

CA SB 132, Chaptered

California

SUMMARY: Provides that existing law, requires a motor vehicle dealer to pay the applicable sales tax, or use tax pursuant to the Transactions and Use Tax Law, to the Department of Motor Vehicles acting for and on behalf of the California Department of Tax and Fee Administration. Authorizes CDTFA to exempt a licensed dealer from the requirement to pay the applicable taxes to DMV under certain conditions. Relates to fees imposed pursuant to the Electronic Waste Recycling Act of 2003. Appropriates funds.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

01/23/2025 INTRODUCED.

02/05/2025 To SENATE Committee on BUDGET AND FISCAL REVIEW.

03/17/2025 Withdrawn from SENATE Committee on BUDGET AND FISCAL REVIEW.

03/17/2025 In SENATE. Ordered to second reading.

03/18/2025 In SENATE. Read second time. To third reading.

03/20/2025 In SENATE. Senate Rules suspended.

03/20/2025 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY.

03/24/2025 To ASSEMBLY Committee on BUDGET.

06/24/2025 From ASSEMBLY Committee on BUDGET with author's amendments.

06/24/2025 In ASSEMBLY. Read second time and amended. Re-referred to Committee on BUDGET.

06/27/2025 In ASSEMBLY. Suspend Assembly Rule 96.

06/27/2025 Withdrawn from ASSEMBLY Committee on BUDGET.

06/27/2025 In ASSEMBLY. Ordered to third reading.

06/27/2025 In ASSEMBLY. Assembly Rule 63 suspended.

06/27/2025 In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE for concurrence.

06/27/2025 In SENATE. SENATE concurred in ASSEMBLY amendments. To enrollment.

06/27/2025 Enrolled.

06/27/2025 *****To GOVERNOR.

06/27/2025 Signed by GOVERNOR.

06/27/2025 Chaptered by Secretary of State. Chapter No. 2025-017

~

session: California 2025-26 Regular Session

cite: 2025 CA SB 132

Chaptered

June 27, 2025

Budget & Fiscal Review

Senate Bill No. 132

CHAPTER 17

An act to amend Sections 6041.2, 6295, 7292.8, 17039, 17039.4, 17052.10, 17053.91, 17053.98.1, 17055, 19282, 23691, 23698.1, 25128, and 36001 of, to amend the heading of Part 16 (commencing with Section 36001) of Division 2 of, to add Section 36006 to, to repeal Section 7292.9 of, to add and repeal Sections 17052.11, 17132.9, 17132.10, 17138.7, 17157.5, 24309.2, and 24309.9 of, and to add and repeal Part 10.4.1 (commencing with Section 19910) of Division 2 of, the Revenue and Taxation Code, and to add Section 10010 to the Welfare and Institutions Code, relating to taxation, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 27, 2025. Filed with Secretary of State June 27, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 132, Committee on Budget and Fiscal Review. Taxation.

TEXT OMITTED, DOES NOT PERTAIN TO FILM

(7) The Personal Income Tax Law and the Corporation Tax Law allow numerous motion picture credits. Existing law, for taxable years beginning on or after January 1, 2025, allows a motion picture credit (motion picture credit 4.0) to be allocated by the California Film Commission on or after July 1, 2025, and before July 1, 2030, in an amount equal to 20% or 25% of qualified expenditures for the production of a qualified motion picture in this state, and limits the aggregate amount of the credit that may be allocated for a fiscal year to \$330,000,000, as specified. Existing law allows a qualified taxpayer to elect to be paid a refund if the amount allowable as a credit under the motion picture credit 4.0 exceeds the qualified taxpayer's tax liability for the taxable year, and allows the excess to be carried over, as specified.

This bill, for the above-described motion picture credit, would increase the aggregate amount of the credit that may be allocated for a fiscal year to \$750,000,000, as specified, and would correct erroneous cross-references in those provisions. By requiring additional moneys to be paid from the Tax Relief and Refund Account, a continuously appropriated fund, the bill would make an appropriation.

TEXT OMITTED, DOES NOT PERTAIN TO FILM

SEC. 10. Section 17053.98.1 of the Revenue and Taxation Code is amended to read:

17053.98.1. (a) (1) For taxable years beginning on or after January 1, 2025, there shall be allowed to a qualified taxpayer a credit against the "net tax," as defined in Section 17039, subject to a computation and ranking by the California Film Commission in subdivision (g) and the allocation amount categories described in subdivision (i), in an amount equal to 20 or 25 percent, whichever is the applicable credit percentage described in paragraph (4), of the qualified expenditures for the production of a qualified motion picture in California. A credit shall not be allowed under this section for any qualified expenditures for the production of a motion picture in California if a credit has been claimed for those same expenditures under Section 17053.85, 17053.95, or 17053.98.

(2) Except as otherwise provided in this section, the credit shall be allowed for the taxable year in which the California Film Commission issues the credit certificate pursuant to subdivision (g) for the qualified motion picture, but in no instance prior to July 1, 2025, and shall be for the applicable percentage of all qualified expenditures paid or incurred by the qualified taxpayer in all taxable years for that qualified motion picture.

(3) (A) The amount of the credit allowed to a qualified taxpayer shall be limited to the amount specified in the credit certificate issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g).

(B) In determining the amount specified in the credit certificate in subparagraph (A), the California Film Commission shall be limited to the following amounts of qualified expenditures for each qualified motion picture:

(i) In the case of a feature, up to one hundred million dollars (\$100,000,000).

(ii) In the case of a miniseries or limited series described in clause (ii) of subparagraph (A) of paragraph (19) of subdivision (b), up to one hundred million dollars (\$100,000,000).

(iii) In the case of a television series described in clause (iii) or clause (v) of subparagraph (A) of paragraph (19) of subdivision (b), up to one hundred million dollars (\$100,000,000) per season.

(iv) In the case of an independent film, up to ten million dollars (\$10,000,000).

(4) For purposes of paragraphs (1) and (2), the applicable credit percentage shall be as follows:

(A) Twenty percent of the qualified expenditures attributable to the production of a qualified motion picture in

California, including, but not limited to, a feature or a television series that relocated to California that is in its second or subsequent years of receiving a tax credit allocation pursuant to this section, or Section 17053.85, 17053.95, or 17053.98.

(B) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture in California where the qualified motion picture is a television series that relocated to California in its first year of receiving a tax credit allocation pursuant to this section.

(C) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture that is an independent film.

(D) Additional credits shall be allowed for the production of a qualified motion picture which applicable credit percentage is determined pursuant to subparagraph (A), in an aggregate amount not to exceed 5 percent of the qualified expenditures under that subparagraph, as follows:

(i) (I) Five percent of qualified expenditures, excluding qualified wages described in subparagraph (E), relating to original photography outside the Los Angeles zone.

(II) For purposes of this clause and subparagraph (E):

(ia) "Applicable period" means the period that commences with preproduction and ends when original photography concludes. The applicable period includes the time necessary to strike a remote location and return to the Los Angeles zone.

(ib) "Los Angeles zone" means the area within a circle 30 miles in radius from Beverly Boulevard and La Cienega Boulevard, Los Angeles, California, and includes Agua Dulce, Castaic, including Castaic Lake, Leo Carrillo State Beach, Ontario International Airport, Piru, and Pomona, including the Los Angeles County Fairgrounds. The Metro-Goldwyn-Mayer, Inc. Conejo Ranch property is within the Los Angeles zone.

(ic) "Original photography" includes principal photography and reshooting original footage.

(id) "Qualified expenditures relating to original photography outside the Los Angeles zone" means amounts paid or incurred during the applicable period for tangible personal property purchased or leased and used or consumed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone and qualified wages paid for services performed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone.

(ii) Five percent of the qualified expenditures relating to qualified visual effects attributable to the production of a qualified motion picture in California.

(E) (i) Notwithstanding subparagraph (D), an amount equal to 10 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture which applicable credit percentage is determined pursuant to subparagraph (A).

(ii) Notwithstanding subparagraph (D), an amount equal to 5 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture which applicable credit percentage is determined pursuant to subparagraph (B) or (C).

(b) For purposes of this section:

(1) "Ancillary product" means any article for sale to the public that contains a portion of, or any element of, the qualified motion picture.

(2) "Budget" means an estimate of all expenses paid or incurred during the production period of a qualified motion picture. It shall be the same budget used by the qualified taxpayer and production company for all qualified motion picture purposes.

(3) "Clip use" means a use of any portion of a motion picture, other than the qualified motion picture, used in the qualified motion picture.

(4) "Credit certificate" means the certificate issued by the California Film Commission pursuant to subparagraph (D) of paragraph (3) of subdivision (g).

(5) "Diversity workplan checklist" means a checklist developed by regulation by the California Film Commission

that may include consideration of inclusive hiring above the line, inclusive hiring below the line, equity education, industry capacity building and supplier diversity as part of any diversity workplan.

(6) (A) "Employee fringe benefits" means the amount allowable as a deduction under this part to the qualified taxpayer involved in the production of the qualified motion picture, exclusive of any amounts contributed by employees, for any year during the production period with respect to any of the following:

(i) Employer contributions under any pension, profit sharing, annuity, or similar plan.

(ii) Employer-provided coverage under any accident or health plan for employees.

(iii) The employer's cost of life or disability insurance provided to employees.

(B) Any amount treated as wages under clause (i) of subparagraph (A) of paragraph (21) shall not be taken into account under this paragraph.

(7) "Independent film" means a motion picture with a minimum budget of one million dollars (\$1,000,000) that is produced by a company that is not publicly traded and publicly traded companies do not own, directly or indirectly, more than 25 percent of the producing company.

(8) "Jobs ratio" means the amount of qualified wages paid to qualified individuals divided by the amount of tax credit, not including any additional credit allowed pursuant to subparagraphs (D) and (E) of paragraph (4) of subdivision (a), as computed by the California Film Commission. For the purposes of the calculation of the jobs ratio only, 70 percent of qualified expenditures for visual effects paid to third-party vendors for work performed in California shall be deemed to be qualified wages paid to a qualified individual.

(9) "Licensing" means any grant of rights to distribute the qualified motion picture, in whole or in part.

(10) "New use" means any use of a motion picture in a medium other than the medium for which it was initially created.

(11) "Pilot for a new television series" means the initial episode produced for a proposed television series.

(12) (A) "Postproduction" means the final activities in a qualified motion picture's production, including editing, foley recording, automatic dialogue replacement, sound editing, scoring, music track recording by musicians and music editing, beginning and end credits, negative cutting, negative processing and duplication, the addition of sound and visual effects, sound mixing, film-to-tape transfers, encoding, and color correction.

(B) "Postproduction" does not include the manufacture or shipping of release prints or their equivalent.

(13) "Preproduction" means the process of preparation for actual physical production which begins after a qualified motion picture has received a firm agreement of financial commitment, or is greenlit, with, for example, the establishment of a dedicated production office, the hiring of key crew members, and includes, but is not limited to, activities that include location scouting and execution of contracts with vendors of equipment and stage space.

(14) "Principal photography" means the phase of production during which the motion picture is actually shot, as distinguished from preproduction and postproduction.

(15) "Production period" means the period beginning with preproduction and ending upon completion of postproduction.

(16) "Qualified entity" means a personal service corporation as defined in Section 269A(b)(1) of the Internal Revenue Code, a payroll services corporation, or any entity receiving qualified wages with respect to services performed by a qualified individual.

(17) "Qualified expenditures" means amounts paid or incurred for tangible personal property purchased or leased, and used, within this state in the production of a qualified motion picture and payments, including qualified wages, for services performed within this state in the production of a qualified motion picture.

(18) (A) "Qualified individual" means any individual who performs services during the production period in an activity related to the production of a qualified motion picture.

(B) "Qualified individual" shall not include either of the following:

(i) Any individual related to the qualified taxpayer as described in subparagraph (A), (B), or (C) of Section 51(i)(1) of the Internal Revenue Code.

(ii) Any 5-percent owner, as defined in Section 416(i)(1)(B) of the Internal Revenue Code, of the qualified taxpayer.

(19) (A) "Qualified motion picture" means a motion picture that is produced for distribution to the general public, regardless of medium, that is one of the following:

(i) A feature with a minimum production budget of one million dollars (\$1,000,000).

(ii) A miniseries or limited series consisting of two or more episodes, each longer than 40 minutes of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iii) A new television series of episodes longer than 40 minutes each of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iv) An independent film.

(v) A television series that relocated to California.

(vi) A pilot for a new television series that is longer than 40 minutes of running time, exclusive of commercials, that is produced in California, and with a minimum production budget of one million dollars (\$1,000,000).

(B) To qualify as a "qualified motion picture," all of the following conditions shall be satisfied:

(i) At least 75 percent of the principal photography days occur wholly in California or 75 percent of the production budget is incurred for payment for services performed within the state and the purchase or rental of property used within the state.

(ii) Production of the qualified motion picture is completed within 30 months from the date on which the qualified taxpayer's application is approved by the California Film Commission. For purposes of this section, a qualified motion picture is "completed" when the process of postproduction has been finished.

(iii) The copyright for the motion picture is registered with the United States Copyright Office pursuant to Title 17 of the United States Code.

(iv) Principal photography of the qualified motion picture commences after the date on which the application is approved by the California Film Commission, but no later than 180 days after the date of that approval if the qualified motion picture has a budget with qualified expenditures of less than one hundred million dollars (\$100,000,000), and no later than 240 days after the date of that approval in the case of a qualified motion picture with a budget of qualified expenditures with at least one hundred million dollars (\$100,000,000), unless death, disability, or disfigurement of the director or of a principal cast member; an act of God, including, but not limited to, fire, flood, earthquake, storm, hurricane, or other natural disaster; terrorist activities; or government sanction has directly prevented a production's ability to begin principal photography within the prescribed 180- or 240-day commencement period.

(v) (I) At least 75 percent of production costs for picture editing and postproduction sound labor and services shall be incurred in California.

(II) This requirement shall only apply to a qualified motion picture applying for an allocation of credits under this section pursuant to subparagraph (G) of paragraph (8) of subdivision (k) of Section 17053.98 or Section 23698.

(vi) Provides a diversity workplan checklist.

(C) For the purposes of subparagraph (A), in computing the total wages paid or incurred for the production of a qualified motion picture, all amounts paid or incurred by all persons or entities that share in the costs of the qualified motion picture shall be aggregated.

(D) "Qualified motion picture" shall not include commercial advertising, music videos, a motion picture produced for private noncommercial use, such as weddings, graduations, or as part of an educational course and made by students, a news program, current events or public events program, talk show, game show, sporting event or activity, awards show, telethon or other production that solicits funds, reality television program, clip-based programming if more than 50 percent of the content is comprised of licensed footage, documentaries, variety programs, daytime dramas, strip shows, one-half hour (air time) episodic television shows, or any production that falls within the recordkeeping requirements of Section 2257 of Title 18 of the United States Code.

(20) (A) "Qualified taxpayer" means a taxpayer who has paid or incurred qualified expenditures, participated in the Career Readiness requirement in Section 17053.95, and has been issued a credit certificate by the California

Film Commission pursuant to subdivision (g).

(B) In the case of any pass-thru entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section is not allowed to the pass-thru entity, but shall be passed through to the partners or shareholders in accordance with applicable provisions of Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). For purposes of this paragraph, "pass-thru entity" means any entity taxed as a partnership or "S" corporation.

(21) "Qualified visual effects" means visual effects where at least 75 percent or a minimum of ten million dollars (\$10,000,000) of the qualified expenditures for the visual effects are paid or incurred in California.

(22) (A) "Qualified wages" means all of the following:

(i) Any wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code that were paid or incurred by any taxpayer involved in the production of a qualified motion picture with respect to a qualified individual for services performed on the qualified motion picture production within this state.

(ii) The portion of any employee fringe benefits paid or incurred by any taxpayer involved in the production of the qualified motion picture that are properly allocable to qualified wage amounts described in clauses (i), (iii), and (iv).

(iii) Any payments made to a qualified entity for services performed in this state by qualified individuals within the meaning of paragraph (17).

(iv) Remuneration paid to an independent contractor who is a qualified individual for services performed within this state by that qualified individual.

(B) "Qualified wages" shall not include any of the following:

(i) Expenses, including wages, related to new use, reuse, clip use, licensing, secondary markets, or residual compensation, or the creation of any ancillary product, including, but not limited to, a soundtrack album, toy, game, trailer, or teaser.

(ii) Expenses, including wages, paid or incurred with respect to acquisition, development, turnaround, or any rights thereto.

(iii) Expenses, including wages, related to financing, overhead, marketing, promotion, or distribution of a qualified motion picture.

(iv) 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.

(23) "Recurring television series" means any television series that was previously approved and issued a credit allocation letter under this section.

(24) "Residual compensation" means supplemental compensation paid at the time that a motion picture is exhibited through new use, reuse, clip use, or in secondary markets, as distinguished from payments made during production.

(25) "Reuse" means any use of a qualified motion picture in the same medium for which it was created, following the initial use in that medium.

(26) "Secondary markets" means media in which a qualified motion picture is exhibited following the initial media in which it is exhibited.

(27) "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 75 percent 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 provided pursuant to this section is the primary reason for relocating to California.

(c) (1) Notwithstanding any other law, a qualified taxpayer may sell any credit allowed under this section that is attributable to an independent film, as defined in paragraph (7) of subdivision (b), to an unrelated party.

(2) The qualified taxpayer shall report to the Franchise Tax Board prior to the sale of the credit, in the form and manner specified by the Franchise Tax Board, all required information regarding the purchase and sale of the credit, including the social security or other taxpayer identification number of the unrelated party to whom the credit has been sold, the face amount of the credit sold, and the amount of consideration received by the qualified taxpayer for the sale of the credit.

(3) In the case where the credit allowed under this section exceeds the "net tax," the excess credit may be carried over to reduce the "net tax" in the following taxable year, and succeeding eight taxable years, if necessary, until the credit has been exhausted.

(4) A credit shall not be sold pursuant to this subdivision to more than one taxpayer, nor may the credit be resold by the unrelated party to another taxpayer or other party.

(5) A party that has acquired tax credits under this subdivision shall be subject to the requirements of this section.

(6) In no event may a qualified taxpayer assign or sell any tax credit to the extent the tax credit allowed by this section is claimed on any tax return of the qualified taxpayer.

(7) In the event that both the taxpayer originally allocated a credit under this section by the California Film Commission and a taxpayer to whom the credit has been sold both claim the same amount of credit on their tax returns, the Franchise Tax Board may disallow the credit of either taxpayer, so long as the statute of limitations upon assessment remains open.

(8) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board pursuant to this subdivision.

(9) Subdivision (g) of Section 17039 shall not apply to any credit sold pursuant to this subdivision.

(10) For purposes of this subdivision, the unrelated party or parties that purchase a credit pursuant to this subdivision shall be treated as a qualified taxpayer pursuant to paragraph (1) of subdivision (a).

(d) (1) No credit shall be allowed pursuant to this section unless the qualified taxpayer provides the following to the California Film Commission:

(A) Identification of each qualified individual.

(B) The specific start and end dates of production.

(C) The total wages paid.

(D) The total amount of qualified wages paid to qualified individuals.

(E) Aggregate data for individuals whose wages are excluded from qualified wages by clause (iv) of subparagraph (B) of paragraph (22) of subdivision (b), including their gender, ethnic, and racial makeup.

(F) The copyright registration number, as reflected on the certificate of registration issued under the authority of Section 410 of Title 17 of the United States Code, relating to registration of claim and issuance of certificate. The registration number shall be provided on the return claiming the credit.

(G) The total amounts paid or incurred to purchase or lease tangible personal property used in the production of a qualified motion picture.

(H) Information to substantiate its qualified expenditures.

(I) Information required by the California Film Commission under regulations promulgated pursuant to subdivision (g) necessary to verify the amount of credit claimed.

(J) Data regarding the diversity of the workforce employed by the applicant on the qualified motion picture, as described in subdivision (g).

(K) Documentation verifying completion of the Career Readiness requirement.

(L) Documentation verifying that the qualified taxpayer paid the Career Pathways Program fee.

(2) (A) Based on the information provided in paragraph (1), the California Film Commission shall recompute the jobs ratio previously computed in subdivision (g) and compare this recomputed jobs ratio to the jobs ratio that the qualified taxpayer previously listed on the application submitted pursuant to subdivision (g).

(B) (i) If the California Film Commission determines that the jobs ratio has been reduced by more than 10 percent for a qualified motion picture, the California Film Commission shall reduce the amount of credit allowed by an equal percentage, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(ii) If the California Film Commission determines that the jobs ratio has been reduced by more than 20 percent for a qualified motion picture, the California Film Commission shall not accept an application described in subdivision (g) from that qualified taxpayer or any member of the qualified taxpayer's controlled group for a period of not less than one year from the date of that determination, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(C) For the purposes of this paragraph, "reasonable cause" means unforeseen circumstances beyond the control of the qualified taxpayer, such as, but not limited to, the cancellation of a television series prior to the completion of the scheduled number of episodes or other similar circumstances as determined by the California Film Commission in regulations to be adopted pursuant to subdivision (e).

(e) (1) (A) Subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the California Film Commission shall prescribe rules and regulations to carry out the purposes of this section, including, but not limited to, the following:

(i) Subparagraph (D) of paragraph (4) of subdivision (a) and clause (iv) of subparagraph (D) of paragraph (2) of subdivision (g).

(ii) Any rules and regulations necessary to establish procedures, processes, requirements, and applications.

(iii) (I) Continuing a Career Pathways Program established pursuant to subdivision (e) of Sections 17053.98 and 23698 to fund technical skills training for individuals from underserved communities for entry into film and television jobs. The program shall be funded by a fee equal to 0.5 percent of the approved credit amount for a qualified motion picture. The program shall work with nonprofit organizations that have an established record of training and job placement in the entertainment industry, focus on training individuals from traditionally underserved communities, and offer training courses focused on skilled, technical positions that would be eligible for qualified wages if performed on a qualified motion picture as well as administrative- and industry-related technical occupations or soft skills training for the motion picture industry.

(II) Notwithstanding subclause (I), independent films are required to pay a fee equal to 0.25 percent of the approved credit amount for a qualified motion picture.

(iv) (I) Beginning in January 1, 2028, the California Film Commission, in collaboration with labor and industry stakeholders, has the authority to increase the Career Pathways Training program fee by 0.25 percent per year, up to 1 percent of the approved credit amount for a qualified motion picture, based on evaluation of available information, including, but not limited to, the number of jobs available, job growth in the industry, and information included in the annual reports of the Career Pathways Training program required pursuant to paragraph (10) of subdivision (g). The evaluation shall be included in the annual report to the Legislature.

(II) Independent films are not subject to an increase to the fee pursuant to subclause (I).

(B) Notwithstanding any other law, prior to preparing a notice of proposed action pursuant to Section 11346.4 of the Government Code and prior to making any revision to the proposed regulation other than a change that is nonsubstantial or solely grammatical in nature, the Governor's Office of Business and Economic Development shall first approve the proposed regulation or proposed change to a proposed regulation regarding allocating the credit pursuant to subdivision (i), computing the jobs ratio as described in subdivisions (d) and (g), and defining "reasonable cause" pursuant to subparagraph (C) of paragraph (2) of subdivision (d).

(2) The California Film Commission shall not be required to prepare an economic impact analysis pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) with regard to any rules and regulations adopted pursuant to this subdivision.

(f) If the qualified taxpayer fails to provide the copyright registration number as required in subparagraph (E) of paragraph (1) of subdivision (d), the credit shall be disallowed and assessed and collected under Section 19051 until the procedures are satisfied.

(g) For purposes of this section, the California Film Commission shall do all of the following:

(1) Subject to the requirements of subparagraphs (A) to (E), inclusive, of paragraph (2), on or after July 1, 2025, and before July 1, 2030, in two or more allocation periods per fiscal year, allocate tax credits to applicants.

(2) (A) Establish a procedure for applicants to file with the California Film Commission a written application, on a form jointly prescribed by the California Film Commission and the Franchise Tax Board for the allocation of the tax credit. The application shall include, but not be limited to, all of the following information:

(i) The budget for the motion picture production.

(ii) The number of production days.

(iii) A financing plan for the production.

(iv) The diversity of the workforce employed by the applicant, including, but not limited to, the ethnic and racial makeup of the individuals employed by the applicant during the production of the qualified motion picture, to the extent possible.

(v) The amount of qualified wages the applicant expects to pay to qualified individuals.

(vi) The amount of tax credit the applicant computes the qualified motion picture will receive, applying the applicable credit percentages described in paragraph (4) of subdivision (a).

(vii) A statement establishing that the tax credit described in this section is a significant factor in the applicant's choice of location for the qualified motion picture. The statement shall include information about whether the qualified motion picture is at risk of not being filmed or specify the jurisdiction or jurisdictions in which the qualified motion picture will be located in the absence of the tax credit. The statement shall be signed by an officer or executive of the applicant.

(viii) The applicant's written policy against unlawful harassment, including, but not limited to, sexual harassment, which includes procedures for reporting and investigating harassment claims, a phone number for an individual who will be responsible for receiving harassment claims, and a statement that the company will not retaliate against an individual who reports harassment. The applicant shall also indicate how the policy will be distributed to employees and include a summary of education training resources, including the prohibition against, and prevention and correction of, sexual harassment and remedies available.

(ix) If applicable, summary of the applicant's voluntary programs to increase the representation of minorities and women in the job classifications that are not included in qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (22) of subdivision (b) and information about how these programs are publicized to interested parties. The officer or executive referenced in clause (xi) who is signing the statement shall provide additional information about these programs, if needed and upon request, to the California Film Commission.

(x) Any other information deemed relevant by the California Film Commission or the Franchise Tax Board.

(B) Establish criteria, consistent with the requirements of this section, for allocating tax credits.

(C) Determine and designate applicants who meet the requirements of this section.

(D) For purposes of allocating the credit amounts subject to the categories described in subdivision (i) in any fiscal year, the California Film Commission shall do all of the following:

(i) For each allocation date and for each category, list each applicant from highest to lowest according to the jobs ratio as computed by the California Film Commission.

(ii) Subject to the applicable credit percentage, allocate the credit to each applicant according to the highest jobs ratio, working down the list, until the credit amount is exhausted.

(iii) (I) Pursuant to regulations adopted pursuant to subdivision (e), the California Film Commission may increase the jobs ratio by up to 25 percent if a qualified motion picture increases economic activity in California according to criteria developed by the California Film Commission that would include, but not be limited to, those factors as, the amount of the production and postproduction spending in California, the utilization of scoring musicians in California, and other criteria measuring economic impact in California as determined by the California Film Commission.

(II) For qualified motion pictures that are described in clause (i) of subparagraph (G) of paragraph (8) of subdivision (k) of Section 17053.98 and Section 23698, the jobs ratio shall be equal to the product of the jobs ratio calculated in paragraph (8) of subdivision (b) and 133 percent.

(iv) Notwithstanding any other law, any television series, relocating television series, or any new television series based on a pilot for a new television series that has been approved and issued a credit allocation by the California Film Commission under this section, Section 17053.85, 17053.95, 17053.98, 23685, 23695, or 23698.1 shall be issued a credit for each subsequent season, for the life of that television series whenever credits are allocated within a fiscal year. The California Film Commission shall limit the amount of credits any recurring television series receives in a subsequent season to no more than the amount reserved in its prior fiscal year Credit Allocation Letter or Letters, or if no amounts were reserved in the prior fiscal year, the most immediate prior fiscal year in which a Credit Allocation Letter or Letters were received. In the event that insufficient tax credits are available to fund all recurring television series pursuant to this clause for any fiscal year or in the event the California Film Commission projects, in collaboration with the Department of Finance, that there will be insufficient tax credits available to fund all recurring television series in either of the subsequent two fiscal years, the California Film Commission shall make the following adjustments in the order given until the shortfall, or any projected shortfall for the two subsequent fiscal years, for recurring television series is eliminated:

(I) Notwithstanding clause (iii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to the relocating television series category to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(II) Notwithstanding clause (iv) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to a new television series to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(III) Notwithstanding clause (ii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit allocations from the features category to the recurring television series category for that fiscal year until the shortfall is eliminated.

(IV) Allocate up to 25 percent of total credit allocations that would otherwise be allocated in the 2029-30 fiscal year to recurring television series in the current fiscal year until the shortfall is eliminated. Any amounts transferred for allocation in the current fiscal year shall be subtracted from the amount allowed to be allocated in the 2029-30 fiscal year as specified in subdivision (i). Notwithstanding paragraph (3), the credit allocations that are subtracted from the 2029-30 fiscal year shall not be certified until July 1, 2030 or later.

(V) The California Film Commission shall consult with the qualified taxpayers who are producing the recurring television series for purposes of negotiating a minimally impactful reduction in the amount of credits awarded to each recurring television series for that fiscal year until the shortfall is eliminated.

(E) Subject to the annual cap and the allocation credit amounts based on categories described in subdivision (i), allocate an aggregate amount of credits under this section and Section 23698.1, and allocate any carryover of unallocated or unused credits from prior years and Sections 17053.85, 17053.95, 17053.98, 23685, 23695, and 23698 and the amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(3) Certify tax credits allocated to qualified taxpayers and do all of the following:

(A) Establish a verification procedure to do both of the following:

(i) Update the information in subparagraph (A) of paragraph (2) of subdivision (g), including, but not limited to, the amounts of qualified expenditures paid or incurred by the applicant.

(ii) Ensure that the final safety evaluation report required pursuant to Section 9152 of the Labor Code has been submitted.

(B) Establish audit requirements that shall be satisfied before a credit certificate may be issued by the California Film Commission.

(C) Issue a credit certificate to a qualified taxpayer upon completion of the qualified motion picture reflecting the credit amount allocated after qualified expenditures have been verified and the jobs ratio computed under this section. The amount of credit shown on the credit certificate shall not exceed the amount of credit allocated to that qualified taxpayer pursuant to this section.

(D) (i) Notwithstanding any other law, the California Film Commission shall certify a credit amount equal to 96 percent of the total credit allocated to the qualified taxpayer, unless the qualified taxpayer chooses to submit a diversity workplan and the California Film Commission determines that the qualified taxpayer has met or made a

good-faith effort to meet the diversity goals in its diversity workplan, pursuant to clause (ii).

(ii) The California Film Commission shall certify an additional credit amount equal to 4 percent of the total credit allocated to the qualified taxpayer if a qualified taxpayer submits to the California Film Commission, in the form and manner required by the commission, all of the following:

(I) A diversity workplan within 30 days after receiving a credit allocation letter. The workplan shall be consistent with the diversity workplan checklist to address diversity and be broadly reflective of California's population in terms of race, ethnicity, gender, and disability status, and shall include all of the following:

(ia) A statement of the diversity goals the motion picture will seek to achieve in terms of qualified wages.

(ib) A statement of the diversity goals the motion picture will seek to achieve for individuals whose wages are excluded from qualified wages.

(ic) A plan of what strategies the motion picture will employ to achieve the goals in this subclause and subclause (II).

(id) Other requirements as the California Film Commission shall determine by regulation.

(II) An interim assessment on the qualified taxpayer's efforts to meet the diversity workplan prior to the commencement of principal photography. Upon review pursuant to a procedure prescribed in regulations, the California Film Commission shall determine whether the interim assessment indicates that the qualified motion picture is making a good-faith effort to meet the goals of the diversity workplan and shall notify the qualified motion picture of its findings.

(III) A final diversity assessment that includes information about how the project met or made a good-faith effort to meet the diversity workplan, including, but not limited to, aggregate data, voluntarily self-reported by individuals whose wages are included in qualified wages and individuals whose wages are excluded from qualified wages, with regard to their race, ethnicity, gender, and disability status.

(iii) The California Film Commission, in consultation with the Governor's Office of Business and Economic Development, shall establish guidelines to evaluate diversity workplans as described in this subparagraph. The guidelines shall be posted on the California Film Commission's internet website.

(iv) The California Film Commission shall approve or reject the diversity workplan of an applicant, to the extent allowed by federal and state law.

(v) This subparagraph shall not apply to an independent film with qualified expenditures of ten million dollars (\$10,000,000) or less.

(vi) The requirements of this subparagraph shall not apply to a recurring television series receiving an allocation of credits under this section pursuant to clause (ii) of subparagraph (G) of paragraph (8) of subdivision (k) of Section 17053.98 or Section 23698 and fulfills the diversity workplan and report requirements pursuant to subdivision (k) of Section 17053.98 or Section 23698.

(vii) A qualified motion picture described in subparagraph (D) of paragraph (8) of subdivision (k) of Section 17053.98 or Section 23698 that applies for an allocation of credits under this section shall be subject to the requirements of this subparagraph and not those of clause (iv) of subparagraph (B) of paragraph (2) of subdivision (k) of Sections 17053.98 and 23698 and paragraph (3) of subdivision (k) of Sections 17053.98 and 23698.

(4) Obtain, when possible, the following information from applicants that do not receive an allocation of credit:

(A) Whether the qualified motion picture that was the subject of the application was completed.

(B) If completed, in which state or foreign jurisdiction was the primary principal photography completed.

(C) Whether the applicant received any financial incentives from the state or foreign jurisdiction to make the qualified motion picture in that location.

(5) Provide the Legislative Analyst's Office, upon request, any or all application materials or any other materials received from, or submitted by, applicants for which a credit allocation decision has been made, including, but not limited to, applicants that did not receive a credit allocation. Materials provided to the Legislative Analyst's Office shall be in electronic format when available and include, but not be limited to, information provided pursuant to subclauses (I) to (III), inclusive, of clause (ii) of subparagraph (D) of paragraph (3).

(6) The information provided to the California Film Commission pursuant to this section shall constitute confidential tax information for purposes of Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2.

(7) (A) Notwithstanding any other law, on or after July 1, 2030, the California Film Commission may allocate, pursuant to this section, any previously allocated credits not certified that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(B) For purposes of this section, "previously allocated credits not certified" means either of the following:

(i) Credits allocated under paragraph (1) for which the qualified taxpayer to which the credit amounts were originally allocated has notified the California Film Commission in writing that the qualified taxpayer will not request certification for the allocated credits.

(ii) The difference between the amount of credits allocated under paragraph (1) to a qualified taxpayer and the amount of credits the California Film Commission certified, for that qualified taxpayer. For purposes of calculating the difference, the California Film Commission shall not consider any credit amounts for which the qualified taxpayer notifies the California Film Commission under clause (i).

(8) Notwithstanding any other law, on or after July 1, 2030, the California Film Commission may allocate, pursuant to this section, any credit amounts described in subparagraphs (B) and (E) of paragraph (1) of subdivision (i) that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(9) The California Film Commission shall submit a report to the Legislature, on an annual basis beginning June 30, 2027, containing diversity data provided by the applicants. The report shall contain, in the aggregate and per project, an assessment of whether the diversity workplan goals required by this section were met for qualified motion pictures that submitted the final assessment to the California Film Commission in the prior fiscal year. The assessment shall contain an account of diversity workplans submitted, interim assessments submitted, and final assessments submitted, as well as which categories of the diversity workplan checklist established pursuant paragraph (5) of subdivision (b) were included. In the event that a report is required pursuant to paragraph (9) of subdivision (g) of Section 17053.98 and Section 23698 in the same year as a report is required under this paragraph, the reports may be combined to one report.

(10) Beginning January 1, 2025, the California Film Commission shall collect information to the extent available and based on data provided by the Career Pathways Training program, about the breakdown of spending by the Career Pathways Program, how participation in the Career Pathways Program by both program partners and participants has changed in comparison to prior years, whether graduates of the program are accessing jobs in the film industry upon completion of the program, what projects the students have worked on, whether those projects received a tax credit, whether students are employed in California or another state, and the aggregated self-reported and voluntarily provided ethnic, racial, gender, and disability status of such individuals. The California Film Commission shall report to the Legislature, in compliance with Section 9795 of the Government Code, and publish on its internet website an annual report about the Career Pathways Training program, with the above information. Such information shall be reported for participants for five years following a participant's completion of the Career Pathways Training program, to the extent the information is available. This paragraph shall be applicable consistent with federal and state law.

(h) (1) The California Film Commission shall annually provide the Legislative Analyst's Office, the Franchise Tax Board, and the California Department of Tax and Fee Administration with a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission. The list shall include the names and taxpayer identification numbers, including taxpayer identification numbers of each partner or shareholder, as applicable, of the qualified taxpayer.

(2) (A) Notwithstanding paragraph (6) of subdivision (g), the California Film Commission shall annually post on its internet website and make available for public release all of the following:

(i) A table which includes all of the following information: a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission, 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.

(ii) A narrative staff summary describing the production of the qualified taxpayer as well as background information regarding the qualified taxpayer contained in the qualified taxpayer's application for the credit.

(iii) The diversity report submitted annually to the Legislature described in paragraph (2) of subdivision (g) organized per production and an aggregate compilation describing the voluntary programs collected pursuant to clause (xiii) of subparagraph (A) of paragraph (2) of subdivision (g).

(B) Nothing in this subdivision shall be construed to make the information submitted by an applicant for a tax credit under this section a public record, including for the purposes of the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(3) The California Film Commission shall provide each city and county in California with an instructional guide that includes, but is not limited to, a review of best practices for facilitating motion picture production in local jurisdictions, resources on hosting and encouraging motion picture production, and the California Film Commission's Model Filming Ordinance. The California Film Commission shall maintain on its internet website a list of initiatives by locality that encourage motion picture production in regions across the state. The list shall be distributed to each approved applicant for the program to highlight local jurisdictions that offer incentives to facilitate film production.

(i) (1) (A) The aggregate amount of credits that may be allocated for a fiscal year pursuant to this section and Section 23698.1 is seven hundred fifty million dollars (\$750,000,000), plus any amount described in subparagraph (B), (C), (D), or (E) in credits for the 2025-26 fiscal year and each fiscal year thereafter, through and including the 2029-30 fiscal year, except as provided in paragraph (7) of subdivision (g).

(B) (i) Subject to clauses (ii) and (iii), the unused allocation credit amount, if any, for the preceding fiscal year.

(ii) The amount of unused credit allocation attributable to independent films shall only be allocated according to clause (i) of subparagraph (A) of paragraph (2).

(iii) The total amount of any unused credit allocation amount that is remaining shall only be allocated pursuant to clause (iv) of subparagraph (A) of paragraph (2).

(C) The amount of previously allocated credits not certified.

(D) The amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(E) That portion of any unused allocation credit amount, if any, attributable to Section 17053.85, 17053.95, 17053.98, 23685, 23695, or 23698 available for that fiscal year in a manner as determined by regulations promulgated by the California Film Commission.

(2) (A) Notwithstanding the foregoing, and subject to paragraph (4) of this subdivision and changes in allocations pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), the California Film Commission shall allocate the credit amounts subject to the following categories:

(i) Independent films with qualified expenditures of ten million dollars (\$10,000,000) or less shall be allocated 4.8 percent of the amount specified in paragraph (1). Independent films with qualified expenditures in excess of ten million dollars (\$10,000,000) shall be allocated 3.2 percent of the amount specified in paragraph (1). These amounts shall be in addition to any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(ii) Features shall be allocated 35 percent of the amount specified in paragraph (1).

(iii) A relocating television series shall be allocated 17 percent of the amount specified in paragraph (1).

(iv) A new television series, pilots for a new television series, miniseries, and recurring television series shall be allocated 40 percent of the amount specified in paragraph (1), plus any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(B) Within any allocation period for credits to a relocating television series, any unused amount shall be reallocated to the category described in clause (iv) of subparagraph (A) and, if any unused amount remains, reallocated in the next allocation period for credits to a relocating television series.

(C) With respect to a relocating television series issued a credit in a subsequent year pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), that subsequent credit amount shall be allowed from the allocation amount described in clause (iv) of subparagraph (A).

(3) Any act that reduces the amount that may be allocated pursuant to paragraph (1) constitutes a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution and may be passed by not less than two-thirds of all Members elected to each of the two houses of the Legislature.

(4) A qualified motion picture, as defined in subdivision (k) of Sections 17053.98 and 23698, shall not be eligible for an allocation under subdivisions (a) to (j), inclusive, if it receives a credit under subdivision (k) of Section 17053.98 or Section 23698 during that fiscal year.

(j) The California Film Commission shall have the authority to allocate tax credits in accordance with this section and in accordance with any regulations prescribed pursuant to subdivision (e) upon adoption.

(k) (1) A qualified taxpayer may make a one-time election to be paid a refund for each taxable year of the refundable period, not to exceed the annual refundable amount.

(2) For purposes of this subdivision, the following definitions shall apply:

(A) "Annual refundable amount" means 20 percent of the total refundable amount.

(B) (i) "Credit amount" means the credit amount specified in the credit certificate issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g).

(ii) In the case of a pass-thru entity, the "credit amount" described in paragraphs (2) and (3) means the pro rata share or distributive share of the credit passed through to the partner or shareholder of the qualified taxpayer. For purposes of this subclause, the term "pass-thru entity" means any partnership, "S" corporation, or limited liability company treated as a partnership.

(iii) In the case of an assigned credit, the "credit amount" means the credit amount that was assigned to the taxpayer.

(C) "Refundable period" means the first taxable year that the credit certificate is issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g), and the succeeding four taxable years.

(D) "Total refundable amount" means 90 percent of the credit amount that exceeds the "net tax" in the first taxable year of the refundable period.

(3) The refund shall be computed as follows:

(A) (i) In the first taxable year of the refundable period, the credit amount shall be allowed against the "net tax" computed under this part for the taxable year.

(ii) If the credit allowed by this section exceeds the "net tax" in the first taxable year of the refundable period, the annual refundable amount shall be refunded to the qualified taxpayer.

(B) (i) In each taxable year after the first taxable year of the refundable period, the annual refundable amount shall be allowed as a credit against the "net tax" computed under this part for the taxable year, and the excess, if any, shall be refunded to the qualified taxpayer.

(ii) If the qualified taxpayer's tax liability for the taxable year exceeds the annual refundable amount, only the annual refundable amount shall be allowed as a credit against the qualified taxpayer's "net tax."

(4) (A) In the first taxable year of the refundable period, the total refundable amount, less the annual refundable amount, shall be carried over to the succeeding taxable year.

(B) In each taxable year other than first taxable year of refundable period, the total refundable amount, less the annual refundable amount allowed against the qualified taxpayer's "net tax" or refunded in the current and prior taxable years in the refundable period, shall be carried over to the next succeeding year of the refundable period.

(C) Notwithstanding paragraph (3) of subdivision (c), if an election is made pursuant to this subdivision, no amount of credit shall be allowed after the refundable period.

(5) Any refund pursuant to this subdivision shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the qualified taxpayer upon their election.

(6) An election made pursuant to this subdivision shall be irrevocable and shall be made on an original, timely filed return required under Part 10.2 (commencing with Section 18401) for the taxable year that the credit

certificate is issued in the form and manner as prescribed by the Franchise Tax Board.

(7) A taxpayer that purchases a credit pursuant to subdivision (c) cannot elect to be paid a refund pursuant to this subdivision.

(l) For the purposes of complying with Section 41 with respect to this section and Section 23698.1 the Legislature finds and declares all of the following:

(1) The specific goals, purposes, and objectives that the credits allowed by this section and Section 23698.1 will achieve include all of the following:

(A) To maintain and expand motion picture and television productions, and the quality of the jobs they provide, in California.

(B) To keep California's Film Tax Credit competitive with production incentives offered by other states and other countries.

(C) To increase the competitiveness of the tax credits allowed by this section and Section 23698.1 relative to previous California motion picture tax credit programs authorized by Sections 17053.85, 17053.95, 17053.98, 23685, 23695, and 23698 by allowing the tax credit to be refundable.

(2) The performance indicators for the Legislature to use in determining if the credits accomplish the specific goals, purposes, and objectives may include, but are not limited to, all of the following:

(A) The number and types of productions that apply for the tax credits allowed by this Section and Section 23698.1.

(B) The total amount of credit allocations applied for under this section and Section 23698.1.

(C) The total amount of credits allocated under this section and Section 23698.1.

(D) The total amount of credits certified as eligible to be claimed on a tax return under this section and Section 23698.1.

(E) The number of jobs included in the budgets of productions receiving the tax credits allocated by this section and Section 23698.1.

(F) The number of productions relocating from another state or country to California and receive the tax credits allocated by this section and Section 23698.1.

(G) A comparison of the performance indicators specified in paragraphs (1) to (6), inclusive, with results from California motion picture tax credit programs authorized by Sections 17053.85, 17053.95, 17053.98, 23685, 23695, and 23698.

(H) The total amount of credits allocated by this section and Section 23698.1 that are claimed as a refund on a tax return.

(3) On or before May 1, 2028, the Legislative Analyst's Office shall provide to the Assembly Committee on Revenue and Taxation, the Senate Committee on Governance and Finance, and the public a report evaluating the effectiveness of the tax credits allowed by this section and Section 23698.1 in achieving the metrics outlined in subdivision (a), including an assessment of the refundability of the tax credit in achieving those metrics. In researching the reports, the Legislative Analyst's Office may do all of the following:

(A) Request and receive all information of California Film Commission applicants for which a credit allocation decision has been made, including, but not limited to, applicants that did not receive a credit allocation, provided to the California Film Commission pursuant to subdivision (g) of this section and Sections 17053.95, 17053.98, 23695, 23698, and 23698.1.

(B) Request and receive all information provided to the Franchise Tax Board relating to the sale or assignment of credits pursuant to subdivision (c) of this section and Sections 17053.95, 17053.98, 23695, 23698, and 23698.1.

(C) Request and receive all information provided to the California Department of Tax and Fee Administration pursuant to subdivisions (c) and (g) of Section 6902.5.

(4) Notwithstanding Section 19542, the California Film Commission, the California Department of Tax and Fee Administration, the Franchise Tax Board, the Employment Development Department, and all other relevant state agencies shall provide additional information, as requested by the Legislative Analyst's Office, as necessary to research the report required by this subdivision.

(5) (A) The information received by the Legislative Analyst's Office pursuant to this section shall be considered confidential taxpayer information subject to Sections 7056, 7056.5, and 19542 of this code and Section 1094 of the Unemployment Insurance Code, and shall be subject to the appropriate confidentiality requirements of the participating state agency.

(B) The Legislative Analyst's Office may publish statistics in conjunction with the reports required by this section that are derived from information provided to the Legislative Analyst's Office pursuant to this section, if the published statistics are classified to prevent the identification of particular taxpayers, reports, and tax returns and the publication of the percentage of dividends paid by a corporation that is deductible by the recipient under Part 11 (commencing with Section 23001) of Division 2.

SEC. 11. Section 17055 of the Revenue and Taxation Code is amended to read:

17055. (a) An individual who is a nonresident or a part-year resident shall be allowed all credits provided under this part against the "net tax," as defined by Section 17039, except those described in subdivision (b) and in Section 17053.5, relating to the renter's credit, and Section 18002, relating to taxes paid to another state, in the same proportion as the ratio that "taxable income of a nonresident or part-year resident" computed under paragraph (1) of subdivision (i) of Section 17041 bears to "total taxable income," as defined in Section 17301.5.

(b) Credits allowed under this part that are conditional upon a transaction occurring wholly within California and the credit allowed under Section 17052.10 or 17052.11 shall be allowed in their entirety.

SEC. 12. Section 17132.9 is added to the Revenue and Taxation Code, to read:

17132.9. (a) For taxable years beginning on or after January 1, 2025, and before January 1, 2030, gross income shall not include retirement pay received by a qualified taxpayer during the taxable year, not to exceed twenty thousand dollars (\$20,000), from the federal government for service in the uniformed services.

(b) For purposes of this section, the following definitions apply:

(1) "Qualified taxpayer" means a taxpayer that satisfies either of the following:

(A) In the case of a surviving spouse or spouses filing a joint return, adjusted gross income, as required to be shown on the federal tax return for the same taxable year, does not exceed two hundred fifty thousand dollars (\$250,000).

(B) In the case of any other individual, adjusted gross income, as required to be shown on the federal tax return for the same taxable year, does not exceed one hundred twenty-five thousand dollars (\$125,000).

(2) "Uniformed services" means the Armed Forces of the United States, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the United States Public Health Service, and the National Oceanic and Atmospheric Administration Commissioned Officer Corps.

(c) This section shall remain in effect only until December 1, 2030, and as of that date is repealed.

SEC. 13. Section 17132.10 is added to the Revenue and Taxation Code, to read:

17132.10. (a) For taxable years beginning on or after January 1, 2025, and before January 1, 2030, gross income shall not include annuity payments received by a qualified taxpayer during the taxable year, not to exceed twenty thousand dollars (\$20,000), pursuant to a United States Department of Defense Survivor Benefit Plan.

(b) For purposes of this section, the following definitions apply:

(1) "Qualified taxpayer" means the surviving spouse or other named beneficiary of a plan who satisfies either of the following:

(A) In the case of a surviving spouse or spouses filing a joint return, adjusted gross income, as required to be shown on the federal tax return for the same taxable year, does not exceed two hundred fifty thousand dollars (\$250,000).

(B) In the case of any other individual, adjusted gross income, as required to be shown on the federal tax return for the same taxable year, does not exceed one hundred twenty-five thousand dollars (\$125,000).

(2) "United States Department of Defense Survivor Benefit Plan" or "plan" means a survivor benefit plan established pursuant to Sections 1447 to 1455, inclusive, of Title 10 of the United States Code.

(c) This section shall remain in effect only until December 1, 2030, and as of that date is repealed.

SEC. 14. Section 17138.7 is added to the Revenue and Taxation Code, to read:

17138.7. (a) For taxable years beginning on or after January 1, 2021, and before January 1, 2030, gross income shall not include any qualified amount received by a qualified taxpayer in the taxable year.

(b) For purposes of this section, the following definitions shall apply:

(1) "Qualified amount" means any amount received from a settlement entity by a qualified taxpayer in connection with a wildfire in California.

(2) "Qualified taxpayer" means any of the following:

(A) Any taxpayer who owns real property located in an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement entity, arising out of or pursuant to the wildfire.

(B) Any taxpayer who resides within an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement entity, arising out of or pursuant to the wildfire.

(C) Any taxpayer who has a place of business within an area damaged by a wildfire who paid or incurred expenses, and received amounts from a settlement entity, arising out of or pursuant to the wildfire.

(3) "Settlement entity" means the entity, approved by a class action settlement administrator, making the settlement payment to a qualified taxpayer.

(c) The settlement entity shall provide, upon request by the Franchise Tax Board or qualified taxpayer, documentation of the settlement payments in the form and manner requested by the Franchise Tax Board or the qualified taxpayer.

(d) The qualified taxpayer shall provide, upon request, all necessary information in the form and manner prescribed by the Franchise Tax Board.

(e) This section shall remain in effect only until December 1, 2030, and as of that date is repealed.

SEC. 15. Section 17157.5 is added to the Revenue and Taxation Code, to read:

17157.5. (a) For taxable years beginning on or after January 1, 2024, and before January 1, 2029, gross income does not include any Chiquita Canyon elevated temperature landfill event payment amount received by a taxpayer.

(b) For purposes of this section:

(1) "Chiquita Canyon elevated temperature landfill event" means the elevated temperature landfill event, beginning on May 1, 2022, that occurred beneath the Chiquita Canyon Landfill in the County of Los Angeles, California.

(2) "Chiquita Canyon elevated temperature landfill event payment" means any amount received by a taxpayer on or after March 1, 2024, as compensation for loss, damages, expenses, relocation, suffering, loss in real property value, closing costs with respect to real property, including realtor commissions, or inconvenience, including access to real property, resulting from the Chiquita Canyon elevated temperature landfill event, if the amount was provided by either of the following:

(A) A federal, state, or local governmental agency.

(B) Waste Connections, Inc., any subsidiary, insurer, or agent of Waste Connections, Inc., or any person related to Waste Connections, Inc.

(c) The payor shall provide, upon request by the Franchise Tax Board, documentation of the Chiquita Canyon elevated temperature landfill event payment amount in the form and manner requested by the Franchise Tax Board.

(d) This section shall remain operative only until December 1, 2029, and is repealed as of that date.

SEC. 16. Section 19282 of the Revenue and Taxation Code is amended to read:

19282. (a) Except as otherwise provided in subdivision (e), amounts collected under this article shall be transmitted to the Treasurer and deposited in the State Treasury to the credit of the Court Collection Account in the General Fund, which is hereby created. Amounts deposited in the Court Collection Account shall, less an amount that is equal to the costs incurred by the Franchise Tax Board in administering the program authorized by this article, be transferred by the Controller either to the county or to the state fund to which the amount due was

originally owing or as otherwise directed by contractual agreement. If the amount collected is not sufficient to satisfy the amounts referred for collection pursuant to Section 19280 that are to be paid by an offender, then the amount paid shall be allocated for distribution on a pro rata basis, as defined in subdivision (d), except in counties where the board of supervisors has established a priority of payment for amounts collected under this article pursuant to Section 1203.1d of the Penal Code. The amount that is equal to the costs incurred by the Franchise Tax Board in administering the program authorized by this article shall be transferred by the Controller to the General Fund for the purpose of recovering the amount expended by the Franchise Tax Board from General Fund appropriations for the purpose of implementing and administering the program authorized by this article, and related statutes as added or amended by the act adding this article.

(b) It is the intent of the Legislature that costs to the Franchise Tax Board to administer this article for the 2025-26 fiscal year and each fiscal year thereafter not exceed 20 percent of the amount it collects pursuant to this article.

(c) Notwithstanding Section 13340 of the Government Code, all moneys deposited in the Court Collection Account pursuant to this section are hereby continuously appropriated, without regard to fiscal years, for purposes of making distributions pursuant to subdivision (a).

(d) For purposes of this section, "pro rata basis" means a distribution determined as follows: the sum of the amounts referred for collection pursuant to Section 19280 to be paid by an offender shall be allocated and distributed in the same proportion that each of the elements has to the sum.

(e) For amounts collected pursuant to a restitution fine or restitution order, subdivision (a) is modified to require the deposit and disbursement of funds collected under this article to be in accordance with the laws relating to reimbursement of the State Restitution Fund.

SEC. 17. Part 10.4.1 (commencing with Section 19910) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 10.4.1. Small Business Relief Act

19910. (a) (1) For taxable years beginning on or after January 1, 2026, and before January 1, 2031, a qualified entity doing business in this state, as defined in Section 23101, and that is required to file a return under Section 18633, 18633.5, or subdivision (a) of Section 18601, may elect to annually pay an elective tax according to or measured by its qualified net income, defined in paragraph (2), computed at the rate of 9.3 percent for the taxable year for which the election is made.

(2) For purposes of this section, the "qualified net income" of a qualified entity means the sum of the pro rata share or distributive share of income, and any guaranteed payments, as described by Section 707(c) of the Internal Revenue Code, relating to guaranteed payments, subject to tax under Part 10 (commencing with Section 17001) for the taxable year of each qualified taxpayer, as defined in Section 17052.11.

(b) (1) The elective tax authorized by this part shall be in addition to, and not in place of, any other tax or fee required to be paid under Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001).

(2) The elective tax described in this part shall be assessed and collected under Part 10.2 (commencing with Section 18401).

(3) Unless the context otherwise requires, the definitions set forth in this part and those in Part 10 (commencing with Section 17001), Part 10.2 (commencing with Section 18401), or Part 11 (commencing with Section 23001) shall apply.

(c) (1) The qualified entity may include in its qualified net income the pro rata share or distributive share of the income of any of its partners, shareholders, or members upon their consent. A partner, shareholder, or member that does not consent does not prevent the qualified entity from making an election to pay the elective tax.

(2) All partners, shareholders, and members of the qualified entity shall be bound by the election made under this part for the taxable year.

(d) The election shall be irrevocable and shall be made on an original, timely filed return required under Part 10.2 (commencing with Section 18401) for the taxable year of the election in the form and manner as prescribed by the Franchise Tax Board.

19912. (a) For purposes of this part, "qualified entity" means an entity that meets both of the following requirements for the taxable year:

(1) The entity is taxed as a partnership or "S" corporation.

(2) The entity's partners, shareholders, or members in that taxable year are exclusively corporations, as defined in Section 23038, or taxpayers as defined in Section 17004.

(b) "Qualified entity" shall not include any of the following:

(1) Publicly traded partnerships, as defined in Section 7704 of the Internal Revenue Code, as it read on January 1, 2021, as modified by Section 17008.5.

(2) An entity that is permitted or required to be in a combined reporting group, as defined in paragraph (3) of subdivision (b) of Section 25106.5 of Title 18 of the California Code of Regulations.

19914. (a) The elective tax authorized by this part shall be due and payable as follows:

(1) On or before June 15 during the taxable year of the election, an amount equal to, or greater than, either 50 percent of the elective tax paid the prior taxable year or one thousand dollars (\$1,000), whichever is greater.

(2) On or before the due date of the original return that the qualified entity is required to file pursuant to Part 10.2 (commencing with Section 18401) without regard to any extension of time for filing the return for the taxable year of the election made pursuant to Section 19910, an amount equal to the amount of the elective tax under subdivision (a) of Section 19910, less the payment made on or before June 15 of the taxable year pursuant to paragraph (1).

(b) Notwithstanding subdivision (a), if no payment is made as required by paragraph (1) or (2) of subdivision (a), or if a payment is made that is less than the amount required by paragraph (1) or (2) of subdivision (a), a qualified entity may make the election under Section 19910 for that taxable year.

(c) All payments made pursuant to this section shall be made in the form and manner as prescribed by the Franchise Tax Board.

(d) This part shall not change any filing requirements under Part 10 (commencing with Section 17001), Part 10.2 (commencing with Section 18401), or Part 11 (commencing with Section 23001).

(e) (1) The Franchise Tax Board may adopt regulations that are necessary or appropriate to implement this part.

(2) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) shall not apply to any regulation, rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this part.

19916. (a) This part shall only become operative if the operation of Section 164(b)(6) of the Internal Revenue Code, relating to the limitation on individual deductions for taxable years 2018 through 2025, is extended.

(b) Except as provided in subdivision (c), this part shall remain in effect only until December 1, 2031, and as of that date is repealed.

(c) If before December 1, 2031, Section 164(b)(6) of the Internal Revenue Code, is repealed, this part would become inoperative for taxable years beginning on or after the January 1 after Section 164(b)(6) of the Internal Revenue Code is repealed, and this part shall be repealed as of December 1 of that year.

SEC. 18. Section 23691 of the Revenue and Taxation Code is amended to read:

23691. For each taxable year beginning on or after January 1, 2021, and before January 1, 2027, there shall be allowed to a taxpayer that receives a tax credit allocation a credit against the "tax," as defined in Section 23036, in an amount determined in accordance with Section 47 of the Internal Revenue Code, except as follows:

(a) (1) In lieu of the percentage specified in Section 47(a) of the Internal Revenue Code, except as provided in paragraph (2), the applicable percentage shall be 20 percent of the qualified rehabilitation expenditures with respect to a certified historic structure.

(2) The applicable percentage shall be 25 percent of the qualified rehabilitation expenditures with respect to a certified historic structure if that certified historic structure meets one of the following criteria:

(A) The structure is located on federal surplus property, if obtained by a local agency under Section 54142 of the Government Code, on surplus state real property, as defined by Section 11011.1 of the Government Code, or on surplus land, as defined by subdivision (b) of Section 54221 of the Government Code.

(B) The rehabilitated structure includes affordable housing for lower-income households, as defined by Section 50079.5 of the Health and Safety Code.

(C) The structure is located in a designated census tract, as defined in paragraph (7) of subdivision (b) of Section 17053.73.

(D) The rehabilitated structure is a part of a military base reuse authority established pursuant to Title 7.86 (commencing with Section 67800) of the Government Code.

(E) The structure is a transit-oriented development that is a higher density, mixed-use development within a walking distance of one-half mile of a transit station.

(b) For purposes of this section, the following definitions shall apply:

(1) "Certified historic structure" has the same meaning as defined in Section 47(c)(3) of the Internal Revenue Code, that is a structure in this state and is listed on the California Register of Historical Resources.

(2) "Qualified rehabilitation expenditure" has the same meaning as that term is defined in Section 47(c)(2) of the Internal Revenue Code, except that qualified rehabilitation expenditures may include expenditures in connection with the rehabilitation of a building without regard to whether any portion of the building is or is reasonably expected to be tax-exempt use property.

(c) (1) To be eligible for the credit allowed by this section, a taxpayer shall request a tax credit allocation from the California Tax Credit Allocation Committee, in conjunction with the Office of Historic Preservation.

(2) To obtain a tax credit allocation, the taxpayer shall provide necessary information, as determined by the Office of Historic Preservation and the California Tax Credit Allocation Committee.

(3) A tax credit allocation provided to a taxpayer shall not constitute a determination by the California Tax Credit Allocation Committee with respect to any of the requirements of this section regarding a taxpayer's eligibility for the credit authorized by this section.

(4) The Office of Historic Preservation shall establish in regulations the time period that a taxpayer who receives a tax credit allocation must commence rehabilitation after the issuance of the tax credit allocation. If rehabilitation is not commenced within the time period established by the office, the tax credit allocation shall be forfeited and the credit amount associated with the tax credit allocation shall be treated as an unused allocation tax credit amount.

(d) A deduction shall not be allowed under this part for any expense for which a credit for that expense is allowed by this section.

(e) If a credit is allowed under this section with respect to any property, the basis of that property shall be reduced by the amount of the credit allowed.

(f) (1) A credit allowed under this section shall be claimed in the first taxable year in which the structure is placed in service.

(2) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following year, and the seven succeeding years, if necessary, until the credit is exhausted.

(g) For purposes of this section, the Office of Historic Preservation shall do all of the following:

(1) Adopt regulations to implement the requirements of this section. The regulations shall comply with the requirements of the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(2) Establish a written application, on a form jointly prescribed by the office and the California Tax Credit Allocation Committee, for the allocation of the tax credit. The written application shall require the applicant to include a summary of the expected economic benefits of the project. The economic benefits shall include, but are not limited to, all of the following:

(A) The number of jobs created by the rehabilitation project, both during and after the rehabilitation of the structure.

(B) The expected increase in state and local tax revenues derived from the rehabilitation project, including those from increased wages and property taxes.

(C) Any additional incentives or contributions included in the rehabilitation project from federal, state, or local governments.

(3) Establish a process to determine that applicants meet the requirements of this section and to ensure that the rehabilitation project meets the Secretary of the Interior's Standards for Rehabilitation, as found in Part 67 of Title 36 of the Code of Federal Regulations.

(4) Establish a process to approve, or reject, all tax credit allocation applications.

(h) For purposes of this section, the California Tax Credit Allocation Committee shall do all of the following:

(1) Establish a process jointly with the Office of Historic Preservation to implement the provisions of this section.

(2) (A) Subject to the annual cap established as provided in subdivision (i), allocate on a first-come-first-served basis an aggregate amount of credits under this section and Section 17053.91, and allocate any carryover of unallocated credits from prior years.

(B) A taxpayer shall be allocated a tax credit pursuant to the taxpayer's tax credit allocation upon receipt by the California Tax Credit Allocation Committee of a cost certification for the qualified rehabilitation expenditures. For projects with qualified rehabilitation expenditures in excess of two hundred fifty thousand dollars (\$250,000), the cost certification shall be issued by a licensed certified public accountant.

(3) Certify tax credits allocated to taxpayers.

(4) Provide the Franchise Tax Board an annual list of the taxpayers that were allocated a credit pursuant to this section and Section 17053.91 including each taxpayer's taxpayer identification number, and the amount allocated to each taxpayer.

(i) (1) The aggregate amount of credits that may be allocated in any calendar year pursuant to this section and Section 17053.91 shall be an amount equal to the sum of all of the following:

(A) Fifty million dollars (\$50,000,000) in tax credits for the 2021 calendar year and each calendar year thereafter, through and including the 2027 calendar year.

(B) The unused allocation tax credit amount, if any, for the preceding calendar year.

(2) Notwithstanding the foregoing, the California Tax Credit Allocation Committee shall set aside eight million dollars (\$8,000,000) of tax credits that may be allocated each calendar year for taxpayers in the aggregate, pursuant to this paragraph and subparagraph (B) of paragraph (2) of subdivision (i) of Section 17053.91, with qualified rehabilitation expenditures of less than one million dollars (\$1,000,000). After providing for the reallocation pursuant to subparagraph (C) of paragraph (2) of subdivision (i) of Section 17053.91, to the extent that this amount is not fully allocated in any calendar year, the unused portion shall become available in subsequent calendar years for allocation to other taxpayers, except those taxpayers subject to subparagraph (A) of paragraph (2) of subdivision (i) of Section 17053.91.

(j) In the case of any application for tax credits by an entity treated as a partnership for income tax purposes:

(1) Credits awarded to a partnership shall be allocated to the partners of that partnership in accordance with the partnership agreement, regardless of how the federal historic rehabilitation tax credit with respect to the project is allocated to the partners, or whether the allocation of the credit under the terms of the partnership agreement has substantial economic effect, within the meaning of Section 704(b) of the Internal Revenue Code.

(2) To the extent the allocation of the credit to a partner under this section lacks substantial economic effect, any loss or deduction otherwise allowable under this part that is attributable to the sale or other disposition of that partner's partnership interest made prior to the expiration of the tax credit recapture period for the project described in paragraph (1) shall not be allowed in the taxable year in which the sale or other disposition occurs, but shall instead be deferred until, and treated as if, it occurred in the first taxable year immediately following the taxable year in which the tax credit recapture period expires for the project described in paragraph (1). The credits awarded to a partnership shall be allocated to the partners of that partnership in accordance with the partnership agreement.

(k) For purposes of this section, the provisions of subsection (a) of Section 50 of the Internal Revenue Code shall apply.

(l) Notwithstanding any other provision of this part, a credit allowed pursuant to this section may reduce the "tax"

below the tentative minimum tax, as defined by paragraph (1) of subdivision (a) of Section 23455.

(m) This section shall remain in effect regardless of the expiration or repeal of Section 47 of the Internal Revenue Code, relating to rehabilitation credit.

(n) The California Tax Credit Allocation Committee and the Office of Historic Preservation may charge a reasonable fee in an amount that does not exceed the reasonable costs incurred by the California Tax Credit Allocation Committee and the Office of Historic Preservation in fulfilling the responsibilities described in paragraphs (4) and (5) of subdivision (g) and subdivision (h) and paragraphs (4) and (5) of subdivision (g) and subdivision (h) of Section 17053.91.

(o) (1) This section shall remain in effect only until December 1, 2027, and as of that date is repealed.

(2) Unless otherwise specified in any bill providing for appropriations related to the Budget Act, for taxable years beginning on or after January 1, 2021, and before January 1, 2027, the amount of credit allowed pursuant to this section shall be zero dollars (\$0).

SEC. 19. Section 23698.1 of the Revenue and Taxation Code is amended to read:

23698.1. (a) (1) For taxable years beginning on or after January 1, 2025, there shall be allowed to a qualified taxpayer a credit against the "tax," as defined in Section 23036, subject to a computation and ranking by the California Film Commission in subdivision (g) and the allocation amount categories described in subdivision (i), in an amount equal to 20 or 25 percent, whichever is the applicable credit percentage described in paragraph (4), of the qualified expenditures for the production of a qualified motion picture in California. A credit shall not be allowed under this section for any qualified expenditures for the production of a motion picture in California if a credit has been claimed for those same expenditures under Section 23685, 23695, or 23698.

(2) Except as otherwise provided in this section, the credit shall be allowed for the taxable year in which the California Film Commission issues the credit certificate pursuant to subdivision (g) for the qualified motion picture, but in no instance prior to July 1, 2025, and shall be for the applicable percentage of all qualified expenditures paid or incurred by the qualified taxpayer in all taxable years for that qualified motion picture.

(3) (A) The amount of the credit allowed to a qualified taxpayer shall be limited to the amount specified in the credit certificate issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g).

(B) In determining the amount specified in the credit certificate in subparagraph (A), the California Film Commission shall be limited to the following amounts of qualified expenditures for each qualified motion picture:

(i) In the case of a feature, up to one hundred million dollars (\$100,000,000).

(ii) In the case of a miniseries or limited series described in clause (ii) of subparagraph (A) of paragraph (19) of subdivision (b), up to one hundred million dollars (\$100,000,000).

(iii) In the case of a television series described in clause (iii) or clause (v) of subparagraph (A) of paragraph (19) of subdivision (b), up to one hundred million dollars (\$100,000,000) per season.

(iv) In the case of an independent film, up to ten million dollars (\$10,000,000).

(4) For purposes of paragraphs (1) and (2), the applicable credit percentage shall be as follows:

(A) Twenty percent of the qualified expenditures attributable to the production of a qualified motion picture in California, including, but not limited to, a feature or a television series that relocated to California that is in its second or subsequent years of receiving a tax credit allocation pursuant to this section, or Section 23685, 23695, or 23698.

(B) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture in California where the qualified motion picture is a television series that relocated to California in its first year of receiving a tax credit allocation pursuant to this section.

(C) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture that is an independent film.

(D) Additional credits shall be allowed for the production of a qualified motion picture which applicable credit percentage is determined pursuant to subparagraph (A), in an aggregate amount not to exceed 5 percent of the qualified expenditures under that subparagraph, as follows:

(i) (I) Five percent of qualified expenditures, excluding qualified wages described in subparagraph (E), relating to original photography outside the Los Angeles zone.

(II) For purposes of this clause and subparagraph (E):

(ia) "Applicable period" means the period that commences with preproduction and ends when original photography concludes. The applicable period includes the time necessary to strike a remote location and return to the Los Angeles zone.

(ib) "Los Angeles zone" means the area within a circle 30 miles in radius from Beverly Boulevard and La Cienega Boulevard, Los Angeles, California, and includes Agua Dulce, Castaic, including Castaic Lake, Leo Carrillo State Beach, Ontario International Airport, Piru, and Pomona, including the Los Angeles County Fairgrounds. The Metro-Goldwyn-Mayer, Inc. Conejo Ranch property is within the Los Angeles zone.

(ic) "Original photography" includes principal photography and reshooting original footage.

(id) "Qualified expenditures relating to original photography outside the Los Angeles zone" means amounts paid or incurred during the applicable period for tangible personal property purchased or leased and used or consumed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone and qualified wages paid for services performed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone.

(ii) Five percent of the qualified expenditures relating to qualified visual effects attributable to the production of a qualified motion picture in California.

(E) (i) Notwithstanding subparagraph (D), an amount equal to 10 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture which applicable credit percentage is determined pursuant to subparagraph (A).

(ii) Notwithstanding subparagraph (D), an amount equal to 5 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture which applicable credit percentage is determined pursuant to subparagraph (B) or (C).

(b) For purposes of this section:

(1) "Ancillary product" means any article for sale to the public that contains a portion of, or any element of, the qualified motion picture.

(2) "Budget" means an estimate of all expenses paid or incurred during the production period of a qualified motion picture. It shall be the same budget used by the qualified taxpayer and production company for all qualified motion picture purposes.

(3) "Clip use" means a use of any portion of a motion picture, other than the qualified motion picture, used in the qualified motion picture.

(4) "Credit certificate" means the certificate issued by the California Film Commission pursuant to subparagraph (D) of paragraph (3) of subdivision (g).

(5) "Diversity workplan checklist" means a checklist developed by regulation by the California Film Commission that may include consideration of inclusive hiring above the line, inclusive hiring below the line, equity education, industry capacity building and supplier diversity as part of any diversity workplan.

(6) (A) "Employee fringe benefits" means the amount allowable as a deduction under this part to the qualified taxpayer involved in the production of the qualified motion picture, exclusive of any amounts contributed by employees, for any year during the production period with respect to any of the following:

(i) Employer contributions under any pension, profit sharing, annuity, or similar plan.

(ii) Employer-provided coverage under any accident or health plan for employees.

(iii) The employer's cost of life or disability insurance provided to employees.

(B) Any amount treated as wages under clause (i) of subparagraph (A) of paragraph (21) shall not be taken into account under this paragraph.

(7) "Independent film" means a motion picture with a minimum budget of one million dollars (\$1,000,000) that is produced by a company that is not publicly traded and publicly traded companies do not own, directly or indirectly, more than 25 percent of the producing company.

(8) "Jobs ratio" means the amount of qualified wages paid to qualified individuals divided by the amount of tax credit, not including any additional credit allowed pursuant to subparagraphs (D) and (E) of paragraph (4) of subdivision (a), as computed by the California Film Commission. For the purposes of the calculation of the jobs ratio only, 70 percent of qualified expenditures for visual effects paid to third-party vendors for work performed in California shall be deemed to be qualified wages paid to a qualified individual.

(9) "Licensing" means any grant of rights to distribute the qualified motion picture, in whole or in part.

(10) "New use" means any use of a motion picture in a medium other than the medium for which it was initially created.

(11) "Pilot for a new television series" means the initial episode produced for a proposed television series.

(12) (A) "Postproduction" means the final activities in a qualified motion picture's production, including editing, foley recording, automatic dialogue replacement, sound editing, scoring, music track recording by musicians and music editing, beginning and end credits, negative cutting, negative processing and duplication, the addition of sound and visual effects, sound mixing, film-to-tape transfers, encoding, and color correction.

(B) "Postproduction" does not include the manufacture or shipping of release prints or their equivalent.

(13) "Preproduction" means the process of preparation for actual physical production which begins after a qualified motion picture has received a firm agreement of financial commitment, or is greenlit, with, for example, the establishment of a dedicated production office, the hiring of key crew members, and includes, but is not limited to, activities that include location scouting and execution of contracts with vendors of equipment and stage space.

(14) "Principal photography" means the phase of production during which the motion picture is actually shot, as distinguished from preproduction and postproduction.

(15) "Production period" means the period beginning with preproduction and ending upon completion of postproduction.

(16) "Qualified entity" means a personal service corporation as defined in Section 269A(b)(1) of the Internal Revenue Code, a payroll services corporation, or any entity receiving qualified wages with respect to services performed by a qualified individual.

(17) "Qualified expenditures" means amounts paid or incurred for tangible personal property purchased or leased, and used, within this state in the production of a qualified motion picture and payments, including qualified wages, for services performed within this state in the production of a qualified motion picture.

(18) (A) "Qualified individual" means any individual who performs services during the production period in an activity related to the production of a qualified motion picture.

(B) "Qualified individual" shall not include either of the following:

(i) Any individual related to the qualified taxpayer as described in subparagraph (A), (B), or (C) of Section 51(i)(1) of the Internal Revenue Code.

(ii) Any 5-percent owner, as defined in Section 416(i)(1)(B) of the Internal Revenue Code, of the qualified taxpayer.

(19) (A) "Qualified motion picture" means a motion picture that is produced for distribution to the general public, regardless of medium, that is one of the following:

(i) A feature with a minimum production budget of one million dollars (\$1,000,000).

(ii) A miniseries or limited series consisting of two or more episodes, each longer than 40 minutes of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iii) A new television series of episodes longer than 40 minutes each of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iv) An independent film.

(v) A television series that relocated to California.

(vi) A pilot for a new television series that is longer than 40 minutes of running time, exclusive of commercials, that is produced in California, and with a minimum production budget of one million dollars (\$1,000,000).

(B) To qualify as a "qualified motion picture," all of the following conditions shall be satisfied:

(i) At least 75 percent of the principal photography days occur wholly in California or 75 percent of the production budget is incurred for payment for services performed within the state and the purchase or rental of property used within the state.

(ii) Production of the qualified motion picture is completed within 30 months from the date on which the qualified taxpayer's application is approved by the California Film Commission. For purposes of this section, a qualified motion picture is "completed" when the process of postproduction has been finished.

(iii) The copyright for the motion picture is registered with the United States Copyright Office pursuant to Title 17 of the United States Code.

(iv) Principal photography of the qualified motion picture commences after the date on which the application is approved by the California Film Commission, but no later than 180 days after the date of that approval if the qualified motion picture has a budget with qualified expenditures of less than one hundred million dollars (\$100,000,000), and no later than 240 days after the date of that approval in the case of a qualified motion picture with a budget of qualified expenditures with at least one hundred million dollars (\$100,000,000), unless death, disability, or disfigurement of the director or of a principal cast member; an act of God, including, but not limited to, fire, flood, earthquake, storm, hurricane, or other natural disaster; terrorist activities; or government sanction has directly prevented a production's ability to begin principal photography within the prescribed 180- or 240-day commencement period.

(v) (I) At least 75 percent of production costs for picture editing and postproduction sound labor and services shall be incurred in California.

(II) This requirement shall only apply to a qualified motion picture applying for an allocation of credits under this section pursuant to subparagraph (G) of paragraph (8) of subdivision (k) of Section 17053.98 or Section 23698.

(vi) Provides a diversity workplan checklist.

(C) For the purposes of subparagraph (A), in computing the total wages paid or incurred for the production of a qualified motion picture, all amounts paid or incurred by all persons or entities that share in the costs of the qualified motion picture shall be aggregated.

(D) "Qualified motion picture" shall not include commercial advertising, music videos, a motion picture produced for private noncommercial use, such as weddings, graduations, or as part of an educational course and made by students, a news program, current events or public events program, talk show, game show, sporting event or activity, awards show, telethon or other production that solicits funds, reality television program, clip-based programming if more than 50 percent of the content is comprised of licensed footage, documentaries, variety programs, daytime dramas, strip shows, one-half hour (air time) episodic television shows, or any production that falls within the recordkeeping requirements of Section 2257 of Title 18 of the United States Code.

(20) (A) "Qualified taxpayer" means a taxpayer who has paid or incurred qualified expenditures, participated in the Career Readiness requirement in Section 23695, and has been issued a credit certificate by the California Film Commission pursuant to subdivision (g).

(B) In the case of any pass-thru entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section is not allowed to the pass-thru entity, but shall be passed through to the partners or shareholders in accordance with applicable provisions of Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). For purposes of this paragraph, "pass-thru entity" means any entity taxed as a partnership or "S" corporation.

(C) In the case of an "S" corporation, the credit allowed under this section shall not be used by an "S" corporation as a credit against a tax imposed under Chapter 4.5 (commencing with Section 23800) of Part 11 of Division 2.

(21) "Qualified visual effects" means visual effects where at least 75 percent or a minimum of ten million dollars (\$10,000,000) of the qualified expenditures for the visual effects are paid or incurred in California.

(22) (A) "Qualified wages" means all of the following:

(i) Any wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code that were paid or incurred by any taxpayer involved in the production of a qualified motion picture with respect to a qualified individual for services performed on the qualified motion picture production within this state.

(ii) The portion of any employee fringe benefits paid or incurred by any taxpayer involved in the production of the qualified motion picture that are properly allocable to qualified wage amounts described in clauses (i), (iii), and (iv).

(iii) Any payments made to a qualified entity for services performed in this state by qualified individuals within the meaning of paragraph (17).

(iv) Remuneration paid to an independent contractor who is a qualified individual for services performed within this state by that qualified individual.

(B) "Qualified wages" shall not include any of the following:

(i) Expenses, including wages, related to new use, reuse, clip use, licensing, secondary markets, or residual compensation, or the creation of any ancillary product, including, but not limited to, a soundtrack album, toy, game, trailer, or teaser.

(ii) Expenses, including wages, paid or incurred with respect to acquisition, development, turnaround, or any rights thereto.

(iii) Expenses, including wages, related to financing, overhead, marketing, promotion, or distribution of a qualified motion picture.

(iv) 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.

(23) "Recurring television series" means any television series that was previously approved and issued a credit allocation letter under this section.

(24) "Residual compensation" means supplemental compensation paid at the time that a motion picture is exhibited through new use, reuse, clip use, or in secondary markets, as distinguished from payments made during production.

(25) "Reuse" means any use of a qualified motion picture in the same medium for which it was created, following the initial use in that medium.

(26) "Secondary markets" means media in which a qualified motion picture is exhibited following the initial media in which it is exhibited.

(27) "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 75 percent 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 provided pursuant to this section is the primary reason for relocating to California.

(c) (1) (A) Notwithstanding subdivision (i) of Section 23036, in the case where the credit allowed by this section exceeds the taxpayer's tax liability computed under this part, a qualified taxpayer may elect to assign any portion of the credit allowed under this section to one or more affiliated corporations for each taxable year in which the credit is allowed.

(B) For purposes of the election provided in subparagraph (A), all of the following shall apply:

(i) The election may be based on any method selected by the qualified taxpayer that originally receives the credit.

(ii) Once the election is made, it shall be irrevocable for the taxable year the credit is allowed.

(iii) The election may be changed for any subsequent taxable year if the election to make the assignment is expressly shown on each of the returns of the qualified taxpayer and the qualified taxpayer's affiliated corporations that assign and receive the credits.

(iv) The election shall be reported to the Franchise Tax Board, in the form and manner specified by the Franchise Tax Board, along with all required information regarding the assignment of the credit, including the corporation number, the federal employer identification number, or other taxpayer identification number of the assignee, and the amount of the credit assigned.

(C) For purposes of this paragraph, "affiliated corporation" has the same meaning provided in subdivision (b) of Section 25110, as of the last day of the taxable year in which the credit is allowed, except that "100 percent" is substituted for "more than 50 percent" wherever it appears in the section, and "voting common stock" is substituted for "voting stock" wherever it appears in the section.

(2) Notwithstanding any other law, a qualified taxpayer may sell any credit allowed under this section that is attributable to an independent film, as defined in paragraph (7) of subdivision (b), to an unrelated party.

(3) The qualified taxpayer shall report to the Franchise Tax Board prior to the sale of the credit, in the form and manner specified by the Franchise Tax Board, all required information regarding the purchase and sale of the credit, including the social security or other taxpayer identification number of the unrelated party to whom the credit has been sold, the face amount of the credit sold, and the amount of consideration received by the qualified taxpayer for the sale of the credit.

(4) In the case where the credit allowed under this section exceeds the "tax," the excess credit may be carried over to reduce the "tax" in the following taxable year, and succeeding eight taxable years, if necessary, until the credit has been exhausted.

(5) A credit shall not be sold pursuant to this subdivision to more than one taxpayer, nor may the credit be resold by the unrelated party to another taxpayer or other party.

(6) A party that has been assigned or acquired tax credits under this subdivision shall be subject to the requirements of this section.

(7) In no event may a qualified taxpayer assign or sell any tax credit to the extent the tax credit allowed by this section is claimed on any tax return of the qualified taxpayer.

(8) In the event that both the taxpayer originally allocated a credit under this section by the California Film Commission and a taxpayer to whom the credit has been sold both claim the same amount of credit on their tax returns, the Franchise Tax Board may disallow the credit of either taxpayer, so long as the statute of limitations upon assessment remains open.

(9) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board pursuant to this subdivision.

(10) Subdivision (g) of Section 23036 shall not apply to any credit sold pursuant to this subdivision.

(11) For purposes of this subdivision, the following shall apply:

(A) The unrelated party or parties that purchase a credit pursuant to paragraphs (2) to (10), inclusive, shall be treated as a qualified taxpayer pursuant to paragraph (1) of subdivision (a).

(B) An affiliated corporation or corporations that are assigned a credit pursuant to paragraph (1) shall be treated as a qualified taxpayer pursuant to paragraph (1) of subdivision (a).

(d) (1) No credit shall be allowed pursuant to this section unless the qualified taxpayer provides the following to the California Film Commission:

(A) Identification of each qualified individual.

(B) The specific start and end dates of production.

(C) The total wages paid.

(D) The total amount of qualified wages paid to qualified individuals.

(E) Aggregate data for individuals whose wages are excluded from qualified wages by clause (iv) of subparagraph (B) of paragraph (22) of subdivision (b), including their gender, ethnic, and racial makeup.

(F) The copyright registration number, as reflected on the certificate of registration issued under the authority of Section 410 of Title 17 of the United States Code, relating to registration of claim and issuance of certificate. The

registration number shall be provided on the return claiming the credit.

(G) The total amounts paid or incurred to purchase or lease tangible personal property used in the production of a qualified motion picture.

(H) Information to substantiate its qualified expenditures.

(I) Information required by the California Film Commission under regulations promulgated pursuant to subdivision (g) necessary to verify the amount of credit claimed.

(J) Data regarding the diversity of the workforce employed by the applicant on the qualified motion picture, as described in subdivision (g).

(K) Documentation verifying completion of the Career Readiness requirement.

(L) Documentation verifying that the qualified taxpayer paid the Career Pathways Program fee.

(2) (A) Based on the information provided in paragraph (1), the California Film Commission shall recompute the jobs ratio previously computed in subdivision (g) and compare this recomputed jobs ratio to the jobs ratio that the qualified taxpayer previously listed on the application submitted pursuant to subdivision (g).

(B) (i) If the California Film Commission determines that the jobs ratio has been reduced by more than 10 percent for a qualified motion picture, the California Film Commission shall reduce the amount of credit allowed by an equal percentage, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(ii) If the California Film Commission determines that the jobs ratio has been reduced by more than 20 percent for a qualified motion picture, the California Film Commission shall not accept an application described in subdivision (g) from that qualified taxpayer or any member of the qualified taxpayer's controlled group for a period of not less than one year from the date of that determination, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(C) For the purposes of this paragraph, "reasonable cause" means unforeseen circumstances beyond the control of the qualified taxpayer, such as, but not limited to, the cancellation of a television series prior to the completion of the scheduled number of episodes or other similar circumstances as determined by the California Film Commission in regulations to be adopted pursuant to subdivision (e).

(e) (1) (A) Subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the California Film Commission shall prescribe rules and regulations to carry out the purposes of this section, including, but not limited to, the following:

(i) Subparagraph (D) of paragraph (4) of subdivision (a) and clause (iv) of subparagraph (D) of paragraph (2) of subdivision (g).

(ii) Any rules and regulations necessary to establish procedures, processes, requirements, and applications.

(iii) (I) Continuing a Career Pathways Program established pursuant to subdivision (e) of sections 17053.98 and 23698 to fund technical skills training for individuals from underserved communities for entry into film and television jobs. The program shall be funded by a fee equal to 0.5 percent of the approved credit amount for a qualified motion picture. The program shall work with nonprofit organizations that have an established record of training and job placement in the entertainment industry, focus on training individuals from traditionally underserved communities, and offer training courses focused on skilled, technical positions that would be eligible for qualified wages if performed on a qualified motion picture as well as administrative- and industry-related technical occupations or soft skills training for the motion picture industry.

(II) Notwithstanding subclause (I), independent films are required to pay a fee equal to 0.25 percent of the approved credit amount for a qualified motion picture.

(iv) (I) Beginning in January 1, 2028, the California Film Commission, in collaboration with labor and industry stakeholders, has the authority to increase the Career Pathways Training program fee by 0.25 percent per year, up to 1 percent of the approved credit amount for a qualified motion picture, based on evaluation of available information, including, but not limited to, the number of jobs available, job growth in the industry, and information included in the annual reports of the Career Pathways Training program required pursuant to paragraph (10) of subdivision (g). The evaluation shall be included in the annual report to the Legislature.

(II) Independent films are not subject to an increase to the fee pursuant to subclause (I).

(B) Notwithstanding any other law, prior to preparing a notice of proposed action pursuant to Section 11346.4 of the Government Code and prior to making any revision to the proposed regulation other than a change that is nonsubstantial or solely grammatical in nature, the Governor's Office of Business and Economic Development shall first approve the proposed regulation or proposed change to a proposed regulation regarding allocating the credit pursuant to subdivision (i), computing the jobs ratio as described in subdivisions (d) and (g), and defining "reasonable cause" pursuant to subparagraph (C) of paragraph (2) of subdivision (d).

(2) The California Film Commission shall not be required to prepare an economic impact analysis pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) with regard to any rules and regulations adopted pursuant to this subdivision.

(f) If the qualified taxpayer fails to provide the copyright registration number as required in subparagraph (E) of paragraph (1) of subdivision (d), the credit shall be disallowed and assessed and collected under Section 19051 until the procedures are satisfied.

(g) For purposes of this section, the California Film Commission shall do all of the following:

(1) Subject to the requirements of subparagraphs (A) to (E), inclusive, of paragraph (2), on or after July 1, 2025, and before July 1, 2030, in two or more allocation periods per fiscal year, allocate tax credits to applicants.

(2) (A) Establish a procedure for applicants to file with the California Film Commission a written application, on a form jointly prescribed by the California Film Commission and the Franchise Tax Board for the allocation of the tax credit. The application shall include, but not be limited to, all of the following information:

(i) The budget for the motion picture production.

(ii) The number of production days.

(iii) A financing plan for the production.

(iv) The diversity of the workforce employed by the applicant, including, but not limited to, the ethnic and racial makeup of the individuals employed by the applicant during the production of the qualified motion picture, to the extent possible.

(v) The amount of qualified wages the applicant expects to pay to qualified individuals.

(vi) The amount of tax credit the applicant computes the qualified motion picture will receive, applying the applicable credit percentages described in paragraph (4) of subdivision (a).

(vii) A statement establishing that the tax credit described in this section is a significant factor in the applicant's choice of location for the qualified motion picture. The statement shall include information about whether the qualified motion picture is at risk of not being filmed or specify the jurisdiction or jurisdictions in which the qualified motion picture will be located in the absence of the tax credit. The statement shall be signed by an officer or executive of the applicant.

(viii) The applicant's written policy against unlawful harassment, including, but not limited to, sexual harassment, which includes procedures for reporting and investigating harassment claims, a phone number for an individual who will be responsible for receiving harassment claims, and a statement that the company will not retaliate against an individual who reports harassment. The applicant shall also indicate how the policy will be distributed to employees and include a summary of education training resources, including the prohibition against, and prevention and correction of, sexual harassment and remedies available.

(ix) If applicable, summary of the applicant's voluntary programs to increase the representation of minorities and women in the job classifications that are not included in qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (22) of subdivision (b) and information about how these programs are publicized to interested parties. The officer or executive referenced in clause (xi) who is signing the statement shall provide additional information about these programs, if needed and upon request, to the California Film Commission.

(x) Any other information deemed relevant by the California Film Commission or the Franchise Tax Board.

(B) Establish criteria, consistent with the requirements of this section, for allocating tax credits.

(C) Determine and designate applicants who meet the requirements of this section.

(D) For purposes of allocating the credit amounts subject to the categories described in subdivision (i) in any fiscal year, the California Film Commission shall do all of the following:

(i) For each allocation date and for each category, list each applicant from highest to lowest according to the jobs ratio as computed by the California Film Commission.

(ii) Subject to the applicable credit percentage, allocate the credit to each applicant according to the highest jobs ratio, working down the list, until the credit amount is exhausted.

(iii) (I) Pursuant to regulations adopted pursuant to subdivision (e), the California Film Commission may increase the jobs ratio by up to 25 percent if a qualified motion picture increases economic activity in California according to criteria developed by the California Film Commission that would include, but not be limited to, those factors as, the amount of the production and postproduction spending in California, the utilization of scoring musicians in California, and other criteria measuring economic impact in California as determined by the California Film Commission.

(II) For qualified motion pictures that are described in clause (i) of subparagraph (G) of paragraph (8) of subdivision (k) of Section 17053.98 and Section 23698, the jobs ratio shall be equal to the product of the jobs ratio calculated in paragraph (8) of subdivision (b) and 133 percent.

(iv) Notwithstanding any other law, any television series, relocating television series, or any new television series based on a pilot for a new television series that has been approved and issued a credit allocation by the California Film Commission under this section, Section 17053.85, 17053.95, 17053.98, 23685, or 23695 shall be issued a credit for each subsequent season, for the life of that television series whenever credits are allocated within a fiscal year. The California Film Commission shall limit the amount of credits any recurring television series receives in a subsequent season to no more than the amount reserved in its prior fiscal year Credit Allocation Letter or Letters, or if no amounts were reserved in the prior fiscal year, the most immediate prior fiscal year in which a Credit Allocation Letter or Letters were received. In the event that insufficient tax credits are available to fund all recurring television series pursuant to this clause for any fiscal year or in the event the California Film Commission projects, in collaboration with the Department of Finance, that there will be insufficient tax credits available to fund all recurring television series in either of the subsequent two fiscal years, the California Film Commission shall make the following adjustments in the order given until the shortfall, or any projected shortfall for the two subsequent fiscal years, for recurring television series is eliminated:

(I) Notwithstanding clause (iii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to the relocating television series category to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(II) Notwithstanding clause (iv) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to a new television series to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(III) Notwithstanding clause (ii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit allocations from the features category to the recurring television series category for that fiscal year until the shortfall is eliminated.

(IV) Allocate up to 25 percent of total credit allocations that would otherwise be allocated in the 2029-30 fiscal year to recurring television series in the current fiscal year until the shortfall is eliminated. Any amounts transferred for allocation in the current fiscal year shall be subtracted from the amount allowed to be allocated in the 2029-30 fiscal year as specified in subdivision (i). Notwithstanding paragraph (3), the credit allocations that are subtracted from the 2029-30 fiscal year shall not be certified until July 1, 2030 or later.

(V) The California Film Commission shall consult with the qualified taxpayers who are producing the recurring television series for purposes of negotiating a minimally impactful reduction in the amount of credits awarded to each recurring television series for that fiscal year until the shortfall is eliminated.

(E) Subject to the annual cap and the allocation credit amounts based on categories described in subdivision (i), allocate an aggregate amount of credits under this section and Section 17053.98.1, and allocate any carryover of unallocated or unused credits from prior years and Sections 17053.85, 17053.95, 17053.98, 23685, 23695, and 23698 and the amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(3) Certify tax credits allocated to qualified taxpayers and do all of the following:

(A) Establish a verification procedure to do both of the following:

(i) Update the information in subparagraph (A) of paragraph (2) of subdivision (g), including, but not limited to, the amounts of qualified expenditures paid or incurred by the applicant.

(ii) Ensure that the final safety evaluation report required pursuant to section 9152 of the Labor Code has been submitted.

(B) Establish audit requirements that shall be satisfied before a credit certificate may be issued by the California Film Commission.

(C) Issue a credit certificate to a qualified taxpayer upon completion of the qualified motion picture reflecting the credit amount allocated after qualified expenditures have been verified and the jobs ratio computed under this section. The amount of credit shown on the credit certificate shall not exceed the amount of credit allocated to that qualified taxpayer pursuant to this section.

(D) (i) Notwithstanding any other law, the California Film Commission shall certify a credit amount equal to 96 percent of the total credit allocated to the qualified taxpayer, unless the qualified taxpayer chooses to submit a diversity workplan and the California Film Commission determines that the qualified taxpayer has met or made a good-faith effort to meet the diversity goals in its diversity workplan, pursuant to clause (ii).

(ii) The California Film Commission shall certify an additional credit amount equal to 4 percent of the total credit allocated to the qualified taxpayer if a qualified taxpayer submits to the California Film Commission, in the form and manner required by the commission, all of the following:

(I) A diversity workplan within 30 days after receiving a credit allocation letter. The workplan shall be consistent with the diversity workplan checklist to address diversity and be broadly reflective of California's population in terms of race, ethnicity, gender, and disability status, and shall include all of the following:

(ia) A statement of the diversity goals the motion picture will seek to achieve in terms of qualified wages.

(ib) A statement of the diversity goals the motion picture will seek to achieve for individuals whose wages are excluded from qualified wages.

(ic) A plan of what strategies the motion picture will employ to achieve the goals in this subclause and subclause (II).

(id) Other requirements as the California Film Commission shall determine by regulation.

(II) An interim assessment on the qualified taxpayer's efforts to meet the diversity workplan prior to the commencement of principal photography. Upon review pursuant to a procedure prescribed in regulations, the California Film Commission shall determine whether the interim assessment indicates that the qualified motion picture is making a good-faith effort to meet the goals of the diversity workplan and shall notify the qualified motion picture of its findings.

(III) A final diversity assessment that includes information about how the project met or made a good-faith effort to meet the diversity workplan, including, but not limited to, aggregate data voluntarily self-reported by individuals whose wages are included in qualified wages and individuals whose wages are excluded from qualified wages, with regard to their race, ethnicity, gender, and disability status.

(iii) The California Film Commission, in consultation with the Governor's Office of Business and Economic Development, shall establish guidelines to evaluate diversity workplans as described in this subparagraph. The guidelines shall be posted on the California Film Commission's internet website.

(iv) The California Film Commission shall approve or reject the diversity workplan of an applicant, to the extent allowed by federal and state law.

(v) This subparagraph shall not apply to an independent film with qualified expenditures of ten million dollars (\$10,000,000) or less.

(vi) The requirements of this subparagraph shall not apply to a recurring television series receiving an allocation of credits under this section pursuant to clause (ii) of subparagraph (G) of paragraph (8) of subdivision (k) of Section 17053.98 or Section 23698 and fulfills the diversity workplan and report requirements pursuant to subdivision (k) of Section 17053.98 or Section 23698.

(vii) A qualified motion picture described in subparagraph (D) of paragraph (8) of subdivision (k) of Section

17053.98 or Section 23698 that applies for an allocation of credits under this section shall be subject to the requirements of this subparagraph and not those of clause (iv) of subparagraph (B) of paragraph (2) of subdivision (k) of Sections 17053.98 and 23698 and paragraph (3) of subdivision (k) of Sections 17053.98 and 23698.

(4) Obtain, when possible, the following information from applicants that do not receive an allocation of credit:

(A) Whether the qualified motion picture that was the subject of the application was completed.

(B) If completed, in which state or foreign jurisdiction was the primary principal photography completed.

(C) Whether the applicant received any financial incentives from the state or foreign jurisdiction to make the qualified motion picture in that location.

(5) Provide the Legislative Analyst's Office, upon request, any or all application materials or any other materials received from, or submitted by, applicants for which a credit allocation decision has been made, including, but not limited to, applicants that did not receive a credit allocation. Materials provided to the Legislative Analyst's Office shall be in electronic format when available and include, but not be limited to, information provided pursuant to subclause (I) to (III), inclusive, of clause (ii) of subparagraph (D) of paragraph (3).

(6) The information provided to the California Film Commission pursuant to this section shall constitute confidential tax information for purposes of Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2.

(7) (A) Notwithstanding any other law, on or after July 1, 2030, the California Film Commission may allocate, pursuant to this section, any previously allocated credits not certified that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(B) For purposes of this section, "previously allocated credits not certified" means either of the following:

(i) Credits allocated under paragraph (1) for which the qualified taxpayer to which the credit amounts were originally allocated has notified the California Film Commission in writing that the qualified taxpayer will not request certification for the allocated credits.

(ii) The difference between the amount of credits allocated under paragraph (1) to a qualified taxpayer and the amount of credits the California Film Commission certified, for that qualified taxpayer. For purposes of calculating the difference, the California Film Commission shall not consider any credit amounts for which the qualified taxpayer notifies the California Film Commission under clause (i).

(8) Notwithstanding any other law, on or after July 1, 2030, the California Film Commission may allocate, pursuant to this section, any credit amounts described in subparagraphs (B) and (E) of paragraph (1) of subdivision (i) that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(9) The California Film Commission shall submit a report to the Legislature, on an annual basis beginning June 30, 2027, containing diversity data provided by the applicants. The report shall contain, in the aggregate and per project, an assessment of whether the diversity workplan goals required by this section were met for qualified motion pictures that submitted the final assessment to the California Film Commission in the prior fiscal year. The assessment shall contain an account of diversity workplans submitted, interim assessments submitted, and final assessments submitted, as well as which categories of the diversity workplan checklist established pursuant paragraph (5) of subdivision (b) were included. In the event that a report is required pursuant to paragraph (9) of subdivision (g) of Section 17053.98 and Section 23698 in the same year as a report is required under this paragraph, the reports may be combined to one report.

(10) Beginning January 1, 2025, the California Film Commission shall collect information to the extent available and based on data provided by the Career Pathways Training program, about the breakdown of spending by the Career Pathways Program, how participation in the Career Pathways Program by both program partners and participants has changed in comparison to prior years, whether graduates of the program are accessing jobs in the film industry upon completion of the program, what projects the students have worked on, whether those projects received a tax credit, whether students are employed in California or another state, and the aggregated self-reported and voluntarily provided ethnic, racial, gender, and disability status of such individuals. The California Film Commission shall report to the Legislature, in compliance with Section 9795 of the Government Code, and publish on its internet website an annual report about the Career Pathways Training program, with the above information. Such information shall be reported for participants for five years following a participant's completion

of the Career Pathways Training program, to the extent the information is available. This paragraph shall be applicable consistent with federal and state law.

(h) (1) The California Film Commission shall annually provide the Legislative Analyst's Office, the Franchise Tax Board, and the California Department of Tax and Fee Administration with a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission. The list shall include the names and taxpayer identification numbers, including taxpayer identification numbers of each partner or shareholder, as applicable, of the qualified taxpayer.

(2) (A) Notwithstanding paragraph (6) of subdivision (g), the California Film Commission shall annually post on its internet website and make available for public release all of the following:

(i) A table which includes all of the following information: a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission, 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.

(ii) A narrative staff summary describing the production of the qualified taxpayer as well as background information regarding the qualified taxpayer contained in the qualified taxpayer's application for the credit.

(iii) The diversity report submitted annually to the Legislature described in paragraph (2) of subdivision (g) organized per production and an aggregate compilation describing the voluntary programs collected pursuant to clause (xiii) of subparagraph (A) of paragraph (2) of subdivision (g).

(B) Nothing in this subdivision shall be construed to make the information submitted by an applicant for a tax credit under this section a public record, including for the purposes of the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(3) The California Film Commission shall provide each city and county in California with an instructional guide that includes, but is not limited to, a review of best practices for facilitating motion picture production in local jurisdictions, resources on hosting and encouraging motion picture production, and the California Film Commission's Model Filming Ordinance. The California Film Commission shall maintain on its internet website a list of initiatives by locality that encourage motion picture production in regions across the state. The list shall be distributed to each approved applicant for the program to highlight local jurisdictions that offer incentives to facilitate film production.

(i) (1) (A) The aggregate amount of credits that may be allocated for a fiscal year pursuant to this section and Section 17053.98.1 is seven hundred fifty million dollars (\$750,000,000), plus any amount described in subparagraph (B), (C), (D), or (E) in credits for the 2025-26 fiscal year and each fiscal year thereafter, through and including the 2029-30 fiscal year, except as provided in paragraph (7) of subdivision (g).

(B) (i) Subject to clauses (ii) and (iii), the unused allocation credit amount, if any, for the preceding fiscal year.

(ii) The amount of unused credit allocation attributable to independent films shall only be allocated according to clause (i) of subparagraph (A) of paragraph (2).

(iii) The total amount of any unused credit allocation amount that is remaining shall only be allocated pursuant to clause (iv) of subparagraph (A) of paragraph (2).

(C) The amount of previously allocated credits not certified.

(D) The amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(E) That portion of any unused allocation credit amount, if any, attributable to Section 17053.85, 17053.95, 17053.98, 23685, 23695, or 23698 available for that fiscal year in a manner as determined by regulations promulgated by the California Film Commission.

(2) (A) Notwithstanding the foregoing, and subject to paragraph (4) of this subdivision and changes in allocations pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), the California Film Commission shall allocate the credit amounts subject to the following categories:

(i) Independent films with qualified expenditures of ten million dollars (\$10,000,000) or less shall be allocated 4.8 percent of the amount specified in paragraph (1). Independent films with qualified expenditures in excess of

ten million dollars (\$10,000,000) shall be allocated 3.2 percent of the amount specified in paragraph (1). These amounts shall be in addition to any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(ii) Features shall be allocated 35 percent of the amount specified in paragraph (1).

(iii) A relocating television series shall be allocated 17 percent of the amount specified in paragraph (1).

(iv) A new television series, pilots for a new television series, miniseries, and recurring television series shall be allocated 40 percent of the amount specified in paragraph (1), plus any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(B) Within any allocation period for credits to a relocating television series, any unused amount shall be reallocated to the category described in clause (iv) of subparagraph (A) and, if any unused amount remains, reallocated in the next allocation period for credits to a relocating television series.

(C) With respect to a relocating television series issued a credit in a subsequent year pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), that subsequent credit amount shall be allowed from the allocation amount described in clause (iv) of subparagraph (A).

(3) Any act that reduces the amount that may be allocated pursuant to paragraph (1) constitutes a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution and may be passed by not less than two-thirds of all Members elected to each of the two houses of the Legislature.

(4) A qualified motion picture, as defined in subdivision (k) of Sections 17053.98 and 23698, shall not be eligible for an allocation under subdivisions (a) to (j), inclusive, if it receives a credit under subdivision (k) of Section 17053.98 or Section 23698 during that fiscal year.

(j) The California Film Commission shall have the authority to allocate tax credits in accordance with this section and in accordance with any regulations prescribed pursuant to subdivision (e) upon adoption.

(k) (1) A qualified taxpayer may make a one-time election to be paid a refund for each taxable year of the refundable period, not to exceed the annual refundable amount.

(2) For purposes of this subdivision, the following definitions shall apply:

(A) "Annual refundable amount" means 20 percent of the total refundable amount.

(B) (i) "Credit amount" means the credit amount specified in the credit certificate issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g).

(ii) In the case of a pass-thru entity, the "credit amount" means the pro rata share or distributive share of the credit passed through to the partner or shareholder of the qualified taxpayer. For purposes of this clause, the term "pass-thru entity" means any partnership, "S" corporation, or limited liability company treated as a partnership.

(iii) In the case of an assigned credit, the "credit amount" means the credit amount that was assigned to the taxpayer.

(C) "Refundable period" means the first taxable year that the credit certificate is issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g), and the succeeding four taxable years.

(D) "Total refundable amount" means 90 percent of the credit amount that exceeds the "tax" in the first taxable year of the refundable period.

(3) The refund shall be computed as follows:

(A) (i) In the first taxable year of the refundable period, the credit amount shall be allowed against the "tax" computed under this part for the taxable year.

(ii) If the credit allowed by this section exceeds the "tax" in the first taxable year of the refundable period, the annual refundable amount shall be refunded to the qualified taxpayer.

(B) (i) In each taxable year after the first taxable year of the refundable period, the annual refundable amount shall be allowed as a credit against the "tax" computed under this part for the taxable year, and the excess, if any, shall be refunded to the qualified taxpayer.

(ii) If the qualified taxpayer's tax liability for the taxable year exceeds the annual refundable amount, only the annual refundable amount shall be allowed as a credit against the qualified taxpayer's "tax."

(4) (A) In the first taxable year of the refundable period, the total refundable amount, less the annual refundable amount, shall be carried over to the succeeding taxable year.

(B) In each taxable year other than first taxable year of the refundable period, the total refundable amount, less the annual refundable amount allowed as a credit against the qualified taxpayer's "tax" or refunded in the current and prior taxable years in the refundable period, shall be carried over to the next succeeding year of the refundable period.

(C) Notwithstanding paragraph (3) of subdivision (c), if an election is made pursuant to this subdivision, no amount of credit shall be allowed after the refundable period.

(5) Any refund pursuant to this subdivision shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the qualified taxpayer upon their election.

(6) An election made pursuant to this subdivision shall be irrevocable and shall be made on an original, timely filed return required under Part 10.2 (commencing with Section 18401) for the taxable year that the credit certificate is issued in the form and manner as prescribed by the Franchise Tax Board.

(7) A taxpayer that purchases a credit pursuant to subdivision (c) cannot elect to be paid a refund pursuant to this paragraph.

TEXT OMITTED, DOES NOT PERTAIN TO FILM

SEC. 36. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.