

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2319 (Schultz) – As Amended March 19, 2026

Policy Committee:	Arts, Entertainment, Sports, and Tourism	Vote:	8 - 0
	Revenue and Taxation		6 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill creates the California Postproduction Tax Credit for qualified postproduction expenses, on or after January 1, 2027, for projects not principally filmed in California or projects not otherwise receiving the California Film and Television Tax Credit, administered by the California Film Commission (CFC). The bill provides for credits of 35% of both non-visual effects-related expenses and visual effects-related expenses up to \$6 million, respectively, and additional credits between 5% and 15% for specified costs, up to a still unspecified amount of aggregate credits per fiscal year.

FISCAL EFFECT:

- 1) Ongoing General Fund costs of approximately \$665,000 for CFC to hire additional staff to manage increased volume of applications and provide technical assistance.
- 2) Potential General Fund revenue loss of an unknown amount, likely in the millions of dollars ongoing annually, depending on the amount of the cap placed on aggregate credits per fiscal year and how many projects qualify for credits.

COMMENTS:

- 1) **Purpose.** According to the author:

California is home to the most experienced postproduction workforce in the world, but we are losing jobs and projects to other states and countries that offer targeted incentives for postproduction work. AB 2319 fills a gap in our current tax credit program by creating a post-only incentive that keeps high-skilled jobs, small-business vendors, and production spending in California while complementing our existing film and television tax credit.

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

pandemic, the 2023 labor strikes, and the 2025 Los Angeles wildfires, have depressed production activity.

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

Motion Picture Tax Credits 1.0 through 4.0. California first established the Motion Picture Tax Credit program in 2009 to compete with similar programs in other states and countries using tax credits to incentivize production relocation. Since then, California has enacted several iterations of the program. SB 132 (Committee on Budget and Fiscal Review), Chapter 56, Statutes of 2023, enacted the Motion Picture Tax Credit 4.0 that reauthorized the Motion Picture Tax Credit program for \$330 million in tax credits to be allocated by the CFC on or after July 1, 2025 and before July 1, 2030, and authorized the state's first refundable credit for business taxpayers. SB 144 (Portantino), Chapter 114, Statutes of 2021, created the similar Soundstage Program, which allows, for taxable years beginning on or after January 1, 2022 and before January 1, 2032, a tax credit for a qualified motion picture produced at a certified studio construction project.

Most recently, AB 1138 (Zbur), Chapter 27, Statutes of 2025, modifies the Motion Picture Tax Credit 4.0 and Soundstage Program by expanding the definition of a qualified motion picture and increasing the total amount of credits awarded to further incentivize film and television projects to remain in or relocate to California.

Post-Production. Post-production activities includes editing, visual effects, sound design, music scoring, color grading, and finishing. While California's existing Film Tax Credits have successfully incentivized projects to remain in California, according to CVL Economics, between 2005 and 2025 California's share of total post-production occurring in the United States decreased from approximately 53% to 42% even as post-production nationwide increased by approximately 10%. Other major competitor jurisdictions for film projects, New York, the United Kingdom, British Columbia, and Australia, all offer a standalone post-production credit.

- 3) **Related Legislation.** AB 2403 (Elhawary), of the current legislative session, creates the commercial production tax credit. AB 2403 is pending hearing in this committee.

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