

Council Meeting of  
May 23, 2006

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

**Members of the Council:**

**SUBJECT: Support AB 777 for Refundable Taxes and Credits to Qualified Motion Picture Production.**

**RECOMMENDATION**

Recommendation of the City Manager that the City Council adopt a **RESOLUTION** in support of AB 777 (Nunez) which aims to keep film production in California, and direct staff to forward a letter of support to the State Legislature.

**Funding**

Not applicable

**BACKGROUND**

The Legislature established the California Film Commission in 1985 to address the “need for concerted efforts by California state and local governments to provide an environment supportive of, and conducive to, the undertakings of the motion picture industry in this state.” Its duties and responsibilities include working to encourage motion picture and television filming in California by recommending legislative and administrative actions to improve the position of the state’s motion picture industry.

California’s dominance as the premier location for movie, television, and commercial production is being eroded by competition from other states and foreign countries that already offer tax credits and incentives to attract film production. Film production is the 18<sup>th</sup> largest industry sector contributor to the California gross state product and is the 25<sup>th</sup> largest employer in California. The relocation of production companies has had a detrimental effect on California’s identity and economy.

**ANALYSIS**

To encourage the continual filming of motion pictures and commercials in California, the Legislature introduced AB 777 (Nunez) to adopt measures, such as tax credits and incentives, to attract film production. AB 777 is intended to level the playing field among all competing states in luring production companies to their locations.

AB 777 includes the potential of a tax reduction in the amount of \$50 million a year to the makers of films, television shows and commercials as an incentive to retain and encourage filming activity in California. In addition, it would also provide a 12 percent tax credit on a project's spending in California. Providing financial incentives will encourage production companies to stay in the California area, where the production infrastructure is already strong enough to support their needs.

If this legislation is passed, Torrance and the South Bay economy will see an increase in production spending and subsequent stimulation of the local economy. Production spending will likely have beneficial impacts on entertainment related industries and businesses as well as other industries located in the vicinity of the filming. Filming could also enhance the quality of life in Torrance.

In the past three years, filming activity through fees and permits has generated total revenue of approximately \$90,000-\$95,000 with a third of the total revenue contributing to the General Fund annually. It is recommended that Council support AB 777 in order to encourage the filming industry to continue production in California.

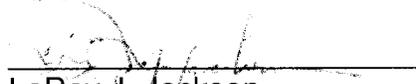
Respectfully submitted,

LeROY J. JACKSON  
CITY MANAGER

by 

Jay Scharfman  
Senior Management Associate

CONCUR:

  
LeRoy J. Jackson  
City Manager

## RESOLUTION NO. 2006-\_\_\_\_

**A RESOLUTION BY THE TORRANCE CITY COUNCIL AUTHORIZING SUPPORT OF AB 777 (NUNEZ) WHICH WILL CREATE TAX CREDITS AND INCENTIVES TO KEEP FILM PRODUCTION COMPANIES IN CALIFORNIA**

**WHEREAS**, film production is the 18<sup>th</sup> largest industry sector contributor to the California gross state product and is the 25<sup>th</sup> largest employer in California; and,

**WHEREAS**, film production creates jobs and generates revenue for the state, city, and local businesses, a beneficial impact on the local economy that betters the quality of life; and

**WHEREAS**, the City of Torrance endorses and supports the actions of the California Film Commission with regard to its efforts to protect and attract film production in California by recommending legislative and administrative actions; and

**WHEREAS**, the Torrance Special Events and Filming Office was created to take a proactive approach to attract film production companies to the City of Torrance to reap the positive impacts of the filming industry; and

**WHEREAS**, the City of Torrance has generated approximately \$90,000-\$95,000 a year in revenue with a third of the total revenue contributing to the General Fund annually.

**NOW, THEREFORE, BE IT RESOLVED** THAT THE CITY COUNCIL OF THE CITY OF TORRANCE HEREBY: support AB 777 by Assemblyman Fabian Nunez which aims to keep film production in California by directing staff to forward a letter of support to the State Legislature and direct efforts to provide an atmosphere that is conducive to attracting and retaining film productions in California.

Introduced, approved and adopted this 23 day of May, 2006.

\_\_\_\_\_  
Mayor Dan Walker

APPROVED AS TO FORM:  
JOHN FELLOWS III, City Attorney

ATTEST:

by \_\_\_\_\_  
Ronald T. Pohl, Assistant City Attorney

\_\_\_\_\_  
Sue Herbers, City Clerk

