



Bill Analysis

Author: Assembly Committee
on Budget

Sponsor:

Bill Number: AB 191

Related Bills: See Legislative
History

Amended: August 28, 2026

SUBJECT

Soundstage Tax Credit

SUMMARY

This bill, under the Personal Income Tax Law (PITL) and Corporate Tax Law (CTL), would modify the tax credit under current law for the production of a qualified motion picture produced at a certified studio construction project in the state, known as the soundstage tax credit, to allow projects with certified studio construction projects leased on or before September 1, 2026, and subsequently subleased and unavailable due to the Los Angeles 2028 Olympic and Paralympic Games.

RECOMMENDATION

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The August 28, 2026, amendments removed intent language of the bill relating to the Budget Act of 2025, as introduced on January 8, 2025, and replaced it with the provisions discussed in this analysis.

This is the Franchise Tax Board's (FTB) first analysis of the bill and only addresses the provisions of the bill that would impact the FTB's programs or operations.

REASON FOR THE BILL

The reason for the bill is to continue to provide the soundstage tax credit for projects impacted by the Los Angeles 2028 Olympic and Paralympic Games.

ANALYSIS

This bill, under the PITL and CTL, would modify the soundstage tax credit for qualified motion pictures filmed on a soundstage that is, or is part of, a certified studio construction project, leased by a qualified taxpayer on or before September 1, 2026, for the purposes of filming a qualified motion picture, that subsequently became

unavailable for filming because that soundstage was the subject of a qualified sublease. This bill would deem such qualified motion pictures to be filmed at a certified studio construction project for any season the production period overlaps in whole or in part with the term of the qualified sublease if the filming occurs at a qualified alternative soundstage.

The bill would include the following definitions:

1. "Certified studio construction project" would have the same definition as provided under the soundstage tax credit.
2. "Qualified alternative soundstage" would mean any soundstage or soundstages in California which are utilized by a production during the term of a qualified sublease.
3. "Qualified sublease" would mean a sublease of a soundstage that is, or is part of, a certified studio construction project to any organization directly associated with, as determined by the CFC, the Los Angeles 2028 Olympic and Paralympic Games, including but not limited to LA28, the United States Olympic and Paralympic Committee, and the International Olympic Committee.

A qualified taxpayer or applicant would be required to submit evidence of a qualified sublease to the California Film Commission (CFC). The CFC would have sole discretion to determine that a qualified motion picture is considered filmed at a certified studio construction project for any season the production period overlaps in whole or in part with the term of the qualified sublease.

Additionally, a television series that would film subsequent seasons at the qualified alternative soundstage after the term of the qualified sublease would continue to be deemed to be produced at a certified studio construction project. However, if during the period after the term of the qualified sublease a qualified taxpayer or applicant for the television series earns tax credits for the production of the television series produced at the qualified alternative soundstage, then the equivalent number of soundstages at the previously unavailable certified studio construction project may not be treated as part of a certified studio construction project until the television series that films subsequent season at the qualified alternative soundstage ceases to claim the benefit of being produced at a qualified alternative soundstage project.

The bill further states that any soundstages that are, or are part of, a certified studio construction project would receive an extension of certification equal to the amount of time of the qualified sublease, beyond the five-year certification period.

A qualified taxpayer or applicant that would film on a qualified alternative soundstage must comply with all the requirements of the soundstage credit as applied to the qualified alternative soundstage instead of a certified studio construction project.

Effective/Operative Date

This bill, providing for an appropriation relating to the Budget Bill, would be effective immediately upon enactment and operative for taxable years beginning on or after January 1, 2026.

*Federal/State Law**Federal Law*

No comparable provision in federal law.

*State Law*Soundstage Filming Tax Credit

State law, under the PITL and the CTL, allows qualified taxpayers a tax credit for taxable years beginning on or after January 1, 2022, and before January 1, 2032, equal to 20% or 25%, or 35% or 40%, of the qualified expenditures paid or incurred by a qualified motion picture produced at a certified studio construction project in California. An additional 4% is allowed if a good faith effort is made to meet diversity goals.

Current state law defines a certified studio construction project to mean a construction or renovation project certified for a period of five years by the CFC that has met all the following criteria:

- a. The project provides for the construction or renovation of one or more sound stages in the state.
- b. Actual construction or renovation expenditures are not less than \$25,000,000 of actual construction or renovation expenditures made over not more than five continuous calendar years.
- c. The construction or renovation of each certified studio construction project satisfies criteria requiring the developer of a project certify to the CFC that the project is a public work, as defined, or all construction workers employed will be paid at least the general prevailing rate of per diem wages for the type of work and geographical area. Apprentices may be paid at least the applicable prevailing rate for apprentices.
- d. The construction or renovation of each certified studio construction project that begins after a foundation permit or a structural building permit for the construction or renovation that is issued after July 21, 2021.
- e. The certified studio construction project applicant or its affiliates shall not have received a California Competes Grant under Section 12096.6 of the Government Code for wages or investment related to construction of the studio construction project.

Implementation Considerations

None noted.

Technical Considerations

None noted.

Policy Considerations

None noted.

LEGISLATIVE HISTORY

AB 2319 (Schultz et al., Chapter 343, Statutes of 2026) under the PITL and CTL, for taxable years beginning on or after January 1, 2027, allow a tax credit to a qualified taxpayer for qualified expenditures for the post-production of a qualified motion picture in California.

AB 2403 (Elhawary, et al., 2025/2026) under the PITL and the CTL, for taxable years beginning on or after January 1, 2027, and before January 1, 2032, would allow a credit to a qualified commercial production company that produces a qualified commercial in the state and is allocated a credit by the CFC in an amount equal to 20% or 30%, as applicable, of qualified production costs in excess of \$500,000, as specified. This bill has been held in the Senate Appropriations Committee without further action.

AB 1138 (Zbur, et al., Chapter 27, Statutes of 2025), under the PITL and CTL, for purposes of the Motion Picture Credits 3.0 and 4.0, modified the definitions of "independent film," "qualified motion picture," and "qualified taxpayer," modified the credit percentage amounts allowed for a qualified motion picture, and for the purposes of a certified studio construction project, modified the qualified taxpayer requirement. This bill also removed the requirement that a credit exceed the qualified taxpayer's tax liability in order to assign any portion of the credit. Additionally, this bill, under CTL, for purposes of the Motion Picture Credits 1.0 and 2.0, allows credit assignment by a disregarded single-member limited liability company (SMLLC) for credits assigned and claimed on a timely filed tax return filed with the FTB on or before January 1, 2025.

SB 863 (Senate Committee on Revenue and Taxation, Chapter 462, Statutes of 2025), under the CTL, allowed a credit assignment of the Motion Picture Credit 3.0 and the Certified Studio Construction Project Credit, by a disregarded SMLLC to an affiliated corporation for credits that were assigned and claimed on a timely filed tax return for taxable years beginning on or before January 1, 2025.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

This bill would not significantly impact the Franchise Tax Board's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill as amended August 28, 2026, would not impact state income or franchise tax revenue.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Assembly Floor Analysis, dated August 31, 2026

Support

None on file.

Opposition

None on file.

ARGUMENTS

Assembly Floor Analysis, dated August 31, 2026

Proponents

None on file.

Opponents

None on file.

LEGISLATIVE CONTACT

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