

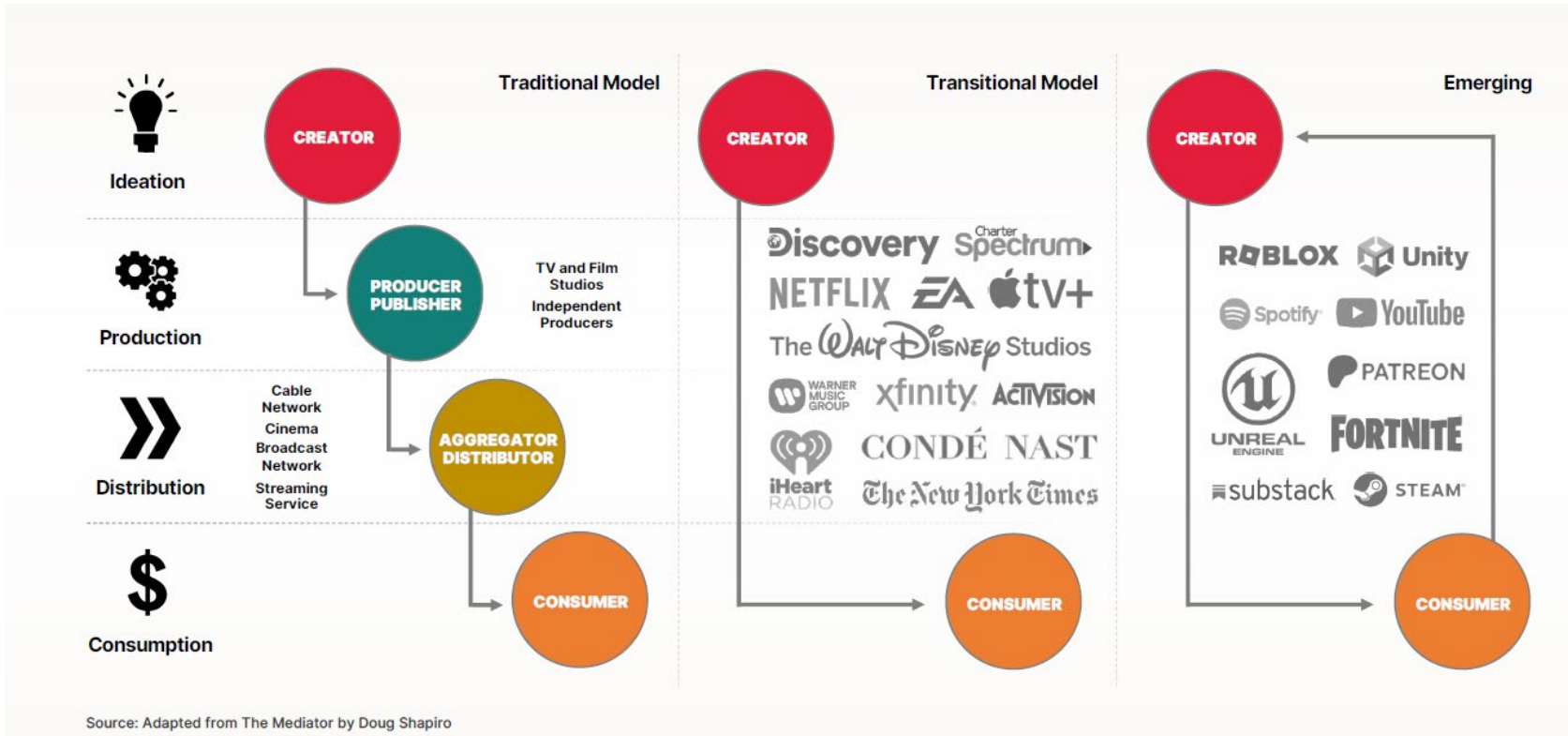


Assembly Budget Subcommittee Committee #5

CA Film Tax Credit

March 4, 2025

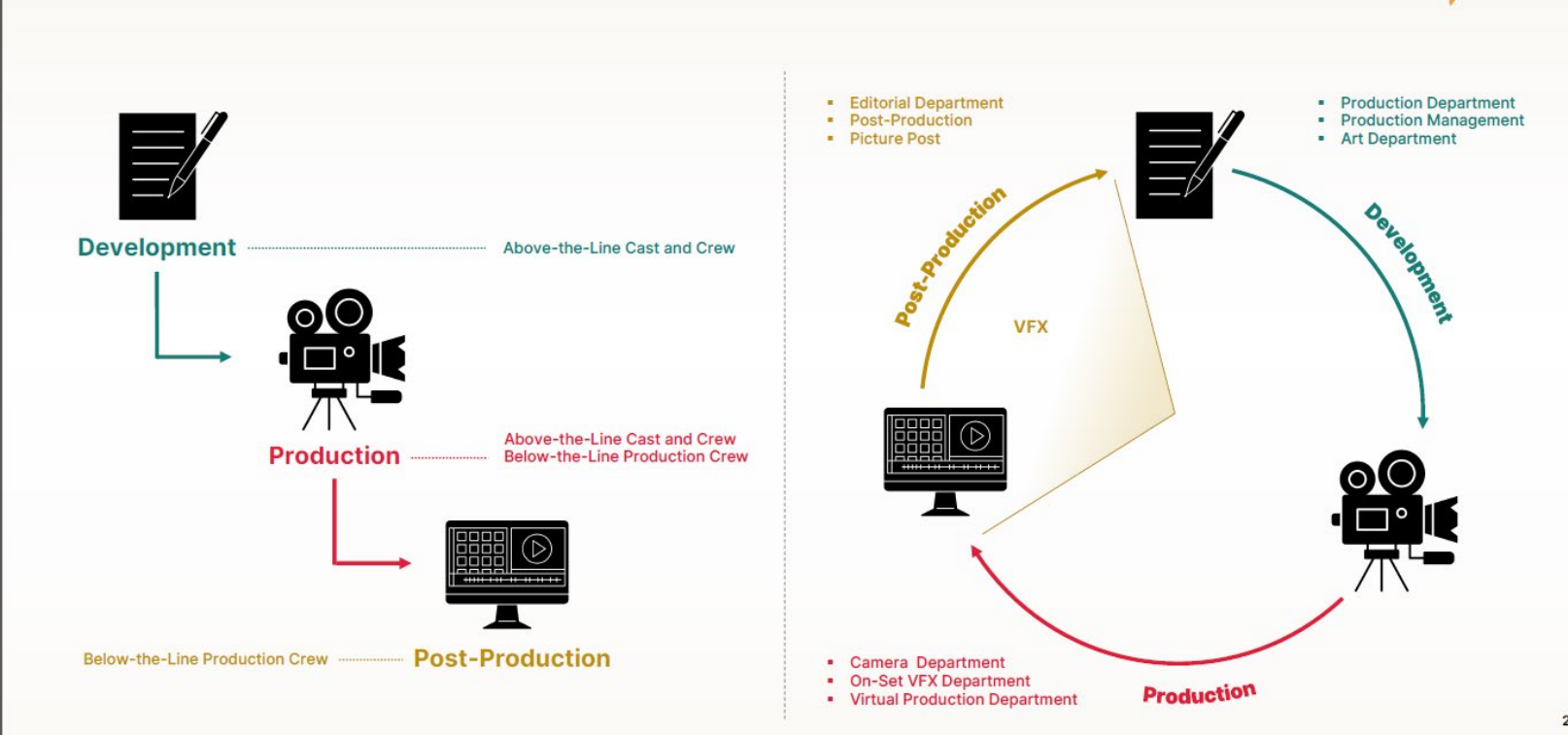
Media Value Chain is Rapidly Evolving



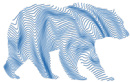
Source: CVL Economics, Adam Fowler, June 2024



ALTERNATIVE PRODUCTION MODEL IS EMERGING



Source: CVL Economics, Adam Fowler, June 2024



IMPACTS ON INCUMBENT MEDIA CLUSTER

Shifting Production Landscape and Industry Dynamics

Key Elements •
in evolving production pipeline and workflows



Baseline
Infrastructure



Technology



Economic
Policy
(Tax Incentives)

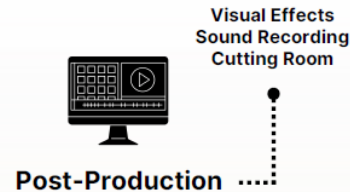
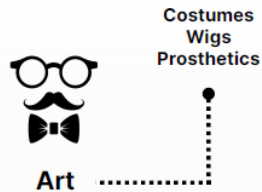
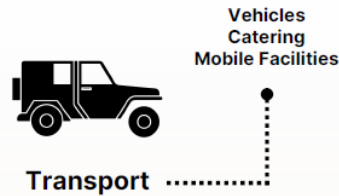
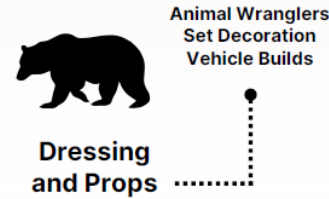
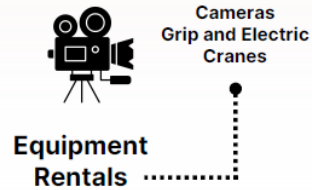
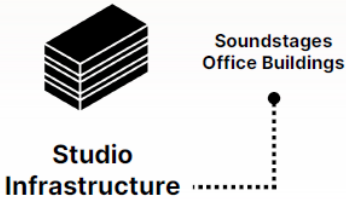


Source: CVL Economics, Adam Fowler, June 2024



KEY ELEMENTS

BASELINE INFRASTRUCTURE



Source: CVL Economics, Adam Fowler, June 2024



KEY ELEMENTS

BASELINE INFRASTRUCTURE: SOUNDSTAGES



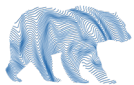
Soundstage Square Footage for Select Geographies (in Millions)

United Kingdom: 6.9
California: 6.2
Ontario & British Columbia: 6.2
Georgia: 4.5
Metro NY-NJ: 2.7
Illinois: 1.0

Soundstages Planned over Next 10 Years in Leading Cities

New York: +44
London: +160
Los Angeles: +151

Source: CVL Economics, Adam Fowler, June 2024



KEY ELEMENTS

TECHNOLOGY



Artificial Intelligence

AI is not just another incremental step in the digital journey. It will be revolutionary in its impact on workflows and cost structures.



VFX & Virtual Production

Technologies for VFX and virtual production will reorganize workflows across the production pipeline.



Cloud-Based Platforms

The cloud will increasingly become not only the means of media distribution but also the means of media production

Source: CVL Economics, Adam Fowler, June 2024



KEY ELEMENTS

ECONOMIC POLICY: TAX INCENTIVES



Tax incentive programs are trending towards longer sunsets



California
2031



Louisiana
2031



Illinois
2032



New York
2034



Arizona
2043



New Mexico
No Sunset



Georgia
No Sunset

Source: CVL Economics, Adam Fowler, June 2024



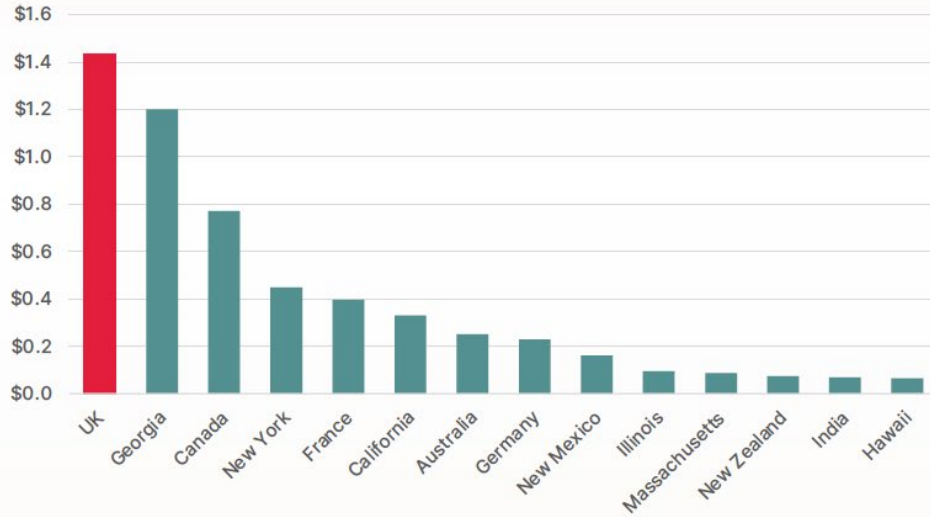
COMPETITIVE LANDSCAPE

PRODUCTION INCENTIVES BY JURISDICTION



Film and Television

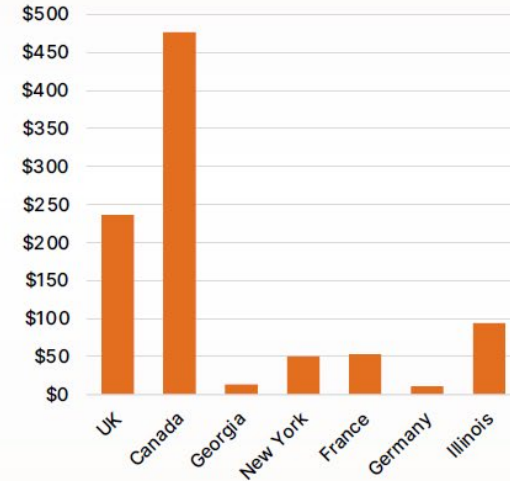
2020 | In Billions of USD



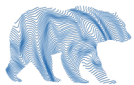
Source: Kearney

Video Games

2020 | In Millions of USD



Source: CVL Economics, Adam Fowler, June 2024



COMPETITIVE LANDSCAPE

ECONOMIC POLICY: TAX INCENTIVES



**Feature
Films**



**Talk
Shows**



**Reality
Television**



**Video
Games**



**Scripted
Television**



**Game
Shows**



**Post-Production
Only**



Animation



Pilots



Documentaries



Commercials

1

SOURCE: CVL ECONOMICS, "ADMIN POLICY," PAGE 202.



TAX INCENTIVE LANDSCAPE + GLOBAL COMPETITION

	California	New York	Georgia	UK	Canada	Australia
Incentive	16-30%	30-40%	20-30%	25.50%	39.5% (BC) 34.1% (Ontario)	30%
Annual Cap	\$330M	\$700M	None	None	None	None
Credit Cap	\$25 Million	None	None	80% of core expenditures	None	None
Minimum Spend	\$1 Million	\$1 Million	\$500,000	10% of cost must be on UK expenditures	Film: CA\$1M; TV: CA\$200,000 (episodes ≥ 30 minutes); or CA\$100,000 (episodes < 30 minutes)	Film: AU\$20M; TV: AU\$20M, and average QAPE* per hour of at least AU\$1.5M
Incentive Type	Nontransferable, nonrefundable. (Beginning in 2025, refund of credits at 80% exceeding state tax liability.)	Refundable	Transferable	Transferable	Refundable	Rebate

Source: Hollywood Reporter



Thank You