

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 756 (Smallwood-Cuevas) – As Amended May 23, 2025

Policy Committee: Arts, Entertainment, Sports, and Tourism Vote: 8 - 0

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

SUMMARY:

This bill requires the California Film Commission, subject to an appropriation, to integrate additional data collection requirements into the motion picture tax credit framework, address noncompliance with data collection requirements, and publish an annual compliance report summarizing the collected data, including trends in diversity and economic impact, and recommendations for program improvements.

FISCAL EFFECT:

Ongoing General Fund cost pressures of an unknown amount, but likely at least \$1 million, for the Legislature to appropriate funding to support GO-Biz implementation of the data collection, compliance oversight, and reporting requirements of the bill placed on the California Film Commission.

COMMENTS:

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

SB 756 is about equity and accountability. It ensures that the state's significant investment in the entertainment industry delivers measurable returns for local workers, small businesses, and historically excluded communities. This bill establishes a tracking and compliance program within the California Film Commission to require productions receiving tax credits to report annually on who they hire, where they hire, and how they are building inclusive pathways—such as through apprenticeships and job training—for underrepresented groups. It also mandates a regular independent economic impact analysis, so we can better understand whether this public investment is creating lasting, equitable economic growth.

2) **Background. *Film Tax Credit.*** First available in July of 2009, the California Film and Television Tax Credit program helps promote production spending, jobs, and tax revenues in California. To be eligible for the credit, a project must have a minimum of 75% of its production days or total production budget occur in California, and must be a qualifying motion picture. To date, there have been three different iterations of the program, with the most recent, version 4.0, enacted by SB 132 (Committee on Budget and Fiscal Review), Chapter 56, Statutes of 2023, reauthorizing 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 authorizing the state's first refundable credit for business taxpayers.

Other states and countries, such as New York, Georgia, Canada, and the United Kingdom, also offer attractive incentives to the film industry. According to a 2023 report by the California Film Commission detailing results for the last three and a half years of the program through 2023, 39 projects out of 66 that applied for but did not receive tax credits opted for out-of-state production, representing \$1.5 billion in production spending loss. This amount does not account for additional losses in jobs and economic activity associated with these projects. Conversely, for the 134 projects approved during the same three and a half year period, the commission estimates the credit helped generate \$7.3 billion in direct in-state spending.

Concern Regarding Outcomes. A 2025 report by the Legislative Analyst's Office noted that while there is clear evidence increasing the size of the credit will lead to an increase in the number of productions choosing to film in California, there is not sufficient evidence that expanding the tax credit will benefit the economy relative to other economically beneficial programs. One concern cited is a lack of a standardized method of assessing equity outcomes or impacts on workforce development. In response to these concerns, and in support of the bill, the California Arts Advocates state the following:

SB 756 addresses these gaps by requiring production companies receiving film tax credits to submit annual reports detailing:

- The demographics of their workforce (race, ethnicity, gender, disability status, veteran status)
- ZIP Code-based hiring to assess local economic impact
- Participation of apprentices, trainees, and justice-involved workers
- A final project report and a biennial independent economic impact analysis

Notably, the bill ensures this information will be made public and used to shape policy improvements through an annual report from the Film Commission. This builds upon best practices already in place at other public agencies, such as Los Angeles World Airports (LAWA), which require robust labor tracking.

- 3) **Prior Legislation.** SB 132 (Committee on Budget and Fiscal Review), Chapter 17, Statutes of 2025, increases the aggregate amount of the credit that may be allocated for a fiscal year to \$750,000,000, effective immediately.

AB 1138 (Zbur), Chapter 27, Statutes of 2025, expands the types of projects eligible for the Motion Picture Tax Credit 4.0 and Soundstage Filming Tax Credit Program, and increases the credit amount percentages allowed for qualified motion pictures.

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