

**Legislative Joint Committee
on the Arts**

Senator Ted W. Lieu, Chair

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2013-2014 Legislative Summary

The Joint Committee on the Arts was formed to oversee legislative policies regarding the arts and other creative industries and cultural assets throughout the state. It is authorized and directed to study, investigate, and analyze programs and issues pertaining to the arts in California including arts education and the economic impact of the arts in the state. As such, the committee does not have the voting authority of a standing committee (which reviews and votes on committee-relevant legislation). It does, however, provide research and context for legislative priorities pertaining to the Arts through informational hearings and other means. The committee, under leadership of the Chair, makes recommendations on legislation and reviews arts legislation and programs in other states, on the federal level and around the world in order for California to maintain and grow our Creative Economy.

2013-2014 Legislative Priorities

- *Arts-in-Corrections Program*

With California's huge recidivism rate and prison overcrowding issues, California's "moth balled" but highly regarded Arts-in-Corrections Program was studied as an effective rehabilitation tool.

An informational hearing was held in May 2013. An update on progress of a CAC-funded pilot program was presented and prior studies were reviewed. Collaborative and creative ways to address the issue were discussed. Non-profit organizations which continued to provide prison arts programs in the absence of the state program– in a very limited way– testified at the hearing and met with the Committee. The Chair/JCA supported and advocated for reinstatement of this program.

STATUS: An inter-agency agreement was signed this year between the California Department of Rehabilitation and Corrections (CDCR) and the California Arts Council to revive the Arts-in-Corrections program. CDCR has committed to \$1 million for the 2013-2014 fiscal year; and \$1.5 million for the next fiscal year. No legislation was needed.

- ***California Arts Council Budget***
SB 1432 (Author: Senator Ted Lieu)

The California Arts Council budget, from the General Fund, has been decimated over the years, from a high of \$29 million to a low of \$ 1 million. This positioned California in last place (50th) in the nation in per capita spending on state art agencies-roughly 3-cents per resident. With the Otis Report on Creative Economy and other reports on hand, the JCA conducted an Informational Hearing in February 2014 Sacramento. Witnesses presented the first “Statewide Assessment of the Creative Economy in California” and pointed to the economic leverage of an investment in the Arts.

SB 1432, authored by the Chair of the JCA, was announced and introduced. SB 1432 would have continuously appropriated \$25 million annually to the CAC from the General Fund for grants as currently authorized by law.

STATUS: Last hist. action: 5/23/2014-Held in Appropriations Committee/under submission.

However, through the budget process, the CA Arts Council was allocated an additional \$5 million from the General Fund for fiscal year 2014-2015, which brings the General Fund budget up to \$6 million. Not continuous. Strategy for following year will be needed.

- ***California Film/TV Tax Credit***
AB 1839 (Authors: Asm. Gatto/Asm. Bocanegra)
(Principal Co-authors: Sen. Lieu/Sen. Padilla)

Historically, California’s homegrown film/TV industry has been a reliable source of great jobs at great wages. However, faced with aggressive film production tax incentives elsewhere, California has been bleeding jobs. In order to remain competitive, our qualified motion picture tax credit incentive program needed a makeover.

Senator Ted Lieu, Committee Chair/JCA met with industry leaders regarding ways to enhance this program for maximum benefit.

Senator Lieu also attended and participated in an oversight hearing on October 9, 2013 to review the California Film Tax Credit Program which was convened at SAG/AFTRA headquarters jointly by the Assembly AESTIM and Revenue and Taxation Committees.

STATUS: AB 1839 [Income Tax: Qualified Motion Pictures] was signed by the Governor on September 18, 2014 in Hollywood. Chaptered by the Secretary of State (Chapter 413, Statutes 2014)

Among its enhancements, this bill will allocate, no earlier than July 1, 2015 and before July 1, 2020, an aggregated annual amount of new credits totally \$330 million; an expansion from the prior \$100 million per year. The program will now be accessible to big budget productions (over \$100 million-with stipulations); adds an incentive of 5% to filmed projects outside the 30-mile zone; extends credit to qualified T.V. pilots; replaces the film credit lottery system with a ranking system based on a jobs ratio; and includes reporting requirements.

As noted in the legislation: “The benefits of a healthy entertainment industry manifest themselves in healthy employment markets, healthy tourism, healthy local economies, and healthy family units.”

- **Motion Pictures and Licensee / Nonexclusive Rights
SB 650 (Senator Ted Lieu, Author)**

This bill would provide that a licensee of nonexclusive rights in a motion picture that is produced pursuant to one or more collective bargaining agreements, as specified, takes its nonexclusive license in the motion picture subject to any perfected security interest securing the obligation to pay residuals as set forth in the applicable collective bargaining agreement and arising from exploitation under the license.

STATUS: SB 650 was signed by the Governor on July 10, 2014. Chaptered by Secretary of State (Chapter 118, Statutes of 2014)

- ***Qualified Commercial Production: Income Tax Credits***
SB 370 (Senator Ted Lieu, Author)

To provide a tax credit for producers of commercials filmed within California; allocating \$15 million in credits - \$2 million if shot outside studio zone and \$13 million within it.

STATUS: February 3, 2014 was last historical action date (Senate Governance and Finance Committee). Returned to Secretary of State pursuant to Joint Rule 56.