ASSEMBLY THIRD READING
AB 2319 (Schultz)
As Amended March 19, 2026
2/3 vote

SUMMARY

AB 2319 bill creates the California Postproduction Tax Credit for qualified postproduction expenses under the Personal Income Tax (PIT) Law and the Corporation Tax (CT) Law in an amount between 35% and 50% of "qualified expenses" relating to the postproduction of a "qualified motion picture" in California, of both non-visual effects-related expenses and visual effects-related expenses up to $6 million, to be allocated by the California Film Commission (CFC)

Major Provisions

1) Allows, for taxable years starting on or after January 1, 2027, the California Film Commission (CFC) to issue a tax credit to qualified taxpayers for qualified expenditures for the postproduction of a qualified motion picture in California, if the qualified motion picture did not claim the production tax credit.

2) Limits the CFC to the following credit certificate amounts of qualified expenditures for each qualified motion picture:

    a) In the case of qualified expenditures, excluding those relating to visual effects, up to six million dollars ($6,000,000).

       In the case of qualified expenditures relating to visual effects, up to six million dollars ($6,000,000).

3) Aligns numerous provisions, including definitions, the Career Pathways Training Program, diversity workplan, and processes for CFC to allocate the credit, with the existing structure of the motion picture tax credit.

COMMENTS

Background. California's Film and Television Tax Credit Program was first established in 2009 during the aftermath of the Great Recession, when lawmakers became increasingly concerned that film and television production was leaving California for states and countries offering more aggressive financial incentives. The original program, often referred to as "Program 1.0," authorized $100 million annually in tax credits beginning in fiscal year 2009–10 and continuing through 2014–15. The program was administered by the California Film Commission and was designed primarily to retain middle-class entertainment industry jobs and related economic activity within the state. Early eligibility rules were relatively narrow, excluding many big-budget studio films and one-hour television dramas, and credits were awarded largely through a lottery system.

In 2014, the Legislature enacted a major expansion known as "Program 2.0," increasing annual funding to $330 million and broadening eligibility to include higher-budget films, television series, pilots, and streaming productions. The revised program also replaced the lottery system with a "jobs ratio" ranking methodology intended to prioritize projects generating the greatest in-state economic impact. Subsequent legislation extended and modified the program through "Program 3.0" in 2020 and "Program 4.0" in 2025, reflecting ongoing concern over production flight to states such as Georgia and New York, as well as to Canada and the United Kingdom. The 2025 legislation, including Assembly Bill 1138, significantly expanded the program to $750 million annually through 2030, broadened eligibility to include animation and certain competition shows, and increased credit percentages for qualifying productions. Supporters have argued the credit is essential to preserving California's entertainment workforce and economic ecosystem, while critics have questioned whether the fiscal benefits justify the public cost.

Post-production in California. According to data provided by CVL Economics, California's post-production sector, which includes editing, visual effects (VFX), sound design, music scoring, color grading, and finishing, is a distinct economic asset employing over 12,000 workers at more than 1,800 firms statewide. However, the state's share of U.S. post-production employment has fallen from approximately 53% to 42% between 2005 and 2025, representing a loss of roughly 1,874 direct jobs and 11.2 percentage points of national market share. This decline occurred while U.S. post-production employment overall grew by approximately 10%.

A project that films elsewhere but completes its post-production in California receives no incentive for that California-based work. Every major competitor jurisdiction, including New York (30% standalone post-production credit), the United Kingdom (25.5% Audio Visual Expenditure Credit), British Columbia (16 to 25% VFX credit), and Australia (30% PDV Offset), offers a standalone credit pathway for post-production.

Five major unions represent post-production workers in California: IATSE Local 700 (Motion Picture Editors Guild), IATSE Local 839 (Animation Guild), American Federation of Musicians Local 47 (AFM), SAG-AFTRA (Singers), IATSE Local 871(Postproduction Accountants). AFM Local 47 membership declined 37.4% from 8,474 in 2008 to 5,305 in 2024, coinciding with the migration of film scoring work to London, Vienna, and Eastern Europe. Only four scoring stages remain active in California (Sony's Streisand Stage, Fox/Disney's Newman Stage, Warner Brothers' Clint Eastwood Stage and Skywalker Sound's Scoring Stage).

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 post-production work.

"AB 2319 fills a gap in our current tax credit program by creating a post-production incentive that keeps high-skilled jobs, small-business vendors, and production spending in California while complementing, not replacing, the existing Film and Television Tax Credit Program.

"This bill is designed to capture economic activity that would otherwise leave the state and to ensure that California remains competitive in an industry we helped create.

California's post-production infrastructure represents a century of investment and tens of thousands of skilled jobs and it is sitting underutilized while other states and countries capture work that belongs here. Every qualified project that completes post-production in New York or London instead of Los Angeles is a direct transfer of high-wage jobs and taxable income out of this state. AB 2319 closes the incentive gap that is making that transfer happen."

Arguments in Support
According to the California Post Alliance (Sponsor), "California-headquartered companies, such as Netflix, Apple, Disney, and the independent production sector that anchors much of the state's creative economy, are among the primary financiers of American film and television content.
"When those productions choose to complete post-production in another jurisdiction because that jurisdiction offers an incentive which California does not, California-sourced capital generates jobs, wages, and tax revenue for someone else's economy. The workers who would have edited that film in Burbank, scored its music on a stage in Hollywood, or mixed its sound in Northern California instead do that work somewhere else, and the income tax, the vendor spending, and the economic multiplier effect follows.
"AB 2319 does not solve every competitive variable in the global production landscape, but it does close the specific policy gap that is causing work to leave that would otherwise stay here.
"It has support from post-production facilities, music scoring stages, editorial houses, and VFX companies that have watched their booking calendars thin as work migrates to incentivized jurisdictions."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

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.

VOTES

ASM ARTS, ENTERTAINMENT, SPORTS, AND TOURISM: 8-0-1
YES: Ward, Lackey, Elhawary, Jeff Gonzalez, McKinnor, Ortega, Valencia, Zbur
ABS, ABST OR NV: Quirk-Silva

ASM REVENUE AND TAXATION: 6-1-0
YES: Gipson, Sanchez, Carrillo, McKinnor, Quirk-Silva, Michelle Rodriguez
NO: DeMaio

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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