



Production Alert

Upcoming Application Windows Labor Disruption Due to Union Strike Soundstage Filming Program Changes

UPCOMING APPLICATION WINDOWS - MODIFIED

The windows for the next two applications are listed below. Please note that the application dates for films have been slightly modified; the television window remains the same. Applicants should begin to prepare budget and materials early. Qualified expenditure budgets should reflect qualified expenditures on or after the approval dates, as listed below.

FEATURE FILMS APPLICATION WINDOW - INDIE, NON-INDEPENDENT

- Application: **July 31 - August 2, 2023**
 - Phase II: **August 3 - 7, 2023**
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- Approval Date: **September 4, 2023**

TELEVISION APPLICATION WINDOW - NEW TV, RECURRING, RELOCATING, PILOTS, LIMITED SERIES

- Application: **September 5 - 7, 2023**
- Phase II: **September 8 - 12, 2023**
- Approval Date: **October 9, 2023**

The Production Alert sent on June 27, 2023 contained detailed information about lowest jobs ratios and available funding for films. An alert will be sent out in the next few weeks regarding the September television application window. In addition, the California Film Commission website provides updated informational documents and video tutorials to assist tax credit applicants during the application process. Applicants are strongly advised to review each resource prior to project budgeting and scheduling. For further questions, please email the Tax Credit Department.

LABOR DISRUPTION AND FORCE MAJEURE

According to the Tax Credit Program statute:

“Force Majeure” means an event or series of events, which are not under the control of the qualified tax payer, 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**, terrorist activities or government sanction.

The impact of the WGA and SAG-AFTRA strike on tax credit productions is considered a force majeure situation. Approved tax credit applicants impacted by the strike that affects their ability to satisfy timeline requirements are eligible to submit a force majeure request; this includes deadlines for 180-day start of principal photography, 120-day hiatus, and/or 30-month final element creation. Once a force majeure submission is deemed valid, the California Film Commission will effectively stop the clock on the timeline requirements and resume them at such time as productions can recommence filming operations. When the strike is settled, the CFC will issue a notice to tax credit productions to assess modified timeline requirements. If approved productions fail to present an updated schedule within 4 weeks, the CFC will assume the production is not moving forward and will remove the project from the queue. Qualified expenditures will continue to qualify during the force majeure period, assuming a credit allocation letter has already been issued.

Please contact the CFC for project-specific questions.

SOUNDSTAGE FILMING PROGRAM CHANGES

On July 10, 2023, Governor Gavin Newsom signed SB 132 which extends the California Film Tax Credit Program an additional five years, beginning July 1, 2025. In addition, modifications to the existing Program 3.0 and the Soundstage Filming Program were included in SB 132. In anticipation of the approval of Soundstage Filming Program Emergency Regulations by August 22, 2023, below is a brief summary of amendments that will apply at the time of approval:

SOUNDSTAGE FILMING PROGRAM AMENDMENTS

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1. Definitions of Documentary, Reality television series, Scripted series, and Limited series have been added to regulations to better clarify program eligibility. Definitions of Column-free and Permanent grid have been added to ensure that soundstages built or repurposed for use with LED volumes are eligible for the program.
 2. Studio Construction Project certification period extended from three to five years.
 3. A Force Majeure provision and process has been instated for certified soundstages.
 4. Soundstage Wage requirement modified from \$7.5M to \$5M during the production period.
 5. Soundstage Program allocation cap sum modified to the greater of \$12 million or \$750,000 per episode of a season of a television series.
 6. Soundstage Wage requirement modified from \$7.5M to \$5M during the production period.
 7. Requirements in the application process related to statistics, supporting documentation, budget content and formats, and voluntary programs, have been clarified. Requirements for recurring television series subsequent applications have been clarified.
 8. Language requiring certain application information related to company and financial details, previously referred to as LAO documents, has been repealed.
 9. Provisions clarifying transfer of project ownership, and prohibitions against duplicate applications or substituting the project which applied for a tax credit with a different project when seeking certification.
 10. Stage shooting day requirement corrected to apply within the production period.
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11. "Disability status" has been added to the factors that must be considered in diversity workplans.
 12. Process for submission of the final diversity report has been clarified; the report must be submitted and reviewed by the CFC prior to an applicant's Phase C (tax credit certification) submission as the outcome of CFC's review will impact the final audit.
 13. Career Readiness participation has been expanded to include California State University students, and recent graduates; Career Readiness forms submission is now required upon completion of a qualifying event.
 14. Career Pathways payment deadline and CAL forfeiture clarified; possibility of extension instated; requirements in case of an increased allocation clarified; acceptable payment methods clarified. A new form for submission and receipt of Career Pathways payments has been created.
 15. Timeframe for certification of allocated tax credits instated. In effect, there is no change to the amount of time an applicant may take to seek certification of their credits, however, new provisions require applicants to, within a set timeframe, apply for certification of allocated credits, notify the CFC that they forfeit their allocated credits, or to request an extension of the timeframe. Multiple extensions may be granted. These provisions are added to ensure that applicants continue to communicate their intent to the CFC and keep their contact information up to date in order to avoid accumulation of unclaimed credits that cannot be re-allocated for a project that ceases communication with the CFC without formally forfeiting their allocated credits.
 16. End credits requirements have been updated to include a five-second static logo prior to below-the-line credits for better visibility.
 17. The Local Community Expenditure Report forms have been updated to capture out-of-zone spending more broadly (for data collection purposes only, no impact to the related uplift).
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18. Terms and requirements for projects filming on a certified or once certified soundstage but not receiving an allocation under the Soundstage Program are clarified in SB 132; recurring TV series receive an allocation for the life of the series, other eligible qualified motion pictures may utilize a jobs ratio advantage when applying to Program 4.0.
 19. Process and requirements for the annual workforce report relating to wages paid for operation, maintenance and repairs of the certified soundstages have been developed with more detail to provide clarity, timelines, as well as more detailed format and mode of submission guidelines. In addition, a process for delegation of responsibility in specified cases has been instated.

The California Film Commission is currently proposing regulatory changes for both Program 3.0 and the Soundstage Filming Program; many of the applicable changes listed above are also being proposed for Program 3.0. However, as those are proposed through the regular rulemaking process, they will not go into effect until November 2023. To receive up-to-date information, sign-up to receive CFC production alerts.

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