)(D)(i)-(ii), 17053.98.1(g)(3)(D)(ii)(III), 23698.1(g)(3)(D)(i)-(ii), and 23698.1(g)(3)(D)(ii)(III) of the Revenue and Taxation Code and are included to allow the CFC to set fair and consistent procedures and timeframes and to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

Section 5554.2, paragraph (b)(2), subparagraphs (b)(2)(A)-(D), clause (b)(2)(D)1.
Specific purpose: Paragraph 5554.2(b)(2), subparagraphs 5554.2(b)(2)(A)-(D), and clause 5554.2(b)(2)(D)1. specify the details of the required demographic data all applicants are required to submit, which constitutes the separate second part of the final diversity assessment for applicants opting into the DEIA provisions of the California Film and Television Tax Credit Program 4.0. Clarifying the components of this requirement, as well as providing references to the statutory sections that mandate the data collection helps applicants understand the type of information they need to gather, the manner in which they need to gather it, and why it must be gathered. Requiring information about any barriers applicants face in gathering the data enables the CFC to get a clear picture of challenges, which can inform efforts toward improvement.

The purpose of this regulation is to specify, in adequate detail and gathered within section 5554.2, all the requirements for an applicant to fulfill the optional and mandatory DEIA provisions of the program that must be completed during the production and after completion of the qualified motion picture project. This will enable applicants to seek to qualify for the maximum tax credit certification for their project and benefit as much as possible from the program. This will also enable the CFC to administer the program in alignment with the Legislature's intent to attain shared goals of providing equal opportunity for all, including women, people of color, the LGBTQ community, people with disabilities, and other marginalized communities in all aspects of the motion picture and television production industry, and through these DEIA provisions to enable applicants to address unequal starting points and drive equal outcomes so equity is embedded within productions that receive the California Film and Television Tax Credit.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(3)(A)(i), 17053.98.1(g)(3)(B), 23698.1(g)(3)(A)(i), and 23698.1(g)(3)(B), and consistent with sections 17053.98.1(d)(1)(J), 17053.98.1(g)(3)(D)(ii)(II), 17053.98.1(g)(3)(D)(ii)(III), 23698.1(d)(1)(J), 23698.1(g)(3)(D)(ii)(II), and 23698.1(g)(3)(D)(ii)(III) of the Revenue and Taxation Code, the CFC shall establish a verification procedure and audit requirements for the program to facilitate certification of tax credits, and review and determine an applicant's effort as demonstrated in an interim and final assessment. Section 5554.2 is necessary to clarify parameters, conditions, and requirements related to the mandatory and optional DEIA provisions for an applicant allocated tax credits and seeking tax credit certification under the California Film and Television Tax Credit Program 4.0 and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Paragraph 5554.2(b)(2), subparagraphs 5554.2(b)(2)(A)-(D), and clause 5554.2(b)(2)(D)1. are necessary to achieve implementation of the statutory objectives of sections 17053.98.1(d)(E), 17053.98.1(d)(J), 17053.98.1(g)(2)(A)(iv), 17053.98.1(g)(3)(D)(ii)(III), 23698.1(d)(E), 23698.1(d)(J), 23698.1(g)(2)(A)(iv), and 23698.1(g)(3)(D)(ii)(III) of the Revenue and Taxation Code and are included to allow the CFC to verify that the applicant is eligible for this phase of the California Film and Television Tax Credit Program 4.0.

The added regulation meets the "necessity," "clarity," and "consistency" standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

SECTION 5555

Section 5555, paragraph (b)(5)(H), clause (b)(5)(J)10.

Specific purpose: Subdivisions 5555(a), 5555(c)-(d), paragraphs 5555(a)(1)-(2), subparagraphs 5555(a)(1)(A)-(D), and clauses 5555(a)(1)(C)1.-2. specify the timeframes and parameters relevant to the request for certification of tax credits by an applicant to the California Film and Television Tax Credit Program 4.0. Clarifying the timeframe for completion of a qualified motion picture project, what constitutes completion, as well as the timeframe for requesting certification of tax credits, the terms of an extension, and what constitutes forfeiture helps applicants plan the process for their project and ensures they are able to meet all deadlines and also enables the CFC to administer the program fairly and consistently. The purpose of setting a timeframe for requesting a certification of tax credits, requesting an extension, or forfeiting the credits is to minimize the amount of allocated but unclaimed tax credits and ensure that credits that will not be claimed are reallocated to new projects.

The purpose this regulation is to specify, in adequate detail and gathered within section 5555, all the requirements, functions, and documents necessary for an approved applicant to complete the application for a tax credit certificate within the permitted timeframe, and benefit from the program.

Factual basis: As set forth in, and consistent with, sections 17053.98.1(a)(2), 17053.98.1(a)(3)(A), 17053.98.1(g)(3), 23698.1(a)(2), 23698.1(a)(3)(A), and 123698.1(g)(3) of the Revenue and Taxation Code, tax credits allocated for the production of a qualified motion picture in California under the California Film and Television Tax Credit Program 4.0 shall be verified and certified by the CFC, and a tax credit certificate shall be issued to an approved eligible applicant. Pursuant to sections 17053.98.1(g)(3)(A)(i), 17053.98.1(g)(3)(B), 23698.1(g)(3)(A)(i), and 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC shall establish a verification procedure and audit requirements for the program to facilitate certification of tax credits. Section 5555 is necessary to clarify parameters, conditions, and requirements for an applicant allocated tax credits and seeking tax credit certification under the California Film and Television Tax Credit Program 4.0 and is consistent with the authority provided in Revenue and Taxation Code sections 17053.98.1(e)(1)(A)(ii) and 23698.1(e)(1)(A)(ii).

Paragraph 5555(b)(5)(H) and clause 5555(b)(5)(J)10. are necessary to achieve implementation of the statutory objectives set forth in and consistent with sections 17053.98.1(d)(1)(E), 17053.98.1(d)(J), 17053.98.1(g)(2)(A)(iv), 17053.98.1(g)(3)(D)(i)-(ii), 17053.98.1(g)(3)(D)(ii)(III), 17053.98.1(g)(3)(D)(v), 23698.1(d)(1)(E), 23698.1(d)(J), 23698.1(g)(2)(A)(iv), 23698.1(g)(3)(D)(i)-(ii), 23698.1(g)(3)(D)(ii)III), and 23698.1(g)(3)(D)(v) of the Revenue and Taxation Code.

The added regulation meets the "necessity," "clarity," and “consistency” standards of the APA, Section 11349 of the Government Code, subsections (a), (c), and (d). The regulation is also consistent with the requirements of style pursuant to Section 11343.1 of the Government Code and the principles of "plain English" rule drafting.

FORMS INCORPORATED BY REFERENCE

Credit Allocation Letter, CFC Form D4 (January 1, 2027)

For purposes of allocating credits pursuant to sections 17053.98.1(g)(2)(A) and 23698.1(g)(2)(A), consistent with the terminology in sections 17053.98.1(b)(23), 17053.98.1(g)(2)(D)(iv), 17053.98.1(g)(3)(D)(ii)(I), 23698.1(b)(23), 23698.1(g)(2)(D)(iv), and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code, and consistent with CFC practice throughout prior iterations of the California Film and Television Tax Credit Program and the California Soundstage Filming Tax Credit Program, the CFC shall issue a credit allocation letter (CAL), Form D4, to approved applicants. Form D4 identifies the number of tax credits for which the applicant is eligible. This form includes for identification purposes the CAL number, the qualified taxpayer identification number, the title of the production, the production company name and the type of production. The form also includes the start of production, and end of production dates to verify the timeframe for filming. The tax credits allocated will be stated on the form. This number will be calculated from the application and supporting data that is submitted. It may differ from the number originally indicated by the applicant on the application due to wages or expenditures that may not meet the criteria in statute. The CAL will include reference to the full allocation amount, “tax credit allocation reserved,” and also to the amount of tax credits and applicant that opts out of the diversity, equity, inclusion, and accessibility provisions of the program, or that does not meet or make a good-faith effort to meet their set goals, is eligible for, “96% of allocation.” The CAL may also contain a tax credit allocation cap, in those cases where the applicant would be eligible to receive an allocation of credits that is higher than the sum of credits available for allocation. Including the cap sum on the CAL allows the future allocation of the full eligible sum in those cases where credits become available. The applicant name, company, and contact name are included on the form for identification of the actual taxpayer receiving the allocation of credits. The form also contains the jobs ratio calculated by the CFC based on information provided by the applicant and used to rank the applicant’s project for admission to the program. This jobs ratio is the jobs ratio that will be compared to the jobs ratio verified by the final audit to calculate whether there was an overstatement at the time of application, subject to the penalty provision of sections 17053.98.1(d)(2) and 23698.1(d)(2) of the Revenue and Taxation Code. The form must be signed by the Director of the CFC or their designee to be valid. This is to avoid draft documents, or counterfeit documents being considered a legal notification of tax credit allocation. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a standalone form issued to each approved applicant which contains a number of fillable fields and graphic brand elements.

Diversity, Equity, Inclusion, and Accessibility Checklist, CFC Form DEIA1 (January 1, 2027)

Form DEIA1 is the diversity, equity, inclusion, and accessibility (DEIA) workplan checklist required from all qualified motion picture projects under the California Film and Television Tax Credit Program 4.0 pursuant to and consistent with sections 17053.98.1(b)(5), 17053.98.1(b)(19)(B)(vi), 23698.1(b)(5) and 23698.1(b)(19)(B)(vi) of the Revenue and Taxation Code. The form contains a number of best practices related to inclusive hiring, equity education, industry capacity building, and supplier diversity. Applicants are required to acknowledge that they have read each section and must date and sign the form and submit it during Phase II of the application process, pursuant to section 5553(m)(9) of the regulations. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a standalone form in use by all approved applicants which contains a large quantity of text as well as graphic brand elements.

Diversity, Equity, Inclusion, and Accessibility Workplan, CFC Form DEIA2 (January 1, 2027)

Form DEIA2 is the workplan required from applicants opting into the DEIA provisions of the California Film and Television Tax Credit Program 4.0 pursuant to and consistent with sections 17053.98.1(g)(3)(D)(ii)(I) and 23698.1(g)(3)(D)(ii)(I) of the Revenue and Taxation Code. The form contains a number of questions and prompts within the areas of inclusive hiring, equity education, industry capacity building, and supplier diversity that prompt applicants to set goals for their qualified motion picture project. The goals the applicant sets for their project in Form DEIA2 will be the basis for CFC’s review and determination of good-faith efforts toward those goals prior to the final audit. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a multi-page form in use by all applicants that opt in to the DEIA provisions of the program which contains a number of fillable fields and graphic brand elements.

Diversity, Equity, Inclusion, and Accessibility Interim Assessment, CFC Form DEIA3 (January 1, 2027)

Form DEIA3 is the interim assessment required from applicants opting into the DEIA provisions of the California Film and Television Tax Credit Program 4.0 pursuant to and consistent with sections 17053.98.1(g)(3)(D)(ii)(II) and 23698.1(g)(3)(D)(ii)(II) of the Revenue and Taxation Code. The form contains questions and prompts within the areas of inclusive hiring, equity education, industry capacity building, and supplier diversity that enable applicants to describe their interim progress toward the goals they set for their qualified motion picture project in their previously submitted workplan. The interim assessment enables the CFC to determine whether the information submitted by the applicant indicates that they are meeting the standard of good-faith efforts toward their set goals prior to the final assessment. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a multi-page form in use by all applicants that opt in to the DEIA provisions of the program which contains a number of fillable fields and graphic brand elements.

Diversity, Equity, Inclusion, and Accessibility Final Assessment, CFC Form DEIA4 (January 1, 2027)

Form DEIA4 is part one of the final assessment required from applicants opting into the DEIA provisions of the California Film and Television Tax Credit Program 4.0 pursuant to and consistent with sections 17053.98.1(g)(3)(D)(ii)(III) and 23698.1(g)(3)(D)(ii)(III) of the Revenue and Taxation Code. Part two is the demographic data required by all applicants, which is submitted separately from the final assessment and not included on this form. The form contains questions and prompts within the areas of inclusive hiring, equity education, industry capacity building, and supplier diversity that enable applicants to describe how they have met or made a good-faith effort to meet the goals they set for their qualified motion picture project in their initial workplan. The final assessment enables the CFC to determine whether the applicant has met the standard of good-faith effort toward their set goals and is the basis of determination of whether an applicant is eligible to have ninety-six percent (96%) or one hundred percent (100%) of their allocated tax credits certified, subject to verification and audit, pursuant to sections 17053.98.1(g)(3)(D)(i) and 23698.1(g)(3)(D)(i) of the Revenue and Taxation Code. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a multi-page form in use by all applicants that opt in to the DEIA provisions of the program which contains a number of fillable fields and graphic brand elements.

Diversity, Equity, Inclusion, and Accessibility Final Assessment, CFC Form DEIA5 (January 1, 2027)

Form DEIA5 is part two in accordance with section 5555(b)(5)(H) and shall be submitted within sixty (60) calendar days of the creation of the final element. This form includes a listing of voluntary, self-reported race/ethnicity, gender, veteran status, disability status, and ZIP Code 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. In addition, a listing of voluntary, self-reported race/ethnicity, gender, veteran status, disability status, and ZIP Code 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. 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.

Career Pathways, CFC Form CPP4 (January 1, 2027)
Form CPP4 provides information needed to verify that the production fulfilled the Career Pathways Program requirement pursuant to sections 17053.98.1(d)(1)(L) and 23698.1(d)(1)(L) of the Revenue and Taxation Code and enables the CFC to confirm receipt of an applicant's contribution in a consistent manner for inclusion in the final audit documentation. The information requested and provided includes relevant business entity information, specific approved project information, amounts, relevant dates, relationship between the individual or entity issuing the check and the project, as well as the CFC's verification of submission to the fiscal agent and relevant tracking information. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a standalone form in use by and issued to all approved applicants which contains a number of fillable fields and graphic brand elements.

Career Readiness, CFC Forms CR4-1, CR4-2, CR4-3, CR4-4, CR4-5 (January 1, 2027)
Forms CR4-1 through CR4-5 provide information needed to verify that the production fulfilled the Career Readiness Program requirement in one of five possible ways established in section 5554.1(b) of the regulations. CR4-1, for the paid internship/traineeship option, requires contact information for the production company, dates, total number of hours, and duties involved in the internship/traineeship, verification that the intern or trainee was at least 18 years old, from an approved organization and that the payroll records were reviewed. It also requires an acknowledgement from the organization and the intern/trainee, name of the school or career-based learning organization, areas of focus during the internship, name of production, supervisor's name and signature. CR4-2, for the professional skills tour option, requires contact information for the production company, dates, location, and brief description of the tour, and acknowledgement by the tour organizer. CR4-3, for faculty externships, requires similar production company contact information, as well externship dates, hours, and description of externship duties; an extern acknowledgement is also required. CR4-4, for the classroom workshop/panel option, requires production company information, the names and titles of all presenters, presentation date and number of hours, and primary contact signature. An acknowledgement from the participating organization, including the number of students participating, is also required. CR4-5, for the financial contribution option, requires production company information, the name of the organization/fund and dollar amount of the contribution, and any specific use of funds. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as they are standalone forms in use by approved applicants, where each applicant will utilize one out of the five forms to document their compliance with the requirements of sections 17053.98.1(d)(1)(K) and 23698.1(d)(1)(K) of the Revenue and Taxation Code, and as they contain a number of fillable fields and graphic brand elements.

Animation Monthly Status Report CFC Form A (January 1, 2027)
Form A is required from applicants for animation projects during the production period of the California Film and Television Tax Credit Program 4.0. The form contains questions and prompts within the areas of the current production cycle, significant changes in financing or budget, ensuring production is on track to spend 75% of expenditures in California, if any work is being outsourced out of California, or any significant changes to the production schedule, final element date, or tax credit application.

Local Community Expenditure Report, CFC Form LCER4 (January 1, 2027)
Form LCER4 requires applicants to submit the following information if they have expenditures in any one county outside of Los Angeles County: production title, queue number, county, shoot dates in the county, total shoot days for project and in the county, total number of hotel room nights in the county. It also requests statistics on local hired cast, crew, and extras (number and payroll), and local vendors (costs for hotel, permits/fees, other local expenditures) and total local vendor spend. In the event the production provided any other types of community support, events, or sponsorship, the production may include that on the form. This information enables the CFC to have statistics on the economic impact of productions participating in the California Film and Television Tax Credit Program 4.0 on counties throughout the state. In addition, it is used to verify information related to the jobs ratio increase as well as the additional allocation related filming, wages, and expenditures outside the Los Angeles zone, in accordance with sections 17053.98.1(a)(4)(D)-(E), 17053.98.1(g)(2)(D)(iii)(I), 23698.1(a)(4)(D)-(E), and 23698.1(g)(2)(D)(iii)(I) of the Revenue and Taxation Code. It would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations as this is a standalone form in active use by applicants throughout the program, which may be submitted on more than one occasion for a single project, and which contains a number of fillable fields and graphic brand elements.

Agreed Upon Procedures, CFC Form AUP (January 1, 2027)
Pursuant to sections 17053.98.1(g)(3)(B) and 23698.1(g)(3)(B) of the Revenue and Taxation Code, the CFC is tasked with establishing audit requirements that must be satisfied before the credit certificate is issued. Form AUP includes required procedures for the certified public accountant (CPA) performing the final qualified motion picture audit, and contains prompts, methods of calculation, acceptable sampling, and expectations for corrections as well as other procedures for verification of the statutory and regulatory requirements for a qualified motion picture project that has received a tax credit allocation, completed their project, and is applying for tax credit certification. The procedures were developed with the help of CPAs with insight into the motion picture production industry for use in both the California Film and Television Tax Credit Program 3.0 and the California Soundstage Filming Tax Credit Program, and mirror those in applicable part, though amendments, updates, and additions have been made to align the procedures with Program 4.0 requirements. Because the AUP is a detailed procedures document that follows the statutory and regulatory provisions of the program, it would be cumbersome, unduly expensive, and impractical to publish the document in the California Code of Regulations.

Tax Credit Certificate, CFC Form M4 (January 1, 2027)
Form M4 is the actual tax credit certificate issued by the CFC pursuant to sections 17053.98.1(g)(3)(C) and 23698.1(g)(3)(C) of the Revenue and Taxation Code and is the document that will be submitted to the Franchise Tax Board or the Board of Equalization by the approved applicant. The information on this form is obtained from the most current information received in the request for a tax credit certificate and includes information about the entity receiving the credits, the applicant's taxpayer ID, the copyright registration number for the approved project, and a seller's permit number, if applicable. The actual tax credit allocation will be based on review of all the qualified wages and expenditures and may differ from the number requested, if any of the wages or expenditures submitted did not meet the program criteria. The form must be signed by the Director of the CFC or their designee to be valid. This is to avoid draft documents, or counterfeit documents being considered a legal notification of tax credit certification. It would be cumbersome, unduly expensive, and impractical to publish the

document in the California Code of Regulations as this is a standalone form issued to all approved applicants which contains a number of fillable fields and graphic brand elements.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDIES, REPORTS, OR DOCUMENTS RELIED UPON

The CFC did not rely upon any technical, theoretical, or empirical studies, reports, or documents in the development of these regulations.

REASONABLE ALTERNATIVES TO THE REGULATION AND THE OFFICE'S REASON FOR REJECTING THOSE ALTERNATIVES

The CFC conducted multiple meetings with industry and labor stakeholders, as well as subject matter experts (SME), during the drafting of these regulations. Stakeholder and SME feedback was considered in all aspects of the language development and incorporated whenever feasible for program implementation. Outside of those workgroup meetings, no additional alternatives were presented to or considered by the CFC. These regulations implement Revenue and Taxation Code sections 17053.98.1 and 23698.1.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS

The CFC has not identified any alternatives that would lessen any adverse impact on small business. This proposal will, in fact, provide more opportunities for small business as it affords more production companies the opportunity to film in California.

EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT ON ANY BUSINESS

The CFC has determined that the proposed regulations would not have a significant adverse economic impact on businesses. These regulations will provide for an increase in revenue and employment in California by bringing more filming business into California.

SPECIFIC TECHNOLOGY OR EQUIPMENT

These proposed regulations do not mandate the use of specific technologies or equipment.

CONSULTATION WITH THE GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-Biz)

The CFC has worked in close consultation with GO-Biz in the development of the proposed amendments to these regulations, as required pursuant to section 17053.98.1(e)(1)(B) and 23698.1(e)(1)(B) of the Revenue and Taxation Code. GO-Biz has reviewed and approved the regulations in their entirety prior to public notice.

JOINTLY PRESCRIBED APPLICATION WITH THE FRANCHISE TAX BOARD (FTB)

The CFC is required to jointly prescribe the application for tax credit allocation under the California Film and Television Tax Credit Program 4.0 with the FTB, pursuant to section 17053.98.1(g)(2)(A) and 23698.1(g)(2)(A) of the Revenue and Taxation Code. The CFC has received input and approval from the FTB on program application content.