



**For Immediate Release**  
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## **COUNCIL PASSES ORDINANCE TO ADJUST THE ENTERTAINMENT BUSINESS TAX CAP AND REDUCE TAXES FOR FILM, TV AND COMMERCIAL PRODUCTION COMPANIES THAT SHOOT IN LA**

Today, the Los Angeles City Council unanimously approved an ordinance that would adjust the Entertainment Production Cap from \$2.5 million to \$5 million. The approval of this ordinance, which will go into affect 30 days after signature of the Mayor, means that most production companies Los Angeles – including at least 535 small and medium-sized production companies – will receive a tax break when they produce their films, television and commercial productions in Los Angeles.

“Despite the fact that Los Angeles has the talent and resources, the film industry is a mobile and producers and filmmakers often chose to shoot their productions in other locations because of tax breaks or other incentives,” said Councilmember Alarcón. “Today’s action by the City Council will reduce taxes for hundreds of production companies and create one more incentive for productions to stay local, so we can ensure that their tax dollars stay in the City of Los Angeles.”

Melissa Patack, Vice President of State Government Affairs for the Motion Picture Association of America, said, “We appreciate Councilmember Alarcon's leadership. This action sends a clear signal to the entertainment community that the City of Los Angeles recognizes and supports the valuable and important economic contribution motion picture and television production makes to our local economy.”

David Phelps, Director of External Relations for the Association of Independent Commercial Producers, said, "While modest in scope, we believe this proposal will encourage small production houses across Southern California to keep their projects in LA. The vast majority of commercial production houses have less than \$5 million a year in production costs, which means that most of our member companies will see real tax relief under this adjustment and have another incentive to keep their productions local."

Last July, Councilmember Richard Alarcón introduced a motion directing the City Attorney, in consultation with the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO), to prepare an ordinance that would raise the Entertainment Production Cap from \$2.5 million to \$5 million. The motion, which can potentially save production companies over \$3000 a year in taxes, was approved by the City Council and the ordinance was drafted. Today, the ordinance was unanimously approved by the Council.

Currently, the city assesses tax liability on film production companies through a flat fee of \$145 on production costs up to \$2.5 million. Above \$2.5 million, \$1.30 is assessed for each additional \$1,000 in production costs filmed within the City incurred in excess of \$2.5 million up to \$12,495. This new ordinance would adjust the cap to \$5 million, meaning all the companies at or below \$5 million in production costs would pay the flat fee of \$145. The new maximum tax is \$9,245, creating savings of up to \$3,250.

According to the City of Los Angeles’ Office of Finance, if the entertainment production cap were to be increased from \$2.5 million to \$5 million, at least 535 local production companies, including post-production companies, boutique production houses and commercial production companies, would receive a reduction in their taxes. Raising the threshold would provide significant tax savings to small and medium-sized production businesses, such as these commercial production companies, at a minimal cost to the City and would ultimately create more revenue for the City as businesses stay, expand or open within our borders.

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This motion is part of Alarcón's continuing efforts to help retain and attract the film, television and commercial production industry in LA. As Chair of the Jobs & Business Development Committee, he has moved an aggressive agenda of items to make it easier and cheaper to produce film, TV and commercials in Los Angeles. Items that have been implemented to-date include implementing free parking at City lots and under DWP power lines, creating power nodes at heavily-filmed areas, creating better processes for posting of signage and street-closures.

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