
UNFINISHED BUSINESS

Bill No: SB 756
Author: Smallwood-Cuevas (D)
Amended: 9/2/25
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 10-0, 4/28/25
AYES: Ashby, Archuleta, Arreguín, Grayson, Menjivar, Niello, Smallwood-Cuevas, Strickland, Umberg, Weber Pierson
NO VOTE RECORDED: Choi

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 38-0, 6/4/25
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Grove, Reyes

ASSEMBLY FLOOR: 72-1, 9/12/25 – Roll call vote not available

SUBJECT: California Film Commission: motion picture tax credits: tracking and compliance program

SOURCE: Author

DIGEST: This bill requires the California Film Commission (CFC) to collect additional data from productions receiving motion picture tax credits; to address noncompliance with data collection requirements and; to publish an annual compliance report summarizing the collected data, trends in diversity and economic impact, and recommendations for program improvements.

Assembly Amendments removed one of the data points required to be collected.

ANALYSIS:

Existing law:

- 1) Establishes the Governor's Office of Business and Economic Development (GO-Biz) for the purpose of serving as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment and economic growth. (Government Code (GC) §§ 12096 – 12098.7)
- 2) Authorizes GO-Biz as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. Authorizes GO-Biz, in this capacity, to coordinate the development of policies and criteria to ensure that federal grants administered or directly expended by state government advance statewide economic goals and objectives. Authorizes GO-Biz to market the business and investment opportunities available in California by working in partnership with local, regional, federal, and other state public and private institutions to encourage business development and investment in the state. Authorizes GO-Biz to support small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business. (GC § 12096.3)
- 3) Establishes the Commission, with a board consisting of 27 members, to encourage motion picture and television filming in California and make recommendations to the Legislature, the Governor, and GO-Biz to improve the position of the state's motion picture industry in the national and world markets. (GC §§ 14998 - 14998.13)
- 4) Requires the Commission Director to prepare and implement a program to promote media production for the benefit of the state's economy by administering a one-stop permit office, among other responsibilities. Requires the Commission to develop and oversee the implementation of a Cooperative Motion Picture Marketing Plan which shall increase Commission marketing efforts and offer state resources to local film commissions and local government liaisons to the film industry for the purpose of marketing their locales to the motion picture industry. (GC §§ 14998.and 14998.12).

- 5) Authorizes the Commission to allocate, and for qualified taxpayers to claim, the California Motion Picture and Television Production Credit (film tax credit) for an additional five years, starting in 2025-26 with an authorization amount of \$330 million per year. Provides recipients with 96% of the credit amount and includes an additional 4% if the applicant chooses to submit a diversity workplan that includes specified diversity goals for the project. Requires applicants to submit a diversity workplan checklist, developed by the Commission upon submission of their application for the credit. Upon receipt of a tax credit, applicants who choose to submit a diversity workplan to address diversity and be broadly reflective of California's population in terms of race, ethnicity, gender, and disability status, including required components in statute and regulation. Applicants may submit an interim assessment on progress towards meeting the goals of the workplan to the Commission. Applicants who submit a diversity workplan must submit a final diversity assessment including information about how the project met or made a good-faith effort to meet the diversity workplan. Requires the Commission to submit to the Legislature on an annual basis, commencing June 30, 2027, a report containing diversity data provided by the applicants. The report shall contain, in the aggregate and per project, an assessment of whether the diversity workplan goals required by this section were met for qualified motion pictures that submitted the final assessment to the Commission in the prior fiscal year and specified details. This reporting is in addition to tax credit specific reporting to the Legislative Analyst's Office, and other aggregate data reported to the Legislature and on the Commission website.
- 6) Requires the Legislative Analyst Office (LAO) to provide the Assembly Committee on Revenue and Taxation, the Senate Committee on Governance and Finance, and the public a report evaluating the economic effects and administration of the film tax credit. Authorizes LAO to receive all information reported to the Commission by recipients. Requires the LAO, on or before May 1, 2025, to provide the Assembly Committee on Revenue and Taxation, the Senate Committee on Governance and Finance, and the public a report that summarizes the workforce diversity information collected by the Commission and that evaluates the effectiveness of the film tax credit in increasing the diversity of the film production workforce. (Revenue and Taxation Code (RTC) § 38.9)
- 7) Establishes the Civil Rights Department (CRD) and outlines various prohibited practices, including but not limited to practices by employers related to discrimination. Requires employers with 100 or more employees to submit a

pay data report to the CRD that includes specified information, including but not limited to the number of employees by race, ethnicity, and sex in specified job categories and authorizes CRD to annually publish and publicize aggregate reports based on this data. (GC §§ 12900-12907)

- 8) Prohibits a private or public employer with five or more employees from including on a job application any questions about conviction history before a conditional job offer has been made. (GC § 13952)
- 9) Prohibits an employer from asking applicants to disclose information concerning an arrest or detention that did not result in conviction, or information concerning a referral to, and participation in, any pretrial or posttrial diversion program, or concerning a conviction that has been dismissed or ordered sealed, and precludes any employer from seeking or utilizing such information as a factor in determining any condition of employment, any record of arrest or detention that did not result in conviction, or any record regarding a referral to, and participation in, any pretrial or posttrial diversion program, or concerning a conviction that has been judicially dismissed or ordered sealed pursuant to law. (Labor Code § 432.7)

This bill:

- 1) Requires CFC to integrate additional data collection requirements for productions receiving motion picture tax credits, including:
 - a) Demographic data currently not required for all hired employees, including veteran status, and where voluntarily provided, LGBTQ+ status.
 - b) Aggregate ZIP Code hiring data voluntarily reported by motion picture tax credit recipients for the purpose of assessing local workforce impacts.
 - c) Apprenticeship and trainee utilization reports demonstrating the inclusion of underrepresented groups in film production trades and related industries.
- 2) Requires CFC, in consultation with industry stakeholders, payroll companies, and subject matter experts, to ensure clarity, feasibility, and practical implementation, to adopt definitions, reporting templates, and narrowly tailored metrics for collecting the additional data outlined in 1) above. Requires CDC to develop data collection protocols to reduce nonresponse rates.

- 3) Specifies that where feasible, workforce demographic and wage and hours data may be reported in aggregate using certified payroll data or verified third-party payroll reports and requires CFC to work with industry stakeholders and payroll companies to develop standardized templates to ensure data accuracy and to protect employee privacy. Requires CFC, in developing reporting templates and evaluation metrics, to consider proportional representation relative to the California general population and historic national-level underrepresentation in the film and entertainment industries.
- 4) Requires CFC to address noncompliance with data collection requirements through existing enforcement conditions and motion picture tax credit procedures.
- 5) Requires CFC to publish an annual compliance report on its website summarizing the collected data, trends in diversity and economic impact, and recommendations for improvements in the motion picture tax credit framework. The report shall be made publicly available on the commission's website.
- 6) Makes these requirements operative upon an appropriation by the Legislature.

Background

CFC. The Commission was created in 1984 to “enhance California’s position as the premier location for motion picture production.” The Commission is the state’s resource for film, TV, and commercial production, providing information on production issues such as work permits and on-set safety regulations for those working in the entertainment industry. The Commission supports film, television, and commercial production of all sizes and budgets by providing one-stop support services including location and troubleshooting assistance, permits for filming at state-owned facilities, and access to resources including an extensive digital location library. The Commission also administers the state’s Film and Television Tax Credit Program and serves as the primary liaison between the production community and all levels of government (including local, state, and federal jurisdictions) to eliminate barriers to filming in-state. The Commission works in conjunction with multiple local film offices/commissions across California to resolve film-related issues and handle specific filming requests.

Film and Television Tax Credits. According to the LAO, in response to the proliferation of state-level tax credits and other incentives for film and TV production in the early 2000s, the Legislature approved the creation of its own \$100 million credit in 2009 (commonly referred to as the "Film and Tax Credit

1.0"). In 2011, the Legislature extended the program for one year to 2014-15 and then extended the program for two additional years until 2016-17. CFC allocated the final \$100 million authorized under the Film and TV Credit 1.0 on July 1, 2015. Applications for the credit are evaluated by the Commission, who then allocate and issue credits to successful applicants based on the amount of qualified expenditures the proposed production would make in California.

In 2014, the Legislature enacted the "Film and TV Tax Credit 2.0," which directed the Commission to allocate \$230 million in credits in the 2015-16 FY, and \$330 million in credits each FY through 2019-20. In 2018, the Legislature enacted the "Film and TV Tax Credit 3.0", authorizing the Commission to allocate \$330 million in credits each FY through 2024-25. The enabling legislation allowed a credit equal to 20% or 25% of qualified expenditures for production of a qualified motion picture in California, with additional credits for qualified expenditures related to original photography, as defined. Additionally, the bill required applicants to submit a summary of their voluntary programs designed to increase the representation of minorities and women in certain job classifications and directed the Commission to establish the Career Pathways Training program, among other provisions.

The 2023-24 budget included changes to the film tax credit to take effect starting with tax credits awarded in 2025-26 that include, according to LAO, the following notable changes:

- **Refundable Credits.** Production companies allocated a tax credit may make a one-time election to make the credit refundable. This option allows taxpayers who do not have a significant California tax liability to more effectively utilize the credit. Taxpayers must apply as much of their credit to their current tax liability as possible before the excess is refundable for that year. Taxpayers may only elect to make 90% of their total credit allocation refundable, and the use of such credits must be spread across the five taxable years beginning with the year of election.
- **Diversity Plans.** Currently, credit recipients must submit a work plan that includes explicit diversity goals and is approved by the Commission. Starting with awards made in 2025-26, a production can receive an additional 4% credit if they submit a work plan to the Commission and the Commission determines that the recipient has made a "good-faith effort" to achieve the goals in the work plan.

The Commission has issued over \$3 billion in credits to around 700 projects since its inception in 2009.

The Governor's 2025-26 budget proposes to raise the amount of tax credits available for the Commission to allocate to \$750 million starting in 2025-26.

FISCAL EFFECT: Appropriation: No Fiscal Com.:Yes Local:No

According to the Assembly Committee on Appropriations, this bill will result in 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 CFC.

SUPPORT: (Verified 9/12/25)

California Arts Advocates

OPPOSITION: (Verified 9/12/25)

None received

ARGUMENTS IN SUPPORT: California Arts Advocates writes that “California’s Film and Television Tax Credit Program has played a key role in retaining in-state film production. Still, it lacks mechanisms to assess whether public dollars benefit diverse communities, advance union access, or contribute to local economies...Notably, the bill ensures...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.” The organization states that the bill “brings transparency to a high-dollar tax incentive program, ensures public investments support inclusive job creation, and provides data to evaluate whether the film credit meets its intended goals. This oversight is especially critical given the Governor’s recent proposal to expand the credit program significantly despite budget deficits and weak evidence of broader economic benefit.”

Prepared by: Sarah Mason / B., P. & E.D. /
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