CONCURRENCE IN SENATE AMENDMENTS
AB 2319 (Schultz)
As Amended August 27, 2026
2/3 vote

SUMMARY

AB 2319 enacts the California Post-production Tax Credit program, authorizing a credit under the Personal Income and Corporation Taxes for qualified expenses relating to the post-production of a qualified motion picture in California.

Senate Amendments
Senate amendments modified several requirements to improve implementation of the credit by the California Film Commission (CFC). The amendments also incorporate provisions from the Motion Picture and Television Production 4.0 credit program, replace the first-come-first-served allocation award process with a ranking system based on applicant′s ″post-production services ratio,″ specify that CFC must promulgate regulations to administer and enforce the requirements of the credit, and make other technical and conforming changes. Recent amendments also add double-jointing language with AB 2222 (Ward).

COMMENTS

Background. The Legislature enacted the Motion Picture, Television, and Commercial Industries Act of 1984, creating the California Film Commission (CFC) to coordinate state and local government efforts to cultivate a successful environment for the film industry. Today, the Governor, the Senate Pro Tempore, and the Speaker of the Assembly appoint CFC′s 26 members from the film industry, private sector, and state and local governments.

The Legislature enacted a tax credit for qualified motion picture production in California, commonly known as ″Film and TV Tax Credit 1.0,″ directing CFC to annually allocate $100 million in credits until the 2012-13 fiscal year (SBx3 15, Calderon and ABx3 15, Krekorian, 2009). In 2011, the Legislature extended the program until 2014-15 (AB 1069, Fuentes), and again until 2016-17 (AB 2026, Fuentes, 2012; and SB 1197, Calderon, 2012).

In 2014, the Legislature enacted ″Film and TV Tax Credit 2.0,″ increasing the amount of credit CFC allocates to $330 million in credits each fiscal year through 2019-20 (AB 1839, Gatto). The Legislature designed Film and TV Tax Credit 1.0 and 2.0 in very similar ways, but 2.0 contained several key differences in credit mechanics, including higher credit percentages – known as ″uplifts″ – for certain categories of expenditures, among other changes. In 2018, the Legislature enacted ″Film and TV Credit 3.0,″ authorizing CFC to allocate $330 million in tax credits each fiscal year from 2020-21 to 2024-25 (SB 878, Committee on Budget & Fiscal Review).

In 2021, the Legislature enacted SB 144 (Portantino, 2021), allocating an additional $150 million in film tax credits for productions filmed at new or renovated soundstages. When a taxpayer constructs or renovates a soundstage, they automatically qualify for production credits, notwithstanding the allocation process for the general credit. Taxpayers can claim credits beginning in the 2022 taxable year and until the 2031 taxable year. SB 144 directs CFC to identify and certify qualified soundstage construction projects, thereby making taxpayers eligible for the credit. According to its 2023 progress report, CFC has certified thirteen soundstages – eight newly constructed and five renovated – with a combined size of over 200,000 sq. ft.

In 2023, the Legislature enacted "Film and TV Credit 4.0," which authorizes CFC to allocate $330 million annually for an additional five years, starting in 2025-26 and ending in 2029-30 (SB 132, Committee on Budget & Fiscal Review). SB 132 also makes the credit California's first refundable business entity tax credit, which allows firms with no income or sales tax liability to receive a cash refund from the state.

In 2025, Governor Newsom proposed to increase the total annual California Film and Television Tax Credit 4.0 award cap from $330 million to $750 million for fiscal years 2025-26 through 2029-30. The Senate Committee on Revenue & Taxation and Budget and Fiscal Review Subcommittee #4 held a joint oversight hearing to assess the Governor's proposal on March 26, 2025. In June, the Legislature enacted SB 132 (Committee on Budget & Fiscal Review, 2025), which, among other provisions, increases the cap on 4.0 credits from $330 million to $750 million for fiscal years 2025-26 through 2029-30.

Post-production in California. According to the Assembly Committee on Arts, Entertainment, Sports, and Tourism, based on data provided by CVL Economics, California's post-production sector, which includes editing, visual effects, sound design, music scoring, color grading, and finishing, employs over 12,000 workers at more than 1,800 firms statewide. However, between 2005 and 2025, the state lost approximately 1,874 direct jobs in the sector. This decline occurred while overall U.S. post-production employment grew by approximately 10%.

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% Post, Digital & Visual Effects Offset), offers a standalone post-production credit pathway. As a result, a project that films elsewhere but completes its post-production in California receives no incentive for that California-based work. When that work leaves, California workers lose jobs and local businesses lose income. This work will continue to migrate to other jurisdictions that offer a standalone post-production credit.

Although post-production costs may qualify under the Film and Television Tax Credit 4.0 when tied to a California-based qualified motion picture, those benefits are generally not available until productions are selected and incur qualifying expenditures.

The author wants to authorize a standalone post-production credit to provide more immediate and targeted financial support for California post-production businesses that face layoffs, lost work, or business closures due to the delay in realizing Program 4.0 benefits.

According to the Author
"California has the most experienced post-production 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-skill jobs, small-business vendors, and production spending in California while complementing, not replacing, the existing Film and Television Tax Credit Program. A significant portion of the post-production industry has always relied on productions that are based overseas or otherwise outside of California coming back to California for post. This work sustains thousands of good, middle-class jobs. As proposed to be amended, a large share of the tax credit allocated under AB 2319 will go to jobs that uphold industry standards. However, credits will also be available to make AB 2319 accessible to emerging voices and artists who have traditionally struggled to find an entry point into the entertainment industry. These individuals often represent members of diverse backgrounds and underserved

communities, and this portion of the bill provides them with an opportunity to contribute to California's creative economy. AB 2319 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 California 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 possible."

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 Senate Appropriations Committee:

1) The CFC indicates that it would incur annual implementation costs of $672,000 (General Fund).

2) Assuming $100 million in tax credit allocations are authorized beginning in 2027-28, the Department of Finance (DOF) estimates this bill would reduce General Fund revenues by $2 million in 2027-28, $9.4 million in 2028-29, and $18.1 million in 2029-30, with additional revenue losses in subsequent years. DOF also estimates the bill would reduce sales tax revenues deposited into the Local Revenue Fund 2011 by $18,000 in 2027-28, $86,000 in 2028-29, and $1.6 million in 2029-30, with additional revenue losses in subsequent years.

3) The Franchise Tax Board would incur administrative costs of $290,000 in 2026-27, $342,000 in 2027-28, and minor amounts annually thereafter, to implement the provisions of the bill (General Fund).

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

ASSEMBLY FLOOR: 73-3-4
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO: DeMaio, Ellis, Gallagher
ABS, ABST OR NV: Lee, Macedo, Muratsuchi, Celeste Rodriguez

UPDATED

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