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**AB-176 Governor's Office of Business and Economic Development: Office of Small Business Advocate: grant programs: taxation: credits: exclusions: sales and use tax. (2021-2022)**

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## Assembly Bill No. 176

### CHAPTER 256

An act to amend Sections 12096.6.2, 12100.63, 12100.82, 12100.82.5, 12100.83, 12100.83.5, 12100.83.6, 12100.90, and 12100.93 of, and to add Section 12100.91.5 to, the Government Code, to amend Sections 6295, 10878, 17053.80, 17053.98, 17158, 19280, 19294, 23629, 23698, and 24312 of, to amend and renumber the heading of Article 8 (commencing with Section 19292) of Chapter 5 of Part 10.2 of Division 2 of, to amend and renumber Sections 19292, 19293, and 19294 of, and to add Section 24311 to, the Revenue and Taxation Code, to amend Sections 4456, 4750.6, and 11713 of the Vehicle Code, to amend Section 8150.2 of the Welfare and Institutions Code, and to amend Section 25 of Chapter 82 of the Statutes of 2021, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor September 23, 2021. Filed with Secretary of State September 23, 2021. ]

### LEGISLATIVE COUNSEL'S DIGEST

AB 176, Committee on Budget. Governor's Office of Business and Economic Development: Office of Small Business Advocate: grant programs: taxation: credits: exclusions: sales and use tax.

(1) Existing law establishes the Office of Small Business Advocate (CalOSBA) within the Governor's Office of Business and Economic Development (GO-Biz) to advocate for causes of small business and to provide small businesses with the information they need to survive in the marketplace. Existing law establishes various grant programs within CalOSBA including the California Small Business Development Technical Assistance Expansion Program to provide grants to eligible nonprofit performing arts organizations, as defined, to encourage workforce development, the California Small Business COVID-19 Relief Grant Program to assist qualified small businesses affected by COVID-19, the California Microbusiness COVID-19 Relief Grant Program to assist qualified microbusinesses that have been significantly impacted by the COVID-19 pandemic, and the California Venues Grant Program within CalOSBA to assist independent live events that have been affected by COVID-19 in order to support their continued operation.

This bill would make technical and clarifying changes to the programs listed above, including to the definition of "qualified small business" for purposes of the California Small Business COVID-19 Relief Grant Program.

(2) Existing law establishes, until December 31, 2022, the California Nonprofit Performing Arts Grant Program within CalOSBA. The program provides grants to eligible nonprofit performing arts organizations, as defined, to encourage workforce development. Existing law authorizes, subject to appropriation by the Legislature, \$50,000,000 of program funds to be allocated in one or more rounds to eligible nonprofit performing arts organizations. Existing law provides that grants are awarded on a first-come, first-served basis in specified amounts based upon annual gross revenue.

This bill would change the amount of program funds to be allocated to the eligible nonprofit performing arts organizations to \$49,500,000. The bill would provide that a registered 501(c)(3) nonprofit entity may be eligible without regard to its annual gross revenue if it serves as a fiscal sponsor for entities that are qualified small businesses, as specified.

(3) Existing law establishes a California Competes Grant Program, authorizing GO-Biz to provide grants to an applicant that meets specified criteria relating to the creation of jobs or investments in the state, as provided. That law provides that the California Competes Tax Credit Committee may recapture a grant made under the California Competes Grant Program, in whole or in part, if the qualified grantee fails to fulfill the terms and conditions of the written agreement between the committee and the grant recipient. Existing law requires the Franchise Tax Board to perform the recapture of grant proceeds in coordination with the committee.

This bill would extend the above-referenced recapture provisions to include the California Microbusiness COVID-19 Relief Grant Program and the California Venues Grant Program, and would make other technical and clarifying changes to the California Competes Grant Program.

(4) The Personal Income Tax Law and the Corporation Tax Law, in conformity with federal income tax law, generally defines "gross income" as income from whatever source derived, except as specifically excluded, and provides for various exclusions. Existing law excludes from gross income, under both laws, the grant allocations received pursuant to the California Small Business COVID-19 Relief Grant Program. Existing law additionally provides for an exclusion from gross income under the Personal Income Tax Law for grant allocations received by a taxpayer pursuant to the California Microbusiness COVID-19 Relief Program.

This bill would, under both the Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after September 1, 2020, and before January 1, 2023, exclude from gross income grant allocations received by a taxpayer pursuant to the California Venues Grant Program. This bill would also, under the Corporation Tax Law, for taxable years beginning on or after September 1, 2020, and before January 1, 2023, exclude from gross income grant allocations received by a taxpayer pursuant to the California Microbusiness COVID-19 Relief Program.

(5) The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including, for each taxable year beginning on or after January 1, 2022, and before January 1, 2027, a credit in an amount between \$2,500 and \$10,000, to a qualified taxpayer that employs an individual who is or recently was homeless, and who meets other specified requirements.

This bill, with regard to the employment credit described above, would revise provisions relating to certification procedures for the qualified taxpayer and the employed individual.

Existing law allows a motion picture credit for taxable years beginning on or after January 1, 2020, to be allocated by the California Film Commission on or after July 1, 2020, and before July 1, 2025, in an amount equal to 20% or 25% of qualified expenditures for the production of a qualified motion picture in this state. Existing law also allows a credit for taxable years beginning on or after January 1, 2022, and before January 1, 2032, in an amount equal to 20% or 25%, or as modified, of qualified expenditures for the production of a qualified motion picture in this state at a certified studio construction project. Existing law requires an applicant for the certified studio construction project credit to provide certain information to the California Film Commission, including a diversity work plan stating the diversity goals the motion picture will seek to achieve in terms of qualified wages paid by race and gender. Existing law requires the diversity goals to be broadly reflective of California's population, in terms of race and gender, and requires the California Film Commission to approve or reject an applicant's diversity workplan, to the extent allowed by federal and state law.

This bill would provide that the California Film Commission, rather than GO-Biz, is the agency responsible for adopting regulations to implement the motion picture film credit. The bill, with regard to the certified studio construction project credit, would require the diversity work plan to additionally include diversity goals the motion picture will seek to achieve in terms of qualified wages paid by ethnicity, and would require those goals to be broadly reflective of California's population, in terms of race, ethnicity, and gender.

(6) Existing law establishes various collaborative duties for the Franchise Tax Board and the Legislative Analyst's Office with regard to the CalCompetes tax credit, a credit against the taxes imposed under the Personal Income Tax Law and the Corporation Tax Law, in order to aid the Legislature in determining whether the credit meets various goals, purposes, and objectives.

This bill would revise the performance indicators used in determining whether the credit meets its various goals, purposes, and objectives and would provide that the Legislative Analyst's Office instead collaborate with GO-Biz.

(7) Existing law requires the Franchise Tax Board to collect certain delinquencies related to vehicles, including, but not limited to, unpaid tolls, toll evasion penalties, and any related administrative or service fee, as though the delinquencies are taxes, as

specified, and allows those delinquent amounts to be collected in any manner authorized under law as though those delinquent amounts were a tax due under the Personal Income Tax Law, including by issuance of an order and levy for earnings withholding.

Existing law authorizes specified charges, including fines, state or local penalties, bail, forfeitures, restitution fines, restitution orders, or any other amounts imposed by a juvenile or superior court of the State of California, or by the Supreme Court, that are due and payable in an amount totaling less than \$100 to be referred to the Franchise Tax Board for collection.

This bill, for any levy or order issued on or after January 1, 2022, under the collection authority described above, would limit the maximum amount of disposable earnings of a debtor subject to collection to a specified amount. The bill would also exclude from collection the minimum basic standard of care amount, as described, with a specified exception.

(8) Existing state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law generally provides that the taxes are due and payable to the California Department of Tax and Fee Administration quarterly on or before the last day of the month next succeeding each quarterly period and requires, for purposes of sales tax, a return to be filed by a seller that contains, among other information, the gross receipts of the seller during the preceding reporting period.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing laws authorize districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which generally conforms to the Sales and Use Tax Law. Amendments to the Sales and Use Tax Law are automatically incorporated into the local tax laws.

Existing law, with respect to specified vehicles sold at retail on and after January 1, 2021, by a licensed dealer, except a new motor vehicle dealer, requires the dealer to pay the applicable sales tax to the Department of Motor Vehicles acting for and on behalf of the California Department of Tax and Fee Administration within 30 days from the date of the sale.

This bill, additionally, would require the dealer to pay the applicable use tax imposed under the Transactions and Use Tax Law, and would make these provisions applicable to a motor vehicle, as specified. The bill would make conforming changes and would declare these amendments do not constitute a change in, but are declaratory of, existing law. The bill would authorize the Department of Motor Vehicles to establish a compliance schedule based upon operational needs to effectively enforce the collection of taxes, as specified.

(9) This bill would make various technical and nonsubstantive changes.

(10) This bill would appropriate \$10,000 from the General Fund to the Office of Small Business Advocate in the Governor's Office of Business and Economic Development to implement these provisions.

(11) The bill would make its provisions severable.

(12) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 12096.6.2 of the Government Code is amended to read:

**12096.6.2.** (a) A grant may be recaptured, in whole or in part, if the qualified grantee fails to fulfill the terms and conditions of the written agreement entered into pursuant to Section 12096.6.1.

(b) Any recapture, in whole or in part, of a grant approved by the committee pursuant to Section 18410.2 of the Revenue and Taxation Code shall be collected by the Franchise Tax Board pursuant to Article 9 (commencing with Section 19296) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code.

(c) Amounts recaptured pursuant to Article 9 (commencing with Section 19296) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code shall be transmitted to the General Fund, and, if necessary, transferred to the fund from which the appropriation was made, if not the General Fund.

**SEC. 2.** Section 12100.63 of the Government Code is amended to read:

**12100.63.** (a) The California Small Business Technical Assistance Expansion Program is hereby created within the California Office of the Small Business Advocate.

(b) The program shall be under the direct authority of the Small Business Advocate.

(c) The purpose of the program is to assist small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more small business technical assistance centers.

(d) In implementing the program, the office shall consult with local, regional, federal, and other state public and private entities that share a similar mission to support the needs of small businesses in California.

(e) An applicant pursuant to this article shall be a small business technical assistance center operating as a group, including a regional or statewide network, or as an individual center.

(1) A small business technical assistance center operating as a group consisting of centers organized under a coordinating administrative or fiscal entity shall apply by submitting a single consolidated application to the office.

(2) A small business technical assistance center operating as an individual center shall apply by submitting a single application for that center to the office.

(f) The office shall administer the program to provide grants to expand the capacity of small business development technical assistance centers in California, administered by and primarily funded by federal agencies, but may also include other nonprofit small business technical assistance centers, that provide one-on-one confidential consulting and training to small businesses and entrepreneurs in this state. An applicant shall be eligible to participate in the program if the office determines that the applicant meets all of the following criteria:

(1) At the time of applying for funds, the applicant has an active contract with a federal funding partner to administer a program in this state, or has received a letter of intent from a federal funding partner to administer a federal small business technical assistance center program in this state within the next fiscal year. Alternatively, if the applicant is not a federally contracted small business technical assistance center, the applicant shall document a private funding source with similar intent and meet the criteria defined in subdivision (s) of Section 12100.62.

(2) (A) The applicant provided a plan of action and commitment to fully draw down all of the federal funds available using local cash match and state funds not described in Section 12100.65 during the duration of the award period. Alternatively, if the applicant is not a federally contracted small business technical assistance center, the applicant shall present a plan of action for drawing down any match required by those private funding sources using local cash match outside of state funds not described in Section 12100.65 during the award period. The office may request that the applicant provide details relating to the source and amount of these nonstate local match funds.

(B) If the applicant is a new small business technical assistance center, the applicant has demonstrated the ability to fully draw down substantially all federal funds available to it.

(3) The requested funding amount does not exceed the total federal award specified in the contract with the federal funding partner contract, or the private funding sources specified, but in any event is no less than twenty five thousand dollars (\$25,000).

(4) The applicant seeks funding for one or more years, but no more than five years in duration.

(5) The grant agreements authorized by this article are not subject to the model contract provisions developed pursuant to Chapter 14.27 (commencing with Section 67325) of Part 40 of Division 5 of Title 3 of the Education Code.

(6) The applicant has a fiscal agent that is able to receive nonfederal funds.

(g) The office shall issue a request for proposal for grants under the program, which may contain the following information:

(1) The eligibility requirements described in subdivision (e).

(2) The available funding range.

(3) Funding instruments.

(4) The local cash match requirement described in subdivision (f).

(5) Operational capacity.

(6) The duration of the program.

(7) The start date of the program.

(8) Narrative requirements.

(9) Reporting requirements.

(10) Required attachments.

(11) Submission requirements.

(12) Application evaluation criteria.

(13) An announcement of an awards timeline.

(h) (1) The office shall evaluate applications received based on the following factors:

(A) The proposed use of the requested funding, including the specificity, measurability, and ability of the applicant to document and achieve the goals and objectives identified in its application.

(B) The proposed management strategy of the applicant to achieve its goals and objectives identified in its application.

(C) The applicant's ability to complement and leverage the work of other local, state, federal, nonprofit, or private business technical assistance resource providers.

(D) The applicant's historical performance with federal funding partner contracts or private funding sources and the strength of its fiscal controls.

(2) The office shall prioritize funding for applications that best meet the factors listed in paragraph (1) and give preference to applications that propose new or enhanced services to underserved business groups, including women, minority, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation.

(i) State funds provided pursuant to the program shall be used to expand consulting and training services through existing and new centers, including satellite offices. State funds provided pursuant to the program shall not supplant nonstate local cash match dollars included in a federal small business technical assistance center's plan described in subparagraph (A) of paragraph (2) of subdivision (f) or in any nonfederal small business technical assistance center's plan.

(j) Subject to appropriation of necessary funds by the Legislature, a supplemental grant program designated as the California Dream Fund Program shall be established by the office to provide microgrants as described in this subdivision. The microgrants shall be disbursed through California Small Business Technical Assistance Expansion Program grantees. California Small Business Technical Assistance Expansion Program applicants, as prescribed by the office, may also request state funds designated as the California Dream Fund Program moneys to provide microgrants up to ten thousand dollars (\$10,000) to seed entrepreneurship and small business creation in underserved small business groups that are facing capital and opportunity gaps. These microgrants shall be made available to startup clients participating in intensive startup training and consulting with the center networks.

(k) For purposes of implementing the California Dream Fund Program, a person or entity shall not seek information that is unnecessary to determine eligibility, including whether the individual is undocumented. Information that may be collected from individuals participating in the California Dream Fund Program shall not constitute a record subject to disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1.

**SEC. 3.** Section 12100.82 of the Government Code is amended to read:

**12100.82.** Unless the context requires otherwise, the following definitions in this section shall govern the construction of this article:

(a) "Applicant" means any California taxpayer, including, but not limited to, an individual, corporation, nonprofit organization, cooperative, or partnership, who submits an application for the program.

(b) "California Small Business COVID-19 Relief Grant Program" or "program" means the grant program established in Section 12100.83.

(c) "CalOSBA" or "office" means the Office of Small Business Advocate within the Governor's Office of Business and Economic Development.

(d) "Director" means the Director of the Office of the Small Business Advocate.

(e) "Fiscal agent" means a California-based Community Development Financial Institution (CDFI) capable of online and mobile application development, customer support, document validation, impact analysis, grant agreements, and awards disbursement, as well as marketing, engagement, and strategic partnerships with a network of CDFIs and nonprofits for implementation.

(f) (1) "Qualified small business" means a business or nonprofit that meets all of the following criteria, as confirmed by the office or fiscal agent through review of revenue declines, other relief funds received, credit history, tax returns, and bank account validation:

(A) Is one of the following:

(i) A sole proprietor, independent contractor, 1099 employee, C-corporation, S-corporation, cooperative, limited liability company, partnership, or limited partnership, with an annual gross revenue of less than two million five hundred thousand dollars (\$2,500,000), but greater than one thousand dollars (\$1,000), in the 2019 taxable year.

(ii) A registered 501(c)(3), 501(c)(6), or 501(c)(19) nonprofit entity that had an annual gross revenue of less than two million five hundred thousand dollars (\$2,500,000), but greater than one thousand dollars (\$1,000), in the 2019 taxable year.

(B) Began operating in the state prior to June 1, 2019.

(C) Is currently active and operating, or has a clear plan to reopen when the state permits reopening of the business.

(D) Has been impacted by COVID-19 and the related health and safety restrictions, such as business interruptions or business closures incurred as a result of the COVID-19 pandemic.

(E) Provides organizing documents, including a 2019 federal tax return or Form 990, and a copy of official filing with the Secretary of State or with the local municipality, as applicable, including, but not limited to, Articles of Incorporation, Certificate of Organization, Fictitious Name of Registration, or Government-Issued Business License.

(F) Provides an acceptable form of government-issued photo identification.

(G) Is the entity, location, or franchise with the highest revenue in a group.

(2) Notwithstanding paragraph (1), "qualified small business" shall not include any of the following:

(A) Businesses without a physical presence in the state and not headquartered in the state.

(B) Nonprofit businesses not registered as a 501(c)(3), 501(c)(6), or 501(c)(19).

(C) Government entities, other than Native American tribes, or elected official offices.

(D) Businesses primarily engaged in political or lobbying activities, regardless of whether the entity is registered as a 501(c)(3), 501(c)(6), or 501(c)(19).

(E) Passive businesses, investment companies, and investors who file a Schedule E on their tax returns.

(F) Financial institutions or businesses primarily engaged in the business of lending, such as banks, finance companies, and factoring companies.

(G) Businesses engaged in any activity that is unlawful under federal, state, or local law.

(H) Businesses that restrict patronage for any reason other than capacity.

(I) Speculative businesses.

(J) Businesses with any owner of greater than 10 percent of the equity interest in it who meets one or more of the following criteria:

(i) The owner has, within the prior three years, been convicted of or had a civil judgment rendered against the owner, or has had commenced any form of parole or probation, including probation before judgment, for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state, or local public transaction or contract under a public transaction, violation of federal or state antitrust or procurement statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

(ii) The owner is presently indicted for or otherwise criminally or civilly charged by a federal, state, or local government entity, with commission of any of the offenses enumerated in clause (i).

(K) Affiliated companies, as defined in Section 121.103 of Title 13 of the Code of Federal Regulations.

(L) Other businesses determined by the office, consistent with the limitations and exclusions set in Rounds 1 and 2 of the COVID-19 Relief Grant Program.

(g) "Rounds 1 and 2 of the COVID-19 Relief Grant Program" means the first two rounds of grant allocations awarded, prior to the enactment of this article, through the COVID-19 Relief Grant that is administered by CalOSBA and that is funded by Executive Order No. E 20/21-182.

**SEC. 4.** Section 12100.82.5 of the Government Code is amended to read:

**12100.82.5.** A grant may be recaptured, in whole or in part, in accordance with Article 8 (commencing with Section 19294) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, if CalOSBA determines that the grantee has failed to meet the criteria for a qualified small business pursuant to subdivision (f) of Section 12100.82 or for an eligible independent live event pursuant to subdivision (f) of Section 12100.83.5.

**SEC. 5.** Section 12100.83 of the Government Code is amended to read:

**12100.83.** (a) The California Small Business COVID-19 Relief Grant Program is hereby created within CalOSBA.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to provide grants to qualified small businesses affected by COVID-19 in order to support their continued operation.

(d) The office or its fiscal agent shall consult with local, regional, state, and federal public and private entities, as applicable, that share a similar mission to support the needs of small businesses and nonprofits in California.

(e) The office may contract with a fiscal agent, or amend an existing contract with a fiscal agent to meet the requirements of this article, to carry out the programs, at a rate of no more than 5 percent of administrative and programs funds appropriated by the Legislature for the purposes of this article.

(f) The office shall allocate grants to qualified small businesses that meet the requirements of this article.

(g) (1) The office shall conduct marketing and outreach for equitable awareness and the distribution of grants that includes all of the following:

(A) Engaging multiple partners, including, but not limited to, business and nonprofit associations, chambers of commerce, economic development corporations, and other nonprofit mission-based organizations, and organizations with nonprofit expertise.

(B) Providing access to technical assistance services covering all counties in the state and in multiple languages to reach non-English-speaking individuals in all counties in the state.

(C) Building awareness throughout the state, including in underserved and underbanked communities, by collaborating with multiple community groups to distribute program information, applicant access through multiple branded partner portals, and advertising and social media outreach through owned, paid, and earned media channels.

(2) For the qualified small business program, outreach in advance of open application rounds shall be conducted for a minimum of three weeks prior to opening each application round. Following each round, the fiscal agent shall assess service gaps and address outreach deficiencies as necessary to improve program equity.

(3) The fiscal agent shall provide information on how to connect to additional support resources to each applicant whether or not the applicant is selected as a grant recipient.

(h) Grants shall be prioritized, to the extent permissible under state and federal equal protection laws, in accordance with the following criteria:

(1) Geographic distribution based on COVID-19 health and safety restrictions following California's Blueprint for a Safer Economy and county status and the Regional Stay Home Order.

(2) Industry sectors most impacted by the pandemic, including, but not limited to, those identified as in the North American Industry Classification System codes beginning with:

(A) 61 – Educational Services.

(B) 71 – Arts, Entertainment, and Recreation.

(C) 72 – Accommodation and Food Services.

(D) 315 – Apparel Manufacturing.

(E) 448 – Clothing and Clothing Accessory Stores.

(F) 451 – Sporting Goods, Hobby, Musical Instrument, and Book Stores.

(G) 485 – Transit and Ground Passenger Transportation.

(H) 487 – Scenic and Sightseeing Transportation.

(I) 512 – Motion Picture and Sound Recording Industries.

(J) 812 – Personal and Laundry Services.

(K) 5111 – Newspaper, Periodical, Book, and Directory Publishers.

(3) Nonprofit mission services most impacted by the pandemic, including, but not limited to, emergency food provisions, emergency housing stability, childcare, and workforce development.

(4) Underserved small business groups that have faced historic barriers to access to capital and networks, and are defined as businesses majority owned and operated on a daily basis by women, minorities or persons of color, and veterans, or businesses in rural and low-wealth communities.

(5) Disadvantaged communities tracked by socioeconomic indicators that may include, but are not limited to, low to moderate income, poverty rates, unemployment, educational attainment, and other disadvantaging factors that limit access to capital and other resources.

(i) (1) Grants to qualified small businesses shall be awarded in a minimum of three rounds, which includes a closed round, in the following amounts:

(A) Five thousand dollars (\$5,000) for applicants with an annual gross revenue of one thousand dollars (\$1,000) to one hundred thousand dollars (\$100,000) in the 2019 taxable year.

(B) Fifteen thousand dollars (\$15,000) for applicants with an annual gross revenue greater than one hundred thousand dollars (\$100,000), and up to one million dollars (\$1,000,000), in the 2019 taxable year.

(C) Twenty five thousand dollars (\$25,000) for applicants with an annual gross revenue greater than one million dollars (\$1,000,000), and up to two million five hundred thousand dollars (\$2,500,000), in the 2019 taxable year.

(2) The office, or its fiscal agent, may conduct, pursuant to the existing eligibility, criteria, or other requirements from Rounds 1 and 2 of the COVID-19 Relief Grant Program, a closed round for existing applicants from those two rounds in order to award up to 25 percent of any newly allocated funds while initial outreach for future open rounds is conducted.

(3) Rounds 1 and 2 of the COVID-19 Relief Grant Program shall not be considered a round for purposes of meeting the minimum round requirements described in paragraph (1).

(j) (1) A total of fifty million dollars (\$50,000,000) of program funds shall be allocated in one or more rounds to eligible nonprofit cultural institutions.

(2) For purposes of this subdivision, “eligible nonprofit cultural institution” means a registered 501(c)(3) nonprofit entity that satisfies the criteria for a qualified small business pursuant to subdivision (f) of Section 12100.82, but with no limitation on annual gross revenue, and that is in one of the following North American Industry Classification System codes:

(A) 453920 - Art Dealers.

(B) 711110 - Theater Companies and Dinner Theaters.

(C) 711120 - Dance Companies.

(D) 711130 - Musical Groups and Artists.

(E) 711190 - Other Performing Arts Companies.

(F) 711310 - Promoters of Performing Arts, Sports, and Similar Events with Facilities.



(G) 711320 - Promoters of Performing Arts, Sports, and Similar Events without Facilities.

(H) 711410 - Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures.

(I) 711510 - Independent Artists, Writers, and Performers.

(J) 712110 - Museums.

(K) 712120 - Historical Sites.

(L) 712130 - Zoos and Botanical Gardens.

(M) 712190 - Nature Parks & Other Similar Institutions.

(3) Grants to eligible nonprofit cultural institutions shall be prioritized on documented percentage revenue declines based on a reporting period comparing Q2 and Q3 of 2020 versus Q2 and Q3 of 2019.

(4) Eligible nonprofit cultural institutions shall complete a new application for the grants allocated under this subdivision, even if they already applied in Rounds 1 and 2 of the COVID-19 Relief Grant Program.

(5) Grants shall not be awarded to an eligible nonprofit cultural institution under this subdivision if the eligible nonprofit cultural institution has otherwise been awarded a grant under subdivision (i).

(6) Grants under this subdivision shall be awarded in the following amounts:

(A) Five thousand dollars (\$5,000) for applicants with an annual gross revenue of one thousand dollars (\$1,000) to one hundred thousand dollars (\$100,000) in the 2019 taxable year.

(B) Fifteen thousand dollars (\$15,000) for applicants with an annual gross revenue greater than one hundred thousand dollars (\$100,000), and up to one million dollars (\$1,000,000) in the 2019 taxable year.

(C) Twenty-five thousand dollars (\$25,000) for applicants with an annual gross revenue greater than one million dollars (\$1,000,000) in the 2019 taxable year.

(k) Grant moneys awarded under this section shall only be used for costs resulting from the COVID-19 pandemic and related health and safety restrictions, or business interruptions or closures incurred as a result of the COVID-19 pandemic, including the following:

(1) Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.

(2) Working capital and overhead, including rent, utilities, mortgage principal, and interest payments, but excluding mortgage prepayments, and debt obligations, including principal and interest, incurred before March 1, 2020.

(3) Costs associated with reopening business operations after being fully or partially closed due to state-mandated COVID-19 health and safety restrictions and business closures.

(4) Costs associated with complying with COVID-19 federal, state, or local guidelines for reopening with required safety protocols, including, but not limited to, equipment, plexiglass barriers, outdoor dining, PPE supplies, testing, and employee training expenses.

(5) Any other COVID-19-related expenses not already covered through grants, forgivable loans, or other relief through federal, state, county or city programs.

(6) Any other COVID-19-related costs that are not human resource expenses for the state share of Medicaid, employee bonuses, severance pay, taxes, legal settlements, personal expenses, or other expenses unrelated to COVID-19 impacts, repairs from damages already covered by insurance, or reimbursement to donors for donated items or services.

(l) (1) Applicants may self-identify race, gender, and ethnicity. Within seven business days of the close of each application period, the office shall post the aggregate data, as available. Within 15 business days of the close of each application period, the office shall post data by legislative district, as available. Within 45 business days, the office shall post the actual awarded information, as available. All information shall be posted on the Office of Small Business Advocate (CalOSBA) internet website and CalOSBA shall provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

(2) The office shall report to the Legislature the number of grants and dollar amounts awarded for each of the following categories:

- (A) Race and ethnicity.
- (B) Women-owned.
- (C) Veteran-owned.
- (D) Located in a disadvantaged community pursuant to paragraph (5) of subdivision (h).
- (E) Located in a rural area.
- (F) County.
- (G) State Senate district.
- (H) State Assembly district.
- (I) Nonprofits, including by geography.
- (J) Cultural institutions, including by geography.

(m) The fiscal agent shall issue Forms 1099 and otherwise adhere to tax reporting guidelines regardless of whether the grants are excluded from gross income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001)) or the Corporation Tax Law (Part 11 (commencing with Section 23001)) of Division 2 of the Revenue and Taxation Code).

**SEC. 6.** Section 12100.83.5 of the Government Code is amended to read:

**12100.83.5.** (a) The California Venues Grant Program is hereby created within CalOSBA.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to provide grants to eligible independent live events that have been affected by COVID-19 in order to support their continued operation.

(d) The office may contract with a fiscal agent, or amend an existing contract with a fiscal agent to meet the requirements of this section, to carry out the program, at a rate of no more than 5 percent of administrative and programs funds appropriated by the Legislature for the purposes of this section.

(e) Subject to appropriation by the Legislature, the office shall allocate grants to eligible independent live events that meet the requirements of this section.

(f) (1) Subject to appropriation by the Legislature, one hundred fifty million dollars (\$150,000,000) shall be allocated in one or more rounds to eligible independent live events.

(2) For purposes of this section, "eligible venue" means a venue with the following characteristics:

(A) A defined performance and audience space.

(B) Mixing equipment, a public address system, and a lighting rig.

(C) Engages one or more individuals to carry out not less than two of the following roles:

(i) A sound engineer.

(ii) A booker.

(iii) A promoter.

(iv) A stage manager.

(v) Security personnel.

(vi) A box office manager.

(D) For a venue owned or operated by a nonprofit entity that produces free events, the events are produced and managed primarily by paid employees, not by volunteers.

(3) For purposes of this section, "eligible independent live event" means an entity that satisfies all of the following:

(A) Is a sole proprietor, C-corporation, S-corporation, cooperative, limited liability company, partnership, limited partnership, or a registered 501(c)(3) nonprofit entity that satisfies the criteria defined in subparagraphs (B) through (G) inclusive of paragraph (1) of subdivision (f) of Section 12100.82.

(B) Is in any of the following North American Industry Classification System codes:

- (i) 711211 – Sports Teams and Clubs.
- (ii) 711310 - Promoters of Performing Arts, Sports, and Similar Events with Facilities.
- (iii) 711320 - Promoters of Performing Arts, Sports, and Similar Events without Facilities.
- (iv) 722410 – Drinking Places (Alcoholic Beverages).
- (v) 722511 – Full-Service Restaurants.

(C) Is any of the following:

(i) An individual or entity that meets both of the following criteria:

(I) As a principal business activity, organizes, promotes, produces, manages, or hosts live concerts, comedy shows, theatrical productions, or other events by performing artists at an eligible venue where both of the following take place:

- (ia) A cover charge through ticketing or front door entrance fee is applied.
- (ib) Performers are paid.

(II) At least 70 percent of the earned revenue of the individual or entity is generated through cover charges or ticket sales, production fees or production reimbursements, or the sale of event beverages, food, or merchandise.

(ii) An individual or entity that, as a principal business activity, makes tickets to events available for purchase by the public an average of not less than 30 days before the date of the event, which shall meet both of the following:

- (I) The requirements of subclause (I) of clause (i).
- (II) Performers are paid in an amount that is based on a percentage of sales, a guarantee in writing or standard contract, or another mutually beneficial formal agreement.

(iii) An individual or entity that meets both of the following criteria:

(I) As a principal business activity, organizes, promotes, produces, manages, or hosts live sporting events at an eligible venue where both of the following take place:

- (ia) A cover charge through ticketing or front door entrance fee is applied.
- (ib) Performers are paid.

(II) At least 70 percent of the earned revenue of the individual or entity is generated through cover charges or ticket sales, production fees or production reimbursements, or the sale of event beverages, food, or merchandise.

(III) The individual or entity is not a major league or professional sports team or club, and is not owned by a major league or professional sports team or club.

(4) Notwithstanding paragraph (3), “eligible independent live event” shall not include entities that satisfy any of the following:

(A) Is a publicly traded corporation, or is majority owned and controlled by a publicly traded corporation.

(B) Owns or operates entities in more than five states or in another country, or is owned by an entity that owns or operates entities in more than five states or in another country.

(C) Generates less than 75 percent of its gross earned revenue in California.

(D) Demonstrates a percentage gross earned revenue decline in California of less than 70 percent, based on a reporting period comparing Q2, Q3, and Q4 of 2020, compared to Q2, Q3, and Q4 of 2019.

(E) Is an excluded entity as defined in paragraph (2) of subdivision (f) of Section 12100.82.

(5) Grants to eligible independent live events shall be prioritized on documented percentage gross earned revenue declines based on a reporting period comparing California gross earned revenues in Q2, Q3, and Q4 of 2020 and California gross earned revenues in Q2, Q3, and Q4 of 2019.

(6) Grants awarded under this subdivision shall be in an amount equal to the lesser of two hundred fifty thousand dollars (\$250,000) or 20 percent of the applicant's gross earned revenue in California for the 2019 taxable year.

(7) Eligible independent live event applicants shall complete a new and separate application for the grants allocated under this section even if they already have submitted an application for the California Small Business COVID-19 Relief Grant Program established in Section 12100.83.

(8) If an eligible independent live event has been awarded a grant under the California Small Business COVID-19 Relief Grant Program established in Section 12100.83, the amount of that grant shall be subtracted from the grant amount awarded under this section. If the grant amount awarded under Section 12100.83 is greater than the amount awarded under this section, the eligible independent live event shall not receive a grant under this subdivision and no amount shall be subtracted.

(9) No more than twenty five million (\$25,000,000) in grants may be allocated to eligible independent live events that qualify under clause (iii) of subparagraph (C) of paragraph (3), unless all other eligible independent live events have received funding.

(g) Grant moneys awarded under this section shall only be used for costs resulting from the COVID-19 pandemic and related health and safety restrictions, or business interruptions or closures incurred as a result of the COVID-19 pandemic, including the following:

(1) Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.

(2) Working capital and overhead, including rent, utilities, mortgage principal, and interest payments, but excluding mortgage prepayments, and debt obligations, including principal and interest, incurred before March 1, 2020.

(3) Costs associated with reopening business operations after being fully or partially closed due to state-mandated COVID-19 health and safety restrictions and business closures.

(4) Costs associated with complying with COVID-19 federal, state, or local guidelines for reopening with required safety protocols, including, but not limited to, equipment, plexiglass barriers, outdoor dining, personal protective equipment (PPE) supplies, testing, and employee training expenses.

(5) Any other COVID-19-related expenses not already covered through grants, forgivable loans, or other relief through federal, state, county, or city programs.

(6) Any other COVID-19-related costs that are not human resource expenses for the state share of Medicaid, employee bonuses, severance pay, taxes, legal settlements, personal expenses, or other expenses unrelated to COVID-19 impacts, repairs from damages already covered by insurance, or reimbursement to donors for donated items or services.

(h) Applicants may self-identify race, gender, and ethnicity. Within seven business days of the close of each application period, the office shall post the aggregate data, as available. Within 15 business days of the close of each application period, the office shall post data by county and legislative district, as available. Within 45 business days, the office shall post the actual awarded information, as available. All information shall be posted on the Office of Small Business Advocate (CalOSBA) internet website and CalOSBA shall provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

(i) The fiscal agent shall issue Forms 1099 and otherwise adhere to tax reporting guidelines regardless of whether the grants are excluded from gross income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code) or the Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code).

(j) This section shall remain in effect only until December 31, 2022, and as of that date is repealed.

**SEC. 7.** Section 12100.83.6 of the Government Code is amended to read:

**12100.83.6.** (a) The California Nonprofit Performing Arts Grant Program is hereby created within CalOSBA.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to provide grants to eligible nonprofit performing arts organizations to encourage workforce development.

(d) The office may contract with a fiscal agent, or amend an existing contract with a fiscal agent to meet the requirements of this section, to carry out the program, at a rate of no more than 5 percent of administrative and program funds appropriated by the Legislature for the purposes of this section.

(e) Subject to appropriation by the Legislature, the office shall allocate grants to eligible nonprofit performing arts organizations that meet the requirements of this section.

(f) (1) Subject to appropriation by the Legislature, forty-nine million five hundred thousand dollars (\$49,500,000) of program funds shall be allocated in one or more rounds to eligible nonprofit performing arts organizations.

(2) For purposes of this subdivision, an "eligible nonprofit performing arts organization" means a registered 501(c)(3) nonprofit entity that satisfies the criteria for a qualified small business pursuant to subdivision (f) of Section 12100.82, with no more than two million dollars (\$2,000,000) in annual gross revenue, and that is in one of the following North American Industry Classification System codes:

(A) 711110 - Theater Companies and Dinner Theaters.

(B) 711120 - Dance Companies.

(C) 711130 - Musical Groups and Artists.

(D) 711190 - Other Performing Arts Companies.

(3) Grants under this subdivision shall be awarded on a first-come, first-served basis in the following amounts:

(A) Twenty-five thousand dollars (\$25,000) for applicants with annual gross revenue greater than one thousand dollars (\$1,000) to one hundred thousand dollars (\$100,000) in the 2019 taxable year.

(B) Fifty thousand dollars (\$50,000) for applicants with annual gross revenue greater than one hundred thousand dollars (\$100,000), and up to one million dollars (\$1,000,000) in the 2019 taxable year.

(C) Seventy-five thousand dollars (\$75,000) for applicants with annual gross revenue greater than one million dollars (\$1,000,000), and up to two million dollars (\$2,000,000) in the 2019 taxable year.

(4) A registered 501(c)(3) nonprofit entity, without regard to its annual gross revenue, may be eligible for funds if it serves as a fiscal sponsor for entities that are qualified small businesses pursuant to subdivision (f) of Section 12100.82, with no more than two million dollars (\$2,000,000) in annual gross revenue, and that is in one of the following North American Industry Classification System codes:

(A) 711110 - Theater Companies and Dinner Theaters.

(B) 711120 - Dance Companies.

(C) 711130 - Musical Groups and Artists.

(D) 711190 - Other Performing Arts Companies.

(g) Grant moneys awarded under this section shall only be used for the following:

(1) Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.

(2) Contributions or payments to a centralized payroll service.

(3) Recruitment, training, development, and other human resources related expenses.

(4) Other operating expenses or equipment for employees.

(h) (1) Applicants may self-identify race, gender, and ethnicity. Within seven business days of the close of each application period, the office shall post the aggregate data, as available. Within 15 business days of the close of each application period, the office shall post data by legislative district, as available. Within 45 business days, the office shall post the actual awarded information, as available. All information shall be posted on the internet website of the Office of Small Business Advocate (CalOSBA) and CalOSBA shall provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

(2) The office shall report to the Legislature the number of grants and dollar amounts awarded for each of the following categories:

(A) Race and ethnicity.

(B) Women-owned.

(C) Veteran-owned.

(D) Located in or serve a disadvantaged community as described in paragraph (5) of subdivision (h) of Section 12100.83.

(E) Located in a rural area.

(F) County.

(G) State Senate district.

(H) State Assembly district.

(I) Geography.

(i) The fiscal agent shall issue Form 1099 and otherwise adhere to tax reporting guidelines regardless of whether the grants are excluded from gross income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code) or the Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code).

(j) This section shall remain in effect only until December 31, 2022, and as of that date is repealed.

**SEC. 8.** Section 12100.90 of the Government Code is amended to read:

**12100.90.** For purposes of this article, all of the following shall apply:

(a) "CalOSBA" or "office" means the Office of Small Business Advocate within the Governor's Office of Business and Economic Development.

(b) "Program" means the California Microbusiness COVID-19 Relief Grant Program established pursuant to this article.

(c) "California Small Business COVID-19 Relief Grant Program" means the grant program established pursuant to Section 12100.83.

(d) "Eligible grantmaking entity" means a county, or if a county applicant is not available, a nonprofit or consortium of nonprofit community-based organizations, exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, with a mission that includes economic or business development support for California's underserved businesses and entrepreneurs.

(e) "Fiscal agent" means the eligible grantmaking entity or a designated representative of the eligible grantmaking entity selected by the office from among eligible grantmaking entities to administer the California Microbusiness COVID-19 Relief Program funds in a county.

(f) "Grantmaking agreement" means the required cooperative agreement between the office and fiscal agent which includes the duties and responsibilities of the fiscal agent in carrying out the purpose of the article.

(g) "Qualified microbusiness" means an entity that meets and self-certifies, under penalty of perjury, all of the following criteria:

(1) The microbusiness began its operation prior to December 31, 2019.

(2) The microbusiness is currently active and operating, or has a clear plan to reopen when the state permits reopening of the business.

(3) The microbusiness was significantly impacted by COVID-19 pandemic.

(4) The microbusiness had less than fifty thousand dollars (\$50,000) in revenues in the 2019 taxable year.

(5) The microbusiness currently has fewer than five full-time equivalent employees and had fewer than five full-time equivalent employees in the 2019 and 2020 taxable years.

(6) The microbusiness is not a business excluded from participation in the California Small Business COVID-19 Relief Grant Program, as specified in paragraph (2) of subdivision (f) of Section 12100.82.

(h) "Qualified microbusiness owner" means an individual that meets and self-certifies, under penalty of perjury, all of the following criteria:

- (1) The microbusiness owner is the majority-owner and manager of the qualified microbusiness.
- (2) The microbusiness owner's primary means of income in the 2019 taxable year was the qualified microbusiness.
- (3) The microbusiness owner did not receive a grant under the California Small Business COVID-19 Relief Grant Program.
- (4) The microbusiness owner can demonstrate their eligibility as a "qualified microbusiness owner" by providing the fiscal agent with a government issued photo identification (state, domestic, or foreign), and documentation that includes the owner's name and may include, but is not limited to, the following:
  - (A) A local business permit or license.
  - (B) A bank statement.
  - (C) A tax return.

**SEC. 9.** Section 12100.91.5 is added to the Government Code, to read:

**12100.91.5.** A grant may be recaptured, in whole or in part, in accordance with Article 8 (commencing with Section 19294) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, if CalOSBA determines that the grantee has failed to meet the criteria for a qualified microbusiness pursuant to subdivision (g) of Section 12100.90.

**SEC. 10.** Section 12100.93 of the Government Code is amended to read:

**12100.93.** (a) Subject to appropriation by the Legislature, a grantmaking entity that receives an allocation shall administer a county program that includes all of the following:

- (1) The development and implementation of an outreach and marketing plan to identify and engage eligible microbusiness that face systemic barriers to accessing capital, including, but not limited to, businesses owned by women, minorities, veterans, individuals without documentation, individuals with limited English proficiency, and business owners located in low-wealth and rural communities. The office shall review the plan and may make recommendations for additional measures or modifications to the plan.
- (2) Individual grant awards to qualified microbusinesses shall be two thousand five hundred dollars (\$2,500).
- (3) The grantmaking entity shall accept applications for a period of at least four weeks.
- (4) The grantmaking entity shall prioritize outreach efforts to qualified microbusinesses which meet one or both of the following criteria:
  - (A) The owner of the microbusiness is a member of a group that has faced historic barriers in accessing capital, and is defined as business majority owned and operated on a daily basis by women, minorities or persons of color, veterans, undocumented individuals, and individuals living in low-wealth or rural areas on low incomes.
  - (B) The microbusiness has suffered economic impacts or revenue losses due to the COVID-19 pandemic, as determined by the fiscal agent.
- (5) A grantmaking entity may, in addition to the priorities in paragraph (4), prioritize applications from qualified microbusinesses that are sidewalk vendors.
- (6) The grantmaking entity shall request, but shall not mandate, each microbusiness applying for a grant to self-identify the race, gender, and ethnicity of its owner.
- (7) The grantmaking entity shall require a microbusiness owner who is a recipient of a grant pursuant to this article to self-certify that grant funds will be used for one or more of the following eligible uses:
  - (A) The purchase of new certified equipment including, but not limited to, a cart.
  - (B) Investment in working capital.
  - (C) Application for, or renewal of, a local permit including, but not limited to, a permit to operate as a sidewalk vendor.
  - (D) Payment of business debt accrued due to the COVID-19 pandemic.
  - (E) Costs resulting from the COVID-19 pandemic and related health and safety restrictions, or business interruptions or closures incurred as a result of the COVID-19 pandemic, as defined in subdivision (l) of Section 12100.83.

(b) For purposes of implementing the program, a person or entity shall not seek information that is unnecessary to determine eligibility, including whether the individual is an undocumented immigrant. Information, including documents, collected from a microbusiness applying to or participating in the program shall not constitute a record subject to disclosure under Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1.

(c) The fiscal agent and grantmaking entity shall separately track and report funding used for the administration and marketing of the county program pursuant to subdivision (d) of Section 12100.92.

(d) The grantmaking entity shall provide the office with aggregate-level data necessary to meet the reporting requirements of this article, as the requirements relate to the county designated in the grantmaking agreement.

(e) The fiscal agent and grantmaking entity shall provide the office, at minimum, two narrative reports during and after the awards process.

(f) The office shall provide a periodic update on the use of the funds awarded pursuant to Section 12100.92, in accordance with the following:

(1) The first report shall be made within 15 days of the funds being awarded and shall identify the fiscal agents who were awarded funding, how much each fiscal agent received, key outreach activities committed to in each grantmaking agreement, and the county served.

(2) The second report shall be made within 120 days of the funds being awarded. The office shall report every 60 days following the second report until all funds allocated to each county have been awarded.

(3) The office shall post each report on its internet website and provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

(4) The second and subsequent reports shall identify by county, the number of applications received, the number of grant awards made, the outreach and technical assistance provided, and other information determined by the office as appropriate and necessary. The second and subsequent reports shall, to the extent that the information is available, include the number of applications, grant awards, and the dollar amounts awarded for each county in each of the following categories:

(A) Race and ethnicity.

(B) Women owned.

(C) Veteran owned.

(D) Located in a rural area.

(E) County.

(g) It is the intent of the Legislature to allow persons who are undocumented to receive grants pursuant to this article. The Legislature finds and declares that this article is a state law that provides payments or assistance for persons who are undocumented within the meaning of Section 1621(d) of Title 8 of the United States Code.

**SEC. 11.** Section 6295 of the Revenue and Taxation Code is amended to read:

**6295.** (a) (1) When a motor vehicle required to be registered under the Vehicle Code, except for a recreational vehicle that is either truck-mounted, permanently towable on the highways without a permit or a park trailer, as these terms are used in Section 18010 of the Health and Safety Code, is sold at retail by a dealer holding a license issued pursuant to Chapter 4 (commencing with Section 11700) of Division 5 of the Vehicle Code, the dealer shall pay the applicable sales tax and any applicable use tax due under the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2) to the Department of Motor Vehicles acting for and on behalf of the California Department of Tax and Fee Administration pursuant to Sections 4456 and 4750.6 of the Vehicle Code.

(2) The amendments to this subdivision made by the act adding this paragraph do not constitute a change in, but are declaratory of, existing law.

(b) If the dealer makes an application to the Department of Motor Vehicles that is not timely, and is subject to penalty because of delinquency in effecting registration or transfer of registration of the vehicle, the dealer shall also be liable for penalty as specified in Section 6591, but no interest shall accrue.

(c) Application to the Department of Motor Vehicles by the dealer shall not relieve the dealer of the obligation to file a return with the California Department of Tax and Fee Administration under Section 6452. The dealer shall file a return as specified in Section 6453.



(d) (1) If the dealer fails to make an application to the Department of Motor Vehicles, fails to pay the amount of sales or use tax due, or fails to timely file a return with the California Department of Tax and Fee Administration under Section 6452, interest and penalties shall apply with respect to the unpaid amount as provided in Chapter 5 (commencing with Section 6451).

(2) The amendments to this section made by the act adding this subdivision do not constitute a change in, but are declaratory of, existing law.

(e) For purposes of this section, the following shall apply:

(1) "Dealer" shall not include a franchisee as defined in Section 331.1 of the Vehicle Code, a franchisee of a recreational vehicle franchise as defined in Section 331.3, a manufacturer or remanufacturer holding a license issued pursuant to Chapter 4 (commencing with Section 11700) of Division 5 of the Vehicle Code, an automobile dismantler holding a license and certificate issued pursuant to Chapter 3 (commencing with Section 11500) of Division 5 of the Vehicle Code, or a lessor-retailer holding a license issued pursuant to Chapter 3.5 (commencing with Section 11600) of Division 5 of the Vehicle Code, and subject to the provisions of Section 11615.5 of the Vehicle Code.

(2) "Newly licensed dealer" means a dealer who was originally licensed by the Department of Motor Vehicles on or after January 1, 2019.

(f) The Department of Motor Vehicles shall, through the adoption of regulations, establish any additional requirements for the implementation of this section.

(g) (1) Subject to paragraph (2), this section shall apply to sales of vehicles occurring on and after January 1, 2021.

(2) Based upon operational needs to effectively enforce the collection of taxes pursuant to this section, the Department of Motor Vehicles may establish the following compliance schedule for this section:

(A) Newly licensed dealers, dealers whose seller's permit was reinstated within the last two years, and dealers with a previous finding of underreporting within the last two years shall comply beginning January 1, 2021.

(B) All other dealers shall comply by January 1, 2023.

**SEC. 12.** Section 10878 of the Revenue and Taxation Code is amended to read:

**10878.** (a) Notwithstanding Sections 10877 and 10951, the responsibility and authority for the collection of the following delinquent amounts, and any interest, penalties, or service fees added thereto, shall be transferred from the department to the Franchise Tax Board:

(1) Registration fees.

(2) Transfer fees.

(3) License fees.

(4) Use taxes.

(5) Penalties for offenses relating to the standing or parking of a vehicle for which a notice of parking violation has been served on the owner, and any administrative service fee added to the penalty.

(6) Unpaid tolls, toll evasion penalties as described in Section 40252 of the Vehicle Code, and any related administrative or service fees.

(7) Any court-imposed fine or penalty assessment, and any administrative service fee added thereto, that is subject to collection by the department.

(b) Any reference in this part to the department in connection with the duty to collect these amounts shall be deemed a reference to the Franchise Tax Board.

(c) (1) The amounts collected under subdivision (a) may be collected in any manner authorized under the law as though they were a tax imposed under Part 10 (commencing with Section 17001) that is final, including, but not limited to, issuance of an order and levy under Article 4 (commencing with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure in the manner provided for an earnings withholding order for taxes. Part 10 (commencing with Section 17001), 10.2 (commencing with Section 18401), or 10.7 (commencing with Section 21001), or any other applicable law shall apply for this purpose in the same manner and with the same force and effect as if the language of Part 10, 10.2, or 10.7, or the other applicable law is incorporated in full into this authority to collect these amounts, except to the extent that the provision is either inconsistent with the collection of these amounts or is not relevant to the collection of these amounts.

(2) Both of the following shall apply to any levy or order issued on or after January 1, 2022:

(A) The maximum amount of disposable earnings of a debtor for any workweek that is subject to collection shall not exceed the amount specified in Section 706.050 of the Code of Civil Procedure.

(B) The minimum basic standard of care amount specified in subdivision (a) of Section 704.220 of the Code of Civil Procedure shall not be subject to collection.

(d) Even though the amounts authorized by this section are collected as though they are taxes, amounts so received by the Franchise Tax Board shall be deposited into an appropriate fund or account upon agreement between the Franchise Tax Board and the department. The amounts shall be distributed by the department from the appropriate fund or account in accordance with the laws providing for the deposits and distributions as though the moneys were received by the department.

(e) For any collection action under this section, the Franchise Tax Board may utilize the contract authorization, procedures, and mechanisms available either with respect to the collection of taxes, interest, additions to tax, and penalties pursuant to Section 19376, or with respect to the collection of the delinquencies by the department immediately prior to the time this section takes effect.

(f) The Legislature finds that it is essential for fiscal purposes that the program authorized by this section be expeditiously implemented. Accordingly, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any standard, criteria, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board in implementing and administering the program required by this section.

(g) Any standard, criteria, procedure, determination, rule, notice, or guideline, that is not subject to the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code pursuant to subdivision (f), shall be approved by the Franchise Tax Board, itself.

(h) The Franchise Tax Board may enter into any agreements or contracts necessary to implement and administer the provisions of this section. The Franchise Tax Board in administering this section may delegate collection activities to the department. Any contracts may provide for payment of the contract on the basis of a percentage of the amount of revenue realized as a result of the contractor's services under that contract. However, the Franchise Tax Board, in administering this part, may not enter into contracts with private collection agencies as authorized under Section 19377.

(i) The amendments made to this section by the act adding this subdivision shall apply commencing with the effective date of the act adding this subdivision.

**SEC. 13.** Section 17053.80 of the Revenue and Taxation Code is amended to read:

**17053.80.** (a) (1) For each taxable year beginning on or after January 1, 2022, and before January 1, 2027, there shall be allowed to a qualified taxpayer that employs an eligible individual a credit against the "net tax," as defined in Section 17039, an amount as determined pursuant to paragraph (2), not to exceed thirty thousand dollars (\$30,000) per taxpayer per taxable year.

(2) A qualified taxpayer shall be allowed the credit pursuant to this section in the following amounts per taxable year:

(A) Two thousand five hundred dollars (\$2,500) for each eligible individual that works at least 500 hours, but fewer than 1,000 hours, for the eligible employer during the taxable year in which the credit is claimed.

(B) Five thousand dollars (\$5,000) for each eligible individual that works at least 1,000 hours, but fewer than 1,500 hours, for the eligible employer during the taxable year in which the credit is claimed.

(C) Seven thousand five hundred dollars (\$7,500) for each eligible individual that works at least 1,500 hours, but fewer than 2,000 hours, for the eligible employer during the taxable year in which the credit is claimed.

(D) Ten thousand dollars (\$10,000) for each eligible individual that works at least 2,000 hours for the eligible employer during the taxable year in which the credit is claimed.

(b) For purposes of this section:

(1) "Continuum of care" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations.

(2) "Coordinated entry system" means a centralized or coordinated assessment system developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, designed to coordinate homelessness program participant intake, assessment, and provision of referrals.

(3) "Eligible employer" means a taxpayer that meets all of the following requirements:

(A) Pays wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code.

(B) Pays at least 120 percent of minimum wage.

(C) Provides to the Franchise Tax Board, upon request, a copy of the certification received for each eligible individual for each tax year that the credit is claimed for that eligible individual by that eligible employer.

(4) "Eligible individual" means a person who meets both of the following criteria:

(A) The person is homeless on the date of the hire or anytime during the 180-day period immediately before the hire, or someone who is receiving supportive services from a homeless services provider as designated by a local continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System.

(B) The person has been issued a certification pursuant to paragraph (2) of subdivision (c), and that certification has not expired.

(5) "Homeless Management Information System" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations. "Homeless Management Information System" includes the use of a comparable database by a victim services provider or legal services provider that is permitted by the federal government under Part 576 (commencing with Section 576.1) of Title 24 of the Code of Federal Regulations.

(6) "Person is homeless" means the same as "homeless" as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

(7) "Minimum wage" means the wage established pursuant to Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(8) "Qualified taxpayer" means an eligible employer that pays wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code to an eligible individual.

(c) (1) A credit shall not be allowed under this section unless the eligible employer submits to the Franchise Tax Board, upon request, a certification issued by a continuum of care, or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System, or other program as specified by the Franchise Tax Board.

(2) A continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System, shall issue certifications for eligible individuals.

(3) The certification pursuant to paragraph (2) shall be issued in a form and manner prescribed by Franchise Tax Board.

(4) A certification issued pursuant to this subdivision shall expire one year after issuance.

(d) (1) The total aggregate amount of the credit that may be allocated by credit reservations per calendar year to all qualified taxpayers pursuant to this section and Section 23629 shall not exceed thirty million dollars (\$30,000,000), plus the unallocated credit amount, if any, from the preceding calendar year.

(2) A qualified taxpayer shall claim the credit on a timely filed original return of the qualified taxpayer and only with respect to an eligible individual for whom the qualified taxpayer has received a credit reservation.

(3) (A) To be eligible for the credit allowed by this section with respect to an eligible individual, a qualified taxpayer shall, upon hiring an eligible individual, request a credit reservation from the Franchise Tax Board within 30 days of complying with the Employment Development Department's new hire reporting requirements as provided in Section 1088.5 of the Unemployment Insurance Code, in the form and manner prescribed by the Franchise Tax Board.

(B) To obtain a credit reservation with respect to an eligible individual, the qualified taxpayer shall provide necessary information, as determined by the Franchise Tax Board, including the name, social security number, how many hours the eligible individual is expected to work for the next 12 months, and the start date of employment.

(4) The Franchise Tax Board shall do both of the following:

(A) Approve a tentative credit reservation with respect to an eligible individual hired during a taxable year.

(B) Subject to the annual cap established as provided in paragraph (1), allocate an aggregate amount of credits under this section and Section 23629, and allocate any carryover of unallocated credits from prior years.

(e) In the case where the credit allowed by this section exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following taxable year, and succeeding two years if necessary, until the credit is exhausted.

(f) If the credit allowed by this section is claimed by the qualified taxpayer, a deduction otherwise allowed under this part for any amount of wages paid or incurred by the qualified taxpayer as a trade or business expense to an eligible individual shall be reduced by the amount of the credit allowed by this section.

(g) The Franchise Tax Board may prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of this section, including any guidelines regarding the allocation of the credit allowed under this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this section.

(h) This section shall remain in effect only until December 1, 2027, and as of that date is repealed.

**SEC. 14.** Section 17053.98 of the Revenue and Taxation Code is amended to read:

**17053.98.** (a) (1) For taxable years beginning on or after January 1, 2020, there shall be allowed to a qualified taxpayer a credit against the "net tax," as defined in Section 17039, subject to a computation and ranking by the California Film Commission in subdivision (g) and the allocation amount categories described in subdivision (i), in an amount equal to 20 percent or 25 percent, whichever is the applicable credit percentage described in paragraph (4), of the qualified expenditures for the production of a qualified motion picture in California. A credit shall not be allowed under this section for any qualified expenditures for the production of a motion picture in California if a credit has been claimed for those same expenditures under Section 17053.85 or 17053.95.

(2) Except as otherwise provided in this section, the credit shall be allowed for the taxable year in which the California Film Commission issues the credit certificate pursuant to subdivision (g) for the qualified motion picture, but in no instance prior to July 1, 2020, and shall be for the applicable percentage of all qualified expenditures paid or incurred by the qualified taxpayer in all taxable years for that qualified motion picture.

(3) (A) The amount of the credit allowed to a qualified taxpayer shall be limited to the amount specified in the credit certificate issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g).

(B) In determining the amount specified in the credit certificate in subparagraph (A), the California Film Commission shall be limited to the following amounts of qualified expenditures for each qualified motion picture:

(i) In the case of a feature, up to one hundred million dollars (\$100,000,000).

(ii) In the case of a miniseries described in clause (ii) of subparagraph (A) of paragraph (18) of subdivision (b), up to one hundred million dollars (\$100,000,000).

(iii) In the case of a television series described in clause (iii) or clause (v) of subparagraph (A) of paragraph (18) of subdivision (b), up to one hundred million dollars (\$100,000,000) per season.

(iv) In the case of an independent film, up to ten million dollars (\$10,000,000).

(4) For purposes of paragraphs (1) and (2), the applicable credit percentage shall be:

(A) Twenty percent of the qualified expenditures attributable to the production of a qualified motion picture in California, including, but not limited to, a feature or a television series that relocated to California that is in its second or subsequent years of receiving a tax credit allocation pursuant to this section, Section 17053.85, or Section 17053.95.

(B) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture in California where the qualified motion picture is a television series that relocated to California in its first year of receiving a tax credit allocation pursuant to this section.

(C) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture that is an independent film.

(D) Additional credits shall be allowed for the production of a qualified motion picture whose applicable credit percentage is determined pursuant to subparagraph (A), in an aggregate amount not to exceed 5 percent of the qualified expenditures under that subparagraph, as follows:

(i) (I) Five percent of qualified expenditures, excluding qualified wages described in subparagraph (E), relating to original photography outside the Los Angeles zone.

(II) For purposes of this clause and subparagraph (E):

(ia) "Applicable period" means the period that commences with preproduction and ends when original photography concludes. The applicable period includes the time necessary to strike a remote location and return to the Los Angeles zone.

(ib) "Los Angeles zone" means the area within a circle 30 miles in radius from Beverly Boulevard and La Cienega Boulevard, Los Angeles, California, and includes Agua Dulce, Castaic, including Castaic Lake, Leo Carrillo State Beach, Ontario International Airport, Piru, and Pomona, including the Los Angeles County Fairgrounds. The Metro-Goldwyn-Mayer, Inc. Conejo Ranch property is within the Los Angeles zone.

(ic) "Original photography" includes principal photography and reshooting original footage.

(id) "Qualified expenditures relating to original photography outside the Los Angeles zone" means amounts paid or incurred during the applicable period for tangible personal property purchased or leased and used or consumed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone and qualified wages paid for services performed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone.

(ii) Five percent of the qualified expenditures relating to qualified visual effects attributable to the production of a qualified motion picture in California.

(E) (i) Notwithstanding subparagraph (D), an amount equal to 10 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture whose applicable credit percentage is determined pursuant to subparagraph (A).

(ii) Notwithstanding subparagraph (D), an amount equal to 5 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture whose applicable credit percentage is determined pursuant to subparagraph (B) or (C).

(b) For purposes of this section:

(1) "Ancillary product" means any article for sale to the public that contains a portion of, or any element of, the qualified motion picture.

(2) "Budget" means an estimate of all expenses paid or incurred during the production period of a qualified motion picture. It shall be the same budget used by the qualified taxpayer and production company for all qualified motion picture purposes.

(3) "Clip use" means a use of any portion of a motion picture, other than the qualified motion picture, used in the qualified motion picture.

(4) "Credit certificate" means the certificate issued by the California Film Commission pursuant to subparagraph (D) of paragraph (3) of subdivision (g).

(5) (A) "Employee fringe benefits" means the amount allowable as a deduction under this part to the qualified taxpayer involved in the production of the qualified motion picture, exclusive of any amounts contributed by employees, for any year during the production period with respect to any of the following:

(i) Employer contributions under any pension, profit-sharing, annuity, or similar plan.

(ii) Employer-provided coverage under any accident or health plan for employees.

(iii) The employer's cost of life or disability insurance provided to employees.

(B) Any amount treated as wages under clause (i) of subparagraph (A) of paragraph (21) shall not be taken into account under this paragraph.

(6) "Independent film" means a motion picture with a minimum budget of one million dollars (\$1,000,000) that is produced by a company that is not publicly traded and publicly traded companies do not own, directly or indirectly, more than 25 percent of the producing company.

(7) "Jobs ratio" means the amount of qualified wages paid to qualified individuals divided by the amount of tax credit, not including any additional credit allowed pursuant to subparagraphs (D) and (E) of paragraph (4) of subdivision (a), as computed by the California Film Commission. For the purposes of the calculation of the jobs ratio only, 70 percent of qualified

expenditures for visual effects paid to third-party vendors for work performed in California shall be deemed to be qualified wages paid to a qualified individual.

(8) "Licensing" means any grant of rights to distribute the qualified motion picture, in whole or in part.

(9) "New use" means any use of a motion picture in a medium other than the medium for which it was initially created.

(10) "Pilot for a new television series" means the initial episode produced for a proposed television series.

(11) (A) "Postproduction" means the final activities in a qualified motion picture's production, including editing, foley recording, automatic dialogue replacement, sound editing, scoring, music track recording by musicians and music editing, beginning and end credits, negative cutting, negative processing and duplication, the addition of sound and visual effects, sound mixing, film-to-tape transfers, encoding, and color correction.

(B) "Postproduction" does not include the manufacture or shipping of release prints or their equivalent.

(12) "Preproduction" means the process of preparation for actual physical production which begins after a qualified motion picture has received a firm agreement of financial commitment, or is greenlit, with, for example, the establishment of a dedicated production office, the hiring of key crew members, and includes, but is not limited to, activities that include location scouting and execution of contracts with vendors of equipment and stage space.

(13) "Principal photography" means the phase of production during which the motion picture is actually shot, as distinguished from preproduction and postproduction.

(14) "Production period" means the period beginning with preproduction and ending upon completion of postproduction.

(15) "Qualified entity" means a personal service corporation as defined in Section 269A(b)(1) of the Internal Revenue Code, a payroll services corporation, or any entity receiving qualified wages with respect to services performed by a qualified individual.

(16) "Qualified expenditures" means amounts paid or incurred for tangible personal property purchased or leased, and used, within this state in the production of a qualified motion picture and payments, including qualified wages, for services performed within this state in the production of a qualified motion picture.

(17) (A) "Qualified individual" means any individual who performs services during the production period in an activity related to the production of a qualified motion picture.

(B) "Qualified individual" shall not include either of the following:

(i) Any individual related to the qualified taxpayer as described in subparagraph (A), (B), or (C) of Section 51(i)(1) of the Internal Revenue Code.

(ii) Any 5-percent owner, as defined in Section 416(i)(1)(B) of the Internal Revenue Code, of the qualified taxpayer.

(18) (A) "Qualified motion picture" means a motion picture that is produced for distribution to the general public, regardless of medium, that is one of the following:

(i) A feature with a minimum production budget of one million dollars (\$1,000,000).

(ii) A miniseries consisting of two or more episodes, each longer than 40 minutes of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iii) A new television series of episodes longer than 40 minutes each of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iv) An independent film.

(v) A television series that relocated to California.

(vi) A pilot for a new television series that is longer than 40 minutes of running time, exclusive of commercials, that is produced in California, and with a minimum production budget of one million dollars (\$1,000,000).

(B) To qualify as a "qualified motion picture," all of the following conditions shall be satisfied:

(i) At least 75 percent of the principal photography days occur wholly in California or 75 percent of the production budget is incurred for payment for services performed within the state and the purchase or rental of property used within the state.

(ii) Production of the qualified motion picture is completed within 30 months from the date on which the qualified taxpayer's application is approved by the California Film Commission. For purposes of this section, a qualified motion picture is "completed" when the process of postproduction has been finished.

(iii) The copyright for the motion picture is registered with the United States Copyright Office pursuant to Title 17 of the United States Code.

(iv) Principal photography of the qualified motion picture commences after the date on which the application is approved by the California Film Commission, but no later than 180 days after the date of that approval if the qualified motion picture has a budget with qualified expenditures of less than one hundred million dollars (\$100,000,000), and no later than 240 days after the date of that approval in the case of a qualified motion picture with a budget of qualified expenditures with at least one hundred million dollars (\$100,000,000), unless death, disability, or disfigurement of the director or of a principal cast member; an act of God, including, but not limited to, fire, flood, earthquake, storm, hurricane, or other natural disaster; terrorist activities; or government sanction has directly prevented a production's ability to begin principal photography within the prescribed 180- or 240-day commencement period.

(C) For the purposes of subparagraph (A), in computing the total wages paid or incurred for the production of a qualified motion picture, all amounts paid or incurred by all persons or entities that share in the costs of the qualified motion picture shall be aggregated.

(D) "Qualified motion picture" shall not include commercial advertising, music videos, a motion picture produced for private noncommercial use, such as weddings, graduations, or as part of an educational course and made by students, a news program, current events or public events program, talk show, game show, sporting event or activity, awards show, telethon or other production that solicits funds, reality television program, clip-based programming if more than 50 percent of the content is comprised of licensed footage, documentaries, variety programs, daytime dramas, strip shows, one-half hour (air time) episodic television shows, or any production that falls within the recordkeeping requirements of Section 2257 of Title 18 of the United States Code.

(19) (A) "Qualified taxpayer" means a taxpayer who has paid or incurred qualified expenditures, participated in the Career Readiness requirement in Section 17053.95, and has been issued a credit certificate by the California Film Commission pursuant to subdivision (g).

(B) In the case of any pass-thru entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section is not allowed to the pass-thru entity, but shall be passed through to the partners or shareholders in accordance with applicable provisions of Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). For purposes of this paragraph, "pass-thru entity" means any entity taxed as a partnership or "S" corporation.

(20) "Qualified visual effects" means visual effects where at least 75 percent or a minimum of ten million dollars (\$10,000,000) of the qualified expenditures for the visual effects is paid or incurred in California.

(21) (A) "Qualified wages" means all of the following:

(i) Any wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code that were paid or incurred by any taxpayer involved in the production of a qualified motion picture with respect to a qualified individual for services performed on the qualified motion picture production within this state.

(ii) The portion of any employee fringe benefits paid or incurred by any taxpayer involved in the production of the qualified motion picture that are properly allocable to qualified wage amounts described in clauses (i), (iii), and (iv).

(iii) Any payments made to a qualified entity for services performed in this state by qualified individuals within the meaning of paragraph (17).

(iv) Remuneration paid to an independent contractor who is a qualified individual for services performed within this state by that qualified individual.

(B) "Qualified wages" shall not include any of the following:

(i) Expenses, including wages, related to new use, reuse, clip use, licensing, secondary markets, or residual compensation, or the creation of any ancillary product, including, but not limited to, a soundtrack album, toy, game, trailer, or teaser.

(ii) Expenses, including wages, paid or incurred with respect to acquisition, development, turnaround, or any rights thereto.

(iii) Expenses, including wages, related to financing, overhead, marketing, promotion, or distribution of a qualified motion picture.

(iv) Expenses, including wages, paid per person per qualified motion picture for writers, directors, music directors, music composers, music supervisors, producers, and performers, other than background actors with no scripted lines.

(22) "Residual compensation" means supplemental compensation paid at the time that a motion picture is exhibited through new use, reuse, clip use, or in secondary markets, as distinguished from payments made during production.

(23) "Reuse" means any use of a qualified motion picture in the same medium for which it was created, following the initial use in that medium.

(24) "Secondary markets" means media in which a qualified motion picture is exhibited following the initial media in which it is exhibited.

(25) "Television series that relocated to California" means a television series, without regard to episode length or initial media exhibition, with a minimum production budget of one million dollars (\$1,000,000) per episode, that filmed at least 75 percent of principal photography days in its most recent season outside of California or has filmed all seasons outside of California and for which the taxpayer certifies that the credit provided pursuant to this section is the primary reason for relocating to California.

(26) "Visual effects" means the creation, alteration, or enhancement of images that cannot be captured on a set or location during live action photography and therefore is accomplished in postproduction. It includes, but is not limited to, matte paintings, animation, set extensions, computer-generated objects, characters and environments, compositing (combining two or more elements in a final image), and wire removals. "Visual effects" does not include fully animated projects, whether created by traditional or digital means.

(c) (1) Notwithstanding any other law, a qualified taxpayer may sell any credit allowed under this section that is attributable to an independent film, as defined in paragraph (6) of subdivision (b), to an unrelated party.

(2) The qualified taxpayer shall report to the Franchise Tax Board prior to the sale of the credit, in the form and manner specified by the Franchise Tax Board, all required information regarding the purchase and sale of the credit, including the social security or other taxpayer identification number of the unrelated party to whom the credit has been sold, the face amount of the credit sold, and the amount of consideration received by the qualified taxpayer for the sale of the credit.

(3) In the case where the credit allowed under this section exceeds the "net tax," the excess credit may be carried over to reduce the "net tax" in the following taxable year, and succeeding eight taxable years, if necessary, until the credit has been exhausted.

(4) A credit shall not be sold pursuant to this subdivision to more than one taxpayer, nor may the credit be resold by the unrelated party to another taxpayer or other party.

(5) A party that has acquired tax credits under this subdivision shall be subject to the requirements of this section.

(6) In no event may a qualified taxpayer assign or sell any tax credit to the extent the tax credit allowed by this section is claimed on any tax return of the qualified taxpayer.

(7) In the event that both the taxpayer originally allocated a credit under this section by the California Film Commission and a taxpayer to whom the credit has been sold both claim the same amount of credit on their tax returns, the Franchise Tax Board may disallow the credit of either taxpayer, so long as the statute of limitations upon assessment remains open.

(8) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board pursuant to this subdivision.

(9) Subdivision (g) of Section 17039 shall not apply to any credit sold pursuant to this subdivision.

(10) For purposes of this subdivision, the unrelated party or parties that purchase a credit pursuant to this subdivision shall be treated as a qualified taxpayer pursuant to paragraph (1) of subdivision (a).

(d) (1) No credit shall be allowed pursuant to this section unless the qualified taxpayer provides the following to the California Film Commission:

(A) Identification of each qualified individual.

(B) The specific start and end dates of production.



(C) The total wages paid.

(D) The total amount of qualified wages paid to qualified individuals.

(E) Aggregate data for individuals whose wages are excluded from qualified wages by clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b), including their gender, ethnic, and racial makeup.

(F) The copyright registration number, as reflected on the certificate of registration issued under the authority of Section 410 of Title 17 of the United States Code, relating to registration of claim and issuance of certificate. The registration number shall be provided on the return claiming the credit.

(G) The total amounts paid or incurred to purchase or lease tangible personal property used in the production of a qualified motion picture.

(H) Information to substantiate its qualified expenditures.

(I) Information required by the California Film Commission under regulations promulgated pursuant to subdivision (g) necessary to verify the amount of credit claimed.

(J) Data regarding the diversity of the workforce employed by the applicant on the qualified motion picture, as described in subdivision (g).

(K) Documentation verifying completion of the Career Readiness requirement.

(L) Documentation verifying that the qualified taxpayer paid a fee as described in subdivision (e).

(2) (A) Based on the information provided in paragraph (1), the California Film Commission shall recompute the jobs ratio previously computed in subdivision (g) and compare this recomputed jobs ratio to the jobs ratio that the qualified taxpayer previously listed on the application submitted pursuant to subdivision (g).

(B) (i) If the California Film Commission determines that the jobs ratio has been reduced by more than 10 percent for a qualified motion picture, the California Film Commission shall reduce the amount of credit allowed by an equal percentage, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(ii) If the California Film Commission determines that the jobs ratio has been reduced by more than 20 percent for a qualified motion picture, the California Film Commission shall not accept an application described in subdivision (g) from that qualified taxpayer or any member of the qualified taxpayer's controlled group for a period of not less than one year from the date of that determination, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(C) For the purposes of this paragraph, "reasonable cause" means unforeseen circumstances beyond the control of the qualified taxpayer, such as, but not limited to, the cancellation of a television series prior to the completion of the scheduled number of episodes or other similar circumstances as determined by the California Film Commission in regulations to be adopted pursuant to subdivision (e).

(e) (1) (A) Subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the California Film Commission shall adopt rules and regulations to implement a pilot Career Pathways Training program including a fee to be paid by the qualified taxpayer, if the qualified taxpayer receives a credit under this section, to fund technical skills training to individuals from underserved communities for entry into film and television industry jobs. The California Film Commission shall (i) identify a not-for-profit fiscal agent with direct relationships to industry skills training programs to manage the funds; and (ii) engage labor-management jointly administered training programs with skills training focused on the entertainment industry to implement the program with California Film Commission approval and oversight. With regard to the Career Readiness requirement in Section 17053.95, the California Film Commission shall identify training and public service opportunities that may include, but not be limited to, hiring interns, public service announcements, and community outreach shall continue. The California Film Commission may prescribe rules and regulations to carry out the purposes of this section, including, subparagraph (D) of paragraph (4) of subdivision (a) and clause (iv) of subparagraph (D) of paragraph (2) of subdivision (g), and including any rules and regulations necessary to establish procedures, processes, requirements, application fee structure, and rules identified in or required to implement this section, including credit and logo requirements and credit allocation procedures over multiple fiscal years where the qualified taxpayer is producing a series of features that will be filmed concurrently.

(B) Notwithstanding any other law, prior to preparing a notice of proposed action pursuant to Section 11346.4 of the Government Code and prior to making any revision to the proposed regulation other than a change that is nonsubstantial or

solely grammatical in nature, the Governor's Office of Business and Economic Development shall first approve the proposed regulation or proposed change to a proposed regulation regarding allocating the credit pursuant to subdivision (i), computing the jobs ratio as described in subdivisions (d) and (g), and defining "reasonable cause" pursuant to subparagraph (C) of paragraph (2) of subdivision (d).

(2) (A) Implementation of this section for the 2020–21 fiscal year is deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety, or general welfare and, therefore, the California Film Commission is hereby authorized to adopt emergency regulations to implement this section during the 2020–21 fiscal year in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(B) Nothing in this paragraph shall be construed to require the Governor's Office of Business and Economic Development to approve emergency regulations adopted pursuant to this paragraph.

(3) The California Film Commission shall not be required to prepare an economic impact analysis pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) with regard to any rules and regulations adopted pursuant to this subdivision.

(f) If the qualified taxpayer fails to provide the copyright registration number as required in subparagraph (E) of paragraph (1) of subdivision (d), the credit shall be disallowed and assessed and collected under Section 19051 until the procedures are satisfied.

(g) For purposes of this section, the California Film Commission shall do the following:

(1) Subject to the requirements of subparagraphs (A) to (E), inclusive, of paragraph (2), on or after July 1, 2020, and before July 1, 2025, in two or more allocation periods per fiscal year, allocate tax credits to applicants.

(2) (A) Establish a procedure for applicants to file with the California Film Commission a written application, on a form jointly prescribed by the California Film Commission and the Franchise Tax Board for the allocation of the tax credit. The application shall include, but not be limited to, the following information:

(i) The budget for the motion picture production.

(ii) The number of production days.

(iii) A financing plan for the production.

(iv) The diversity of the workforce employed by the applicant, including, but not limited to, the ethnic and racial makeup of the individuals employed by the applicant during the production of the qualified motion picture, to the extent possible.

(v) All members of a combined reporting group, if known at the time of the application.

(vi) Financial information, if available, including, but not limited to, the most recently produced balance sheets, annual statements of profits and losses, audited or unaudited financial statements, summary budget projections or results, or the functional equivalent of these documents of a partnership or owner of a single member limited liability company that is disregarded pursuant to Section 23038. The information provided pursuant to this clause shall be confidential and shall not be subject to public disclosure.

(vii) The names of all partners in a partnership not publicly traded or the names of all members of a limited liability company classified as a partnership not publicly traded for California income tax purposes that have a financial interest in the applicant's qualified motion picture. The information provided pursuant to this clause shall be confidential and shall not be subject to public disclosure.

(viii) The amount of qualified wages the applicant expects to pay to qualified individuals.

(ix) The amount of tax credit the applicant computes the qualified motion picture will receive, applying the applicable credit percentages described in paragraph (4) of subdivision (a).

(x) A statement establishing that the tax credit described in this section is a significant factor in the applicant's choice of location for the qualified motion picture. The statement shall include information about whether the qualified motion picture is at risk of not being filmed or specify the jurisdiction or jurisdictions in which the qualified motion picture will be located in the absence of the tax credit. The statement shall be signed by an officer or executive of the applicant.

(xi) The applicant's written policy against unlawful harassment, including, but not limited to, sexual harassment, which includes procedures for reporting and investigating harassment claims, a phone number for an individual who will be responsible for receiving harassment claims, and a statement that the company will not retaliate against an individual

who reports harassment. The applicant shall also indicate how the policy will be distributed to employees and include a summary of education training resources, including the prohibition against, and prevention and correction of, sexual harassment and remedies available.

(xii) The ethnic and racial makeup and gender of individuals whose wages are excluded from qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b).

(xiii) A summary of the applicant's voluntary programs to increase the representation of minorities and women in the job classifications that are not included in qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b) and information about how these programs are publicized to interested parties. The officer or executive referenced in clause (x) who is signing the statement shall provide additional information about these programs, if needed and upon request, to the California Film Commission.

(xiv) Any other information deemed relevant by the California Film Commission or the Franchise Tax Board.

(B) Establish criteria, consistent with the requirements of this section, for allocating tax credits.

(C) Determine and designate applicants who meet the requirements of this section.

(D) (i) For purposes of allocating the credit amounts subject to the categories described in subdivision (i) in any fiscal year, the California Film Commission shall do all of the following:

(ii) For each allocation date and for each category, list each applicant from highest to lowest according to the jobs ratio as computed by the California Film Commission.

(iii) Subject to the applicable credit percentage, allocate the credit to each applicant according to the highest jobs ratio, working down the list, until the credit amount is exhausted.

(iv) Pursuant to regulations adopted pursuant to subdivision (e), the California Film Commission may increase the jobs ratio by up to 25 percent if a qualified motion picture increases economic activity in California according to criteria developed by the California Film Commission that would include, but not be limited to, such factors as, the amount of the production and postproduction spending in California, the utilization of scoring musicians in California, and other criteria measuring economic impact in California as determined by the California Film Commission.

(v) Notwithstanding any other law, any television series, relocating television series, or any new television series based on a pilot for a new television series that has been approved and issued a credit allocation by the California Film Commission under this section, Section 23698, 17053.95, 23695, 17053.85, or 23685 shall be issued a credit for each subsequent season, for the life of that television series whenever credits are allocated within a fiscal year. The California Film Commission shall limit the amount of credits any recurring television series receives in a subsequent season to no more than the amount reserved in its prior fiscal year Credit Allocation Letter or Letters, or if no amounts were reserved in the prior fiscal year, the most immediate prior fiscal year in which a Credit Allocation Letter or Letters were received. In the event that insufficient tax credits are available to fund all recurring television series pursuant to this clause for any fiscal year or in the event the California Film Commission projects, in collaboration with the Department of Finance, that there will be insufficient tax credits available to fund all recurring television series in either of the subsequent two fiscal years, the California Film Commission shall make the following adjustments in the order given until the shortfall, or any projected shortfall for the two subsequent fiscal years, for recurring television series is eliminated:

(I) Notwithstanding clause (iii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to the relocating television series category to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(II) Notwithstanding clause (iv) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to a new television series to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(III) Notwithstanding clause (ii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit allocations from the features category to the recurring television series category for that fiscal year until the shortfall is eliminated.

(IV) Allocate up to 25 percent of total credit allocations that would otherwise be allocated in the 2024–25 fiscal year to recurring television series in the current fiscal year until the shortfall is eliminated. Any amounts transferred for allocation in the current fiscal year shall be subtracted from the amount allowed to be allocated in the 2024–25 fiscal year as specified in subdivision (i). Notwithstanding paragraph (3), the credit allocations that are subtracted from 2024–25 shall not be certified until July 1, 2025 or later.

(V) The California Film Commission shall consult with the qualified taxpayers who are producing the recurring television series for purposes of negotiating a minimally impactful reduction in the amount of credits awarded to each recurring television series for that fiscal year until the shortfall is eliminated.

(E) Subject to the annual cap and the allocation credit amounts based on categories described in subdivision (i), allocate an aggregate amount of credits under this section and Section 23698, and allocate any carryover of unallocated or unused credits from prior years and Sections 17053.85, 17053.95, 23685, and 23695, and the amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(3) Certify tax credits allocated to qualified taxpayers.

(A) Establish a verification procedure to update the information in subparagraph (A) of paragraph (2) of subdivision (g), including, but not limited to, all of the following:

(i) The amounts of qualified expenditures paid or incurred by the applicant.

(ii) The diversity of the workforce employed by the applicant.

(iii) The ethnic and racial makeup and gender of individuals whose wages are excluded from qualified wages by clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b).

(B) Establish audit requirements that shall be satisfied before a credit certificate may be issued by the California Film Commission.

(C) (i) Establish a procedure for a qualified taxpayer to report to the California Film Commission, prior to the issuance of a credit certificate, the following information:

(I) If readily available, a list of the states, provinces, or other jurisdictions in which any member of the applicant's combined reporting group in the same business unit as the qualified taxpayer that, in the preceding calendar year, has produced a qualified motion picture intended for release in the United States market. For purposes of this clause, "qualified motion picture" shall not include any episodes of a television series that were complete or in production prior to July 1, 2020.

(II) Whether a qualified motion picture described in subclause (I) was awarded any financial incentive by the state, province, or other jurisdiction that was predicated on the performance of primary principal photography or postproduction in that location.

(ii) The California Film Commission may provide that the report required by this subparagraph be filed in a single report provided on a calendar year basis for those qualified taxpayers that receive multiple credit certificates in a calendar year.

(D) Issue a credit certificate to a qualified taxpayer upon completion of the qualified motion picture reflecting the credit amount allocated after qualified expenditures have been verified and the jobs ratio computed under this section. The amount of credit shown on the credit certificate shall not exceed the amount of credit allocated to that qualified taxpayer pursuant to this section.

(4) Obtain, when possible, the following information from applicants that do not receive an allocation of credit:

(A) Whether the qualified motion picture that was the subject of the application was completed.

(B) If completed, in which state or foreign jurisdiction was the primary principal photography completed.

(C) Whether the applicant received any financial incentives from the state or foreign jurisdiction to make the qualified motion picture in that location.

(5) Provide the Legislative Analyst's Office, upon request, any or all application materials or any other materials received from, or submitted by, the applicants, in electronic format when available, including, but not limited to, information provided pursuant to clauses (i) to (xi) inclusive, of subparagraph (A) of paragraph (2) and the diversity workplans provided pursuant to clause (iv) of subparagraph (B) of paragraph (2) of subdivision (k).

(6) The information provided to the California Film Commission pursuant to this section shall constitute confidential tax information for purposes of Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2.

(7) (A) Notwithstanding any other law, on or after July 1, 2025, the California Film Commission may allocate, pursuant to this section, any previously allocated credits not certified that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(B) For purposes of this section, "previously allocated credits not certified" means either:

(i) Credits allocated under paragraph (1) for which the qualified taxpayer to which the credit amounts were originally allocated has notified the California Film Commission in writing that the qualified taxpayer will not request certification for the allocated credits.

(ii) The difference between the amount of credits allocated under paragraph (1) to a qualified taxpayer and the amount of credits the California Film Commission certified, for that qualified taxpayer. For purposes of calculating the difference, the California Film Commission shall not consider any credit amounts for which the qualified taxpayer notifies the California Film Commission under clause (i).

(8) Notwithstanding any other law, on or after July 1, 2025, the California Film Commission may allocate, pursuant to this section, any credit amounts described in subparagraphs (B) and (E) of paragraph (1) of subdivision (i) that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(9) The California Film Commission shall submit a report to the Legislature, on an annual basis beginning January 1, 2022, on aggregate diversity information for the productions allocated tax credits allowed in this section and the diversity of the motion picture production industry in California more generally.

(h) (1) The California Film Commission shall annually provide the Legislative Analyst's Office, the Franchise Tax Board, and the California Department of Tax and Fee Administration with a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission. The list shall include the names and taxpayer identification numbers, including taxpayer identification numbers of each partner or shareholder, as applicable, of the qualified taxpayer.

(2) (A) Notwithstanding paragraph (6) of subdivision (g), the California Film Commission shall annually post on its internet website and make available for public release the following:

(i) A table which includes all of the following information: a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission, the number of production days in California the qualified taxpayer represented in its application would occur, the number of California jobs that the qualified taxpayer represented in its application would be directly created by the production, and the total amount of qualified expenditures expected to be spent by the production.

(ii) A narrative staff summary describing the production of the qualified taxpayer as well as background information regarding the qualified taxpayer contained in the qualified taxpayer's application for the credit.

(iii) For qualified taxpayers allocated a credit, the aggregate diversity information collected pursuant to clauses (iv) and (xii) of subparagraph (A) of paragraph (2) of subdivision (g) organized per production and an aggregate compilation describing the voluntary programs collected pursuant to clause (xiii) of subparagraph (A) of paragraph (2) of subdivision (g).

(B) Nothing in this subdivision shall be construed to make the information submitted by an applicant for a tax credit under this section a public record.

(3) The California Film Commission shall provide each city and county in California with an instructional guide that includes, but is not limited to, a review of best practices for facilitating motion picture production in local jurisdictions, resources on hosting and encouraging motion picture production, and the California Film Commission's Model Filming Ordinance. The California Film Commission shall maintain on its internet website a list of initiatives by locality that encourage motion picture production in regions across the state. The list shall be distributed to each approved applicant for the program to highlight local jurisdictions that offer incentives to facilitate film production.

(i) (1) (A) The aggregate amount of credits that may be allocated for a fiscal year pursuant to this section and Section 23698, except as provided in subdivision (k) of this section and subdivision (k) of Section 23698, is three hundred thirty million dollars (\$330,000,000), plus any amount described in subparagraph (B), (C), (D), or (E) in credits for the 2020–21 fiscal year and each fiscal year thereafter, through and including the 2024–25 fiscal year, except as provided in paragraph (7) of subdivision (g), plus the amount described in subparagraph (F) in credits for the 2021–22 and 2022–23 fiscal years.

(B) (i) Subject to clauses (ii) and (iii), the unused allocation credit amount, if any, for the preceding fiscal year.

(ii) The amount of unused credit allocation attributable to independent films shall only be allocated according to clause (i) of subparagraph (A) of paragraph (2).

- (iii) The total amount of any unused credit allocation amount that is remaining shall only be allocated pursuant to clause (iv) of subparagraph (A) of paragraph (2).

(C) The amount of previously allocated credits not certified.

(D) The amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(E) That portion of any unused allocation credit amount, if any, attributable to Section 17053.85, 17053.95, 23685, or 23695 available for that fiscal year in a manner as determined by regulations promulgated by the California Film Commission.

(F) (i) For fiscal years 2021–22 and 2022–23, the California Film Commission shall allocate an additional fifteen million dollars (\$15,000,000) in credits to be granted exclusively to television series that relocate to California.

(I) Notwithstanding subparagraph (A) of paragraph (2) of this subdivision and clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), the moneys allocated pursuant to this subparagraph shall not be redirected or reallocated.

(II) Notwithstanding paragraph (25) of subdivision (b), for purposes of this subparagraph, a "television series that relocated to California" means a television series, without regard to episode length or initial media exhibition, with a minimum production budget of one million dollars (\$1,000,000) per episode that both filmed at least 75 percent of principal photography days for at least one episode outside of California and has not filmed more than 25 percent of principal photography days for any episode inside of California.

(ii) For fiscal years 2021–22 and 2022–23, the California Film Commission shall allocate an additional seventy-five million dollars (\$75,000,000) in credits to be granted exclusively to recurring television series.

(2) (A) Notwithstanding the foregoing, and subject to paragraph (4) of this subdivision and changes in allocations pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), the California Film Commission shall allocate the credit amounts subject to the following categories:

(i) Independent films with qualified expenditures of ten million dollars (\$10,000,000) or less shall be allocated 4.8 percent of the amount specified in paragraph (1). Independent films with qualified expenditures in excess of ten million dollars (\$10,000,000) shall be allocated 3.2 percent of the amount specified in paragraph (1). These amounts shall be in addition to any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(ii) Features shall be allocated 35 percent of the amount specified in paragraph (1).

(iii) A relocating television series shall be allocated 17 percent of the amount specified in paragraph (1).

(iv) A new television series, pilots for a new television series, miniseries, and recurring television series shall be allocated 40 percent of the amount specified in paragraph (1), plus any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(B) Within any allocation period for credits to a relocating television series, any unused amount shall be reallocated to the category described in clause (iv) of subparagraph (A) and, if any unused amount remains, reallocated in the next allocation period for credits to a relocating television series.

(C) With respect to a relocating television series issued a credit in a subsequent year pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), that subsequent credit amount shall be allowed from the allocation amount described in clause (iv) of subparagraph (A).

(3) Any act that reduces the amount that may be allocated pursuant to paragraph (1) constitutes a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution and may be passed by not less than two-thirds of all Members elected to each of the two houses of the Legislature.

(4) (A) Except as provided in subparagraph (B), a qualified motion picture, as defined in subdivision (k), shall not be eligible for an allocation under subdivisions (a) to (j), inclusive, if it receives a credit under subdivision (k) during that fiscal year.

(B) Notwithstanding any other provision in this section, a recurring television series, as that term is used under subdivision (k), that is no longer eligible for the credit in paragraph (9) of subdivision (k) shall be eligible to apply for an allocation of credits under subdivisions (a) to (j), inclusive.

(j) The California Film Commission shall have the authority to allocate tax credits in accordance with this section and in accordance with any regulations prescribed pursuant to subdivision (e) upon adoption.

(k) (1) For taxable years beginning on or after January 1, 2022, and before January 1, 2032, there shall be allowed to a qualified taxpayer a credit against the "net tax," as defined in Section 17039, subject to allocation by the California Film Commission, in an amount equal to 20 percent or 25 percent, whichever is the applicable credit percentage described in paragraph (4) of subdivision (a), as modified by paragraph (3) of this subdivision, of the qualified expenditures paid or incurred during the taxable year by a qualified motion picture produced in the state at a certified studio construction project.

(2) For purposes of this subdivision, the definitions in subdivision (b) shall apply except as otherwise provided in this subdivision.

(A) "Certified studio construction project" means a construction or renovation project certified by the California Film Commission as having met all of the following criteria:

- (i) The project provides for the construction or renovation of one or more soundstages located in the state.
- (ii) Actual construction or renovation expenditures are not less than twenty-five million dollars (\$25,000,000) of actual construction or renovation expenditures made over not more than five continuous calendar years.
- (iii) The construction or renovation of each certified studio construction project is performed in accordance with Section 17053.99.
- (iv) The construction or renovation of each certified studio construction project commences pursuant to a foundation permit or a structural building permit for the construction or renovation that is issued after the effective date of the act adopting this subdivision.
- (v) The applicant 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.

(B) "Qualified motion picture" means a qualified motion picture, as defined in subdivision (b), that meets all of the following requirements:

- (i) For each taxable year for which the credit is claimed by the qualified motion picture, films at least 50 percent of its principal photography stage shooting days on a soundstage or soundstages certified as a certified studio construction project, for which certification was issued within the prior 36 months.
- (ii) For each taxable year for which the credit is claimed by a qualified motion picture, incurs at least seven million five hundred thousand dollars (\$7,500,000) in qualified wages for filming on a soundstage or soundstages certified as a certified studio construction project that are paid or incurred in that taxable year.
- (iii) Is produced by a qualified taxpayer that is either of the following:
  - (I) More than 50 percent owned, directly or indirectly, by the same owner or owners of the soundstage or soundstages that is part of a certified studio construction project on which the production is filmed.
  - (II) Entered into a contract or lease of 10 years or more with the owner or owners of a certified studio construction project on which the production is filmed.
- (iv) Provides a diversity workplan that is approved by the California Film Commission.

(C) For purposes of this subdivision, a qualified taxpayer and a taxpayer include a passthrough entity and a disregarded entity.

(3) (A) The diversity workplan required pursuant to clause (iv) of subparagraph (B) of paragraph (2) shall include all of the following:

- (i) A statement of the diversity goals the motion picture will seek to achieve in terms of qualified wages paid by race, ethnicity, and gender.
- (ii) A statement of the diversity goals the motion picture will seek to achieve for individuals whose wages are excluded from qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b), with respect to both compensation and to the representation of diversity in the creative aspects of the motion picture.
- (iii) A plan of what strategies the motion picture will employ to achieve the goals in clauses (i) and (ii).

(B) The diversity workplan shall include goals that are broadly reflective of California's population, in terms of race, ethnicity, and gender.

(C) The California Film Commission shall approve or reject the diversity workplan of an applicant, to the extent allowed by federal and state law.

(D) (i) The California Film Commission shall not certify any tax credit under this subdivision until they have received a final diversity report from the applicant.

(ii) The final diversity report shall calculate and provide evidence for the extent to which the applicant met the diversity goals laid out in their diversity workplan.

(iii) The California Film Commission shall have the authority to audit the final diversity report to determine if the diversity goals set forth in the applicant's diversity workplan for the motion picture production were achieved.

(iv) If the California Film Commission determines that the applicant has met or made a good faith effort to meet the diversity goals in its diversity workplan, the applicant's credit percentage described in paragraph (1) shall be increased by up to four percentage points as follows:

(I) By two percentage points if the California Film Commission determines that the applicant has met or made a good faith effort to meet the diversity goals with respect to the diversity of the workforce employed by the applicant in its diversity workplan statement.

(II) By two percentage points if the California Film Commission determines that the applicant has met or made a good faith effort to meet the diversity goals with respect to individuals whose wages are excluded from qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b), in its diversity workplan statement.

(E) The California Film Commission, in consultation with the Governor's Office of Business and Economic Development, shall establish guidelines to evaluate diversity workplans as described in this paragraph. The guidelines shall be posted on the California Film Commission's internet website.

(4) The credit allowed under this subdivision shall be administered in accordance with subdivisions (a), (b), (c), (d), (h), and (l), except that paragraph (7) of subdivision (b) shall not apply and paragraph (2) of subdivision (d) shall not apply.

(5) Subparagraph (A) of paragraph (2), subparagraphs (A), (B), and (C) of paragraph (3), and paragraphs (4), (5), and (6) of subdivision (g) shall apply.

(6) A conflict between this subdivision and any other subdivisions in this section shall be reconciled in favor of this subdivision.

(7) The aggregate amount of credit allocated by the California Film Commission pursuant to subdivisions (a) to (j), inclusive, of this section and Section 23698 shall not be reduced by the tax credit allowed pursuant to this subdivision. The amount of credit allowed by this subdivision shall not be limited by subdivision (i).

(8) (A) The credit allocated pursuant to this subdivision shall be allowed for the taxable year in which the California Film Commission issues a credit certificate in accordance with the procedures provided for in subdivision (g) for the qualified motion picture. The California Film Commission shall issue a credit certificate to a qualified taxpayer upon completion of the qualified motion picture reflecting the credit amount allocated after qualified expenditures have been verified.

(B) (i) The California Film Commission, commencing with fiscal year 2021–22, shall allocate tax credits each year to qualified motion pictures meeting the criteria of this subdivision. The total amount of credits that may be allocated under this subdivision is one hundred fifty million dollars (\$150,000,000). A season of a series or feature film may not be allocated more than twelve million dollars (\$12,000,000) under this subdivision. Recurring television series receiving an initial allocation under this subdivision shall be allocated for subsequent seasons no more than allowed under this paragraph.

(ii) A qualified motion picture shall not be eligible to receive a credit allocation under this subdivision if that qualified motion picture receives a credit allocation under subdivisions (a) to (j), inclusive for the fiscal year. However, subject to paragraph (4) of subdivision (i), any television series, relocating television series, or any new television series based on a pilot for a new television series that is no longer eligible for a credit under this subdivision pursuant to paragraph (9) may apply to receive an allocation of credits pursuant to subdivisions (a) to (j), inclusive.

(C) In any year the tax credits under this paragraph have been allocated by the California Film Commission, a qualified motion picture or a recurring television series that satisfies the criteria of this subdivision, but have not received an allocation of credits, may apply to receive an allocation of credits pursuant to subdivision (i).

(D) Credits shall be allocated based on the assumption that the motion picture meets the diversity criteria specified in clause (iv) of subparagraph (D) of paragraph (3).



(9) (A) A qualified motion picture meeting the requirements of this subdivision during the first three years after the certified studio construction project is certified by the California Film Commission shall be allowed a credit under this subdivision commencing with its first year of filming in the certified studio construction project facility and for each successive year until the certified studio construction project has reached its fourth year after being certified, as long as the qualified motion picture continues to satisfy the criteria of this subdivision and to the extent the total credit amount the California Film Commission is permitted to allocate pursuant to subparagraph (B) of paragraph (8) has not previously been allocated.

(B) (i) Subject to the allocation of credits under paragraph (8) of this subdivision, if the first year of production of a qualified motion picture occurs in the fourth year after the certified studio construction project is certified by the California Film Commission or any year thereafter, the qualified motion picture shall submit an application subject to the annual cap and the allocation credit amounts based on categories described in subdivision (i), subject to the modifications included in this subparagraph.

(ii) For feature films and new television series, the jobs ratio used to rank qualified motion pictures in subparagraph (D) of paragraph (2) of subdivision (g) shall be equal to the product of the jobs ratio calculated in paragraph (7) of subdivision (b) and 133 percent.

(10) Within six months of the effective date of this subdivision, the California Film Commission shall:

(A) Establish procedures to certify a certified studio construction project.

(B) Establish procedures to verify a qualified motion picture has met the criteria established in this section for filming in a certified studio construction project facility. That procedure shall include a requirement that the qualified motion picture pay 0.5 percent of the approved credit amount to the Career Pathways Training program specified in subdivision (e).

(C) (i) Implementation of this subdivision for the 2021–22 fiscal year is deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety, or general welfare and, therefore, the California Film Commission is hereby authorized to adopt emergency regulations to implement this subdivision during the 2021–22 fiscal year in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(ii) The California Film Commission shall adopt regulations in order to implement this paragraph.

(11) In the case where the credit allowed by this subdivision exceeds the taxpayer's tax liability computed under this part, the excess credit may be carried over to reduce the "net tax" in the following taxable year, and succeeding eight taxable years, if necessary, until the credit has been exhausted.

(12) Upon completion of construction or renovation of the soundstage or soundstages, the taxpayer shall certify to the California Film Commission that all contractors and subcontractors performing construction work on the soundstage or soundstages were required to use a skilled and trained workforce to perform such work in accordance with subdivision (b) of Section 17053.99.

(13) (A) Upon completion of construction or renovation of the soundstage or soundstages, the soundstage or soundstages shall be continuously operated, maintained, and repaired by any of the following:

(i) A workforce that is paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, if such services are performed by a workforce that is employed directly, or indirectly through a motion picture payroll services company, by the owner or affiliate of the owner of the soundstage or lessee of the soundstage described in subclause (II) of clause (iii) of subparagraph (B) of paragraph (2) of this subdivision.

(ii) A skilled and trained workforce as defined in Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code, if such services are provided by third-party vendors.

(B) Each year following completion of construction or renovation of the soundstage or soundstages that a qualified motion picture is allocated a tax credit pursuant to this subdivision, the qualified taxpayer shall certify to the California Film Commission both of the following:

(i) The total amount of payments to third-party vendors or qualified wages for operation, maintenance, and repair of the certified soundstage.

(ii) The amount and percentage of the total amount of payments to third-party vendors or qualified wages for operation, maintenance, and repair of the certified soundstage performed by each workforce described in subparagraph (A).

(C) If the percentage paid to workers in clause (i) of subparagraph (A) is certified to be 90 percent of the total amount under clause (i) of subparagraph (B) or greater, the qualified taxpayer shall be entitled to 100 percent of the applicable credit issued under this subdivision for the period. If the percentage paid to workers in clause (i) of subparagraph (A) is certified to be less than 90 percent of the total amount under clause (i) of subparagraph (B) but greater than or equal to 75 percent of the total amount under clause (i) of subparagraph (B), the qualified taxpayer shall be entitled to 50 percent of the applicable credit issued under this subdivision for the period. If the percentage paid to workers in clause (i) of subparagraph (A) is certified to be less than 75 percent of the total amount under clause (i) of subparagraph (B), the qualified taxpayer shall not be entitled to any credit issued under this subdivision for the applicable period.

(I) Section 41 shall not apply to the credits allowed by this section.

**SEC. 15.** Section 17158 of the Revenue and Taxation Code is amended to read:

**17158.** (a) Gross income does not include any of the following grant allocations:

(1) For taxable years beginning on or after January 1, 2020, and before January 1, 2030, grant allocations received by a taxpayer pursuant to the COVID-19 Relief Grant that is administered by the Office of Small Business Advocate, is funded by Executive Order No. E 20/21-182, and is described in a letter from the Department of Finance to the Joint Legislative Budget Committee, dated December 17, 2020, entitled, "Disaster Response-Emergency Operations Account Request—Increased Funding for the California Rebuilding Fund and Funding to Support a New COVID-19 Relief Grant for Small Businesses."

(2) For taxable years beginning on or after January 1, 2020, and before January 1, 2030, grant allocations received by a taxpayer pursuant to the California Small Business COVID-19 Relief Grant Program established by Section 12100.83 of the Government Code.

(3) For taxable years beginning on or after September 1, 2020, and before January 1, 2030, grant allocations received by a taxpayer pursuant to the California Venues Grant Program established by Section 12100.83.5 of the Government Code.

(b) Section 41 shall not apply to the exclusion allowed by this section.

(c) Notwithstanding any other law, the Franchise Tax Board may include in audits the grants referenced in this section.

(d) The Franchise Tax Board may adopt regulations that are necessary and appropriate to implement this section.

(e) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) shall not apply to any regulation, standard, criterion, procedure, determination, rule, notice, guideline, or any other guidance established or issued by the Franchise Tax Board pursuant to this section.

(f) This section shall remain in effect only until December 1, 2030, and as of that date is repealed.

**SEC. 16.** Section 19280 of the Revenue and Taxation Code is amended to read:

**19280.** (a) (1) (A) Fines, monetary sanctions, state or local penalties, bail, forfeitures, restitution fines, restitution orders, or any other amounts imposed by a juvenile or superior court of the State of California or the Supreme Court of the State of California upon a person or any other entity, or any payment from the State Bar of California's Client Security Fund that is part of a final determination from the Client Security Fund, that are due and payable in an amount totaling no less than one hundred dollars (\$100), in the aggregate, for criminal offenses, including all offenses involving a violation of the Vehicle Code, any amounts due pursuant to Section 903.1 of the Welfare and Institutions Code, and any amounts due pursuant to Section 6086.10, 6086.13, or 6140.5 of the Business and Professions Code may, no sooner than 90 days after payment of that amount becomes delinquent, be referred by the juvenile or superior court, the county, the state, or the State Bar to the Franchise Tax Board for collection under guidelines prescribed by the Franchise Tax Board. Except as specified in subparagraph (B), the Department of Corrections and Rehabilitation or county may refer a restitution order to the Franchise Tax Board, in accordance with subparagraph (B) of paragraph (2), for any person subject to the restitution order who is or has been under the jurisdiction of the Department of Corrections and Rehabilitation or the county.

(B) The Department of Corrections and Rehabilitation or the county shall not refer a restitution order to the Franchise Tax Board if a county agency has been designated by the county board of supervisors to collect restitution from individuals who (i) are serving a sentence in a county jail pursuant to subdivision (h) of Section 1170 of the Penal Code, (ii) are on mandatory supervision pursuant to paragraph (5) of subdivision (h) of Section 1170 of the Penal Code, or (iii) are on postrelease community supervision pursuant to Title 2.05 (commencing with Section 3450) of Part 3 of the Penal Code, the designated county agency has an existing collection system and objects to collection by the Franchise Tax Board, and the designated county agency informs the Department of Corrections and Rehabilitation or the county that it will collect the restitution order.

(C) If the crime victim entitled to restitution in the order notifies either the Department of Corrections and Rehabilitation or the designated county agency with regard to their preference of a collecting agency, that preference shall be honored and the collection shall be performed in accordance with the preference of the victim.

(2) For purposes of this subdivision:

(A) The amounts referred by the juvenile or superior court, the county, the state, or the State Bar under this section may include an administrative fee and any amounts that a government entity may add to the court-imposed obligation as a result of the underlying offense, trial, or conviction. For purposes of this article, those amounts shall be deemed to be imposed by the court.

(B) Restitution orders may be referred to the Franchise Tax Board only by a government entity, as agreed upon by the Franchise Tax Board, provided that all of the following apply:

(i) The government entity has the authority to collect on behalf of the state or the victim.

(ii) The government entity shall be responsible for distributing the restitution order collections, as appropriate.

(iii) The government entity shall ensure, in making the referrals and distributions, that it coordinates with any other related collection activities that may occur by superior courts, counties, or other state agencies.

(iv) The government entity shall ensure compliance with laws relating to the reimbursement of the Restitution Fund.

(C) The Franchise Tax Board shall establish criteria for referral that shall include setting forth a minimum dollar amount subject to referral and collection.

(b) The Franchise Tax Board, in conjunction with the Judicial Council, shall seek whatever additional resources are needed to accept referrals from all 58 counties or superior courts.

(c) Upon written notice to the debtor from the Franchise Tax Board, any amount referred to the Franchise Tax Board under subdivision (a) and any interest thereon, including any interest on the amount referred under subdivision (a) that accrued prior to the date of referral, shall be treated as final and due and payable to the State of California, and shall be collected from the debtor by the Franchise Tax Board in any manner authorized under the law for collection of a delinquent personal income tax liability, including, but not limited to, issuance of an order and levy under Article 4 (commencing with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure in the manner provided for earnings withholding orders for taxes.

(d) (1) Part 10 (commencing with Section 17001), this part, Part 10.7 (commencing with Section 21001), and Part 11 (commencing with Section 23001) shall apply to amounts referred under this article in the same manner and with the same force and effect and to the full extent as if the language of those laws had been incorporated in full into this article, except to the extent that any provision is either inconsistent with this article or is not relevant to this article.

(2) Any information, information sources, or enforcement remedies and capabilities available to the court or the state referring to the amount due described in subdivision (a) shall be available to the Franchise Tax Board to be used in conjunction with, or independent of, the information, information sources, or remedies and capabilities available to the Franchise Tax Board for purposes of administering Part 10 (commencing with Section 17001), this part, Part 10.7 (commencing with Section 21001), or Part 11 (commencing with Section 23001).

(e) The activities required to implement and administer this part shall not interfere with the primary mission of the Franchise Tax Board to administer Part 10 (commencing with Section 17001) and Part 11 (commencing with Section 23001).

(f) For amounts referred for collection under subdivision (a), interest shall accrue at the greater of the rate applicable to the amount due being collected or the rate provided under Section 19521. When notice of the amount due includes interest and is mailed to the debtor and the amount is paid within 15 days after the date of notice, interest shall not be imposed for the period after the date of notice.

(g) A collection under this article is not a payment of income taxes imposed under Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001).

(h) (1) Both of the following shall apply to any levy or order issued on or after January 1, 2022, under subdivision (c):

(A) The maximum amount of disposable earnings of a debtor for any workweek that is subject to collection shall not exceed the amount specified in Section 706.050 of the Code of Civil Procedure.

(B) The minimum basic standard of care amount specified in subdivision (a) of Section 704.220 of the Code of Civil Procedure shall not be subject to collection.

(2) This subdivision shall not apply to restitution orders or restitution fines.

**SEC. 17.** Section 19294 of the Revenue and Taxation Code, as added by Section 3 of Chapter 7 of the Statutes of 2021, is amended to read:

**19294.** (a) For purposes of this section, the following definitions shall apply:

(1) "CalOSBA" or "office" means the Office of Small Business Advocate within the Governor's Office of Business and Economic Development.

(2) "Recaptured grant amount" means the amount identified in any recommendation for recapture of a grant approved, in whole or in part, by CalOSBA.

(b) CalOSBA shall provide to the Franchise Tax Board a list of grantees and their respective recaptured grant amounts as approved, in whole or in part, by CalOSBA pursuant to Section 12100.82.5 or 12100.91.5 of the Government Code for collection.

(c) Any recaptured grant amount shall be treated as final and due and payable to the State of California, and shall be collected from the grantee by the Franchise Tax Board in any manner authorized under the law for collection of a delinquent personal income tax liability, including, but not limited to, issuance of an order and levy under Article 4 (commencing with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure in the manner provided for earnings withholding orders for taxes, and any overpayment of any liability imposed under this part, Part 10 (commencing with Section 17001), or Part 11 (commencing with Section 23001) shall be credited against any balance due pursuant to this section.

(d) The Controller may, in the Controller's discretion, offset any amount due a grantee by a state agency against any recaptured grant amount pursuant to Article 2 (commencing with Section 12410) of Chapter 5 of Part 2 of Division 3 of Title 2 of the Government Code.

(e) This part, Part 10 (commencing with Section 17001), Part 10.7 (commencing with Section 21001), and Part 11 (commencing with Section 23001) shall apply to amounts provided to the Franchise Tax Board under this section in the same manner and with the same force and effect and to the full extent as if the language of those laws had been incorporated in full into this article, except to the extent that any provision is either inconsistent with this article or is not relevant to this article.

(f) For amounts that CalOSBA provided to the Franchise Tax Board for collection under subdivision (b), interest shall accrue at the greater of the rate applicable to the amount due being collected or the rate provided under Section 19521. When notice of the amount due includes interest and is mailed to the grantee and the amount is paid within 15 days after the date of notice, interest shall not be imposed for the period after the date of notice.

(g) Any information, information sources, or enforcement remedies and capabilities available to CalOSBA or the state with respect to the recaptured grant amount described in subdivision (b) shall be available to the Franchise Tax Board to be used in conjunction with, or independent of, the information, information sources, or remedies and capabilities available to the Franchise Tax Board.

(h) The activities required to implement and administer this article shall not interfere with the primary mission of the Franchise Tax Board to administer Part 10 (commencing with Section 17001), this part, and Part 11 (commencing with Section 23001).

(i) A collection under this article is not a payment of income taxes imposed under Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001).

**SEC. 18.** The heading of Article 8 (commencing with Section 19292) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, as added by Section 22 of Chapter 74 of the Statutes of 2021, is amended and renumbered to read:

**Article 9. Collection of Recaptured California Competes Grants**

**SEC. 19.** Section 19292 of the Revenue and Taxation Code is amended and renumbered to read:

**19296.** For purposes of this article, all of the following definitions apply:

(a) "California Competes Grant Program" means the program that authorizes the grants allowed under Article 4.4 (commencing with Section 12096.6) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code.

(b) "Committee" means the California Competes Tax Credit Committee established in Section 18410.2.

(c) "GO-Biz" means the Governor's Office of Business and Economic Development.

(d) "Qualified grantee" means an applicant for grants the California Competes Grant Program that satisfies the requirements of subdivision (b) of Section 12096.6.1 of the Government Code.

(e) "Recaptured grant amount" shall mean the amount identified in any recommendation for recapture of a grant approved, in whole or in part, by the committee pursuant to the California Competes Grant Program and Section 18410.2 of this code.

**SEC. 20.** Section 19293 of the Revenue and Taxation Code is amended and renumbered to read:

**19297.** (a) GO-Biz shall provide to the Franchise Tax Board a list of qualified grantees and their respective recaptured grant amounts as approved, in whole or in part, by the committee pursuant to Section 18410.2 for collection.

(b) Any recaptured grant amount shall be treated as final and due and payable to the State of California, and shall be collected from the qualified grantee by the Franchise Tax Board in any manner authorized under the law for collection of a delinquent personal income tax liability, including, but not limited to, issuance of an order and levy under Article 4 (commencing with Section 706.070) of Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil Procedure in the manner provided for earnings withholding orders for taxes, and any overpayment of any liability imposed under this part or, Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001) shall be credited against any balance due pursuant to this section.

(c) The Controller may, in the Controller's discretion, offset any amount due a qualified grantee by a state agency against any recaptured grant amount pursuant to Article 2 (commencing with Section 12410) of Chapter 5 of Part 2 of Division 3 of Title 2 of the Government Code.

(d) This part and Part 10 (commencing with Section 17001), Part 10.7 (commencing with Section 21001), and Part 11 (commencing with Section 23001) shall apply to amounts provided to the Franchise Tax Board under this section in the same manner and with the same force and effect and to the full extent as if the language of those laws had been incorporated in full into this article, except to the extent that any provision is either inconsistent with this article or is not relevant to this article.

(e) For amounts that GO-Biz provided to the Franchise Tax Board for collection under subdivision (a), interest shall accrue at the greater of the rate applicable to the amount due being collected or the rate provided under Section 19521. When notice of the amount due includes interest and is mailed to the qualified grantee and the amount is paid within 15 days after the date of notice, interest shall not be imposed for the period after the date of notice.

(f) Any information, information sources, or enforcement remedies and capabilities available to GO-Biz or the state with respect to the recaptured grant amount described in subdivision (a) shall be available to the Franchise Tax Board to be used in conjunction with, or independent of, the information, information sources, or remedies and capabilities available to the Franchise Tax Board.

(g) The activities required to implement and administer this article shall not interfere with the primary mission of the Franchise Tax Board to administer Part 10 (commencing with Section 17001), this part, and Part 11 (commencing with Section 23001).

(h) A collection under this article is not a payment of income taxes imposed under Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001) of Division 2 this code.

**SEC. 21.** Section 19294 of the Revenue and Taxation Code, as added by Section 22 of Chapter 74 of the Statutes of 2021, is amended and renumbered to read:

**19298.** (a) The Franchise Tax Board and GO-Biz may prescribe regulations as necessary or appropriate to carry out the purposes of this article.

(b) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of the Government Code) shall not apply to any regulation, standard, criterion, procedure, determination, rule, notice, guideline, or any other guidance established or issued by the Franchise Tax Board or GO-Biz pursuant to this article.

(c) Except as provided in this article, Section 19542 shall apply to all information obtained by the Franchise Tax Board and GO-Biz for the purpose of administering the California Competes Grant Program.

(d) Notwithstanding Section 19542, the Franchise Tax Board may disclose information to GO-Biz and GO-Biz may disclose information to the Franchise Tax Board to facilitate the collection of recaptured grant amounts under this article.

**SEC. 22.** Section 23629 of the Revenue and Taxation Code is amended to read:

**23629.** (a) (1) For each taxable year beginning on or after January 1, 2022, and before January 1, 2027, there shall be allowed to a qualified taxpayer that employs an eligible individual a credit against the "tax," as defined in Section 23036, an amount as determined pursuant to paragraph (2), not to exceed thirty thousand dollars (\$30,000) per taxpayer per taxable year.

(2) A qualified taxpayer shall be allowed the credit pursuant to this section in the following amounts per taxable year:

(A) Two thousand five hundred dollars (\$2,500) for each eligible individual that works at least 500 hours, but fewer than 1,000 hours, for the eligible employer during the taxable year in which the credit is claimed.

(B) Five thousand dollars (\$5,000) for each eligible individual that works at least 1,000 hours, but fewer than 1,500 hours, for the eligible employer during the taxable year in which the credit is claimed.

(C) Seven thousand five hundred dollars (\$7,500) for each eligible individual that works at least 1,500 hours, but fewer than 2,000 hours, for the eligible employer during the taxable year in which the credit is claimed.

(D) Ten thousand dollars (\$10,000) for each eligible individual that works at least 2,000 hours for the eligible employer during the taxable year in which the credit is claimed.

(b) For purposes of this section:

(1) "Continuum of care" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations.

(2) "Coordinated entry system" means a centralized or coordinated assessment system developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, designed to coordinate homelessness program participant intake, assessment, and provision of referrals.

(3) "Eligible employer" means a taxpayer that meets all of the following requirements:

(A) Pays wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code.

(B) Pays at least 120 percent of minimum wage.

(C) Provides to the Franchise Tax Board, upon request, a copy of the certification received for each eligible individual for each tax year that the credit is claimed for that eligible individual by that eligible employer.

(4) "Eligible individual" means a person who meets both of the following criteria:

(A) The person is homeless on the date of the hire or anytime during the 180-day period immediately before the hire, or someone who is receiving supportive services from a homeless services provider as designated by a local continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System.

(B) The person has been issued a certification pursuant to paragraph (2) of subdivision (c), and that certification has not expired.

(5) "Homeless Management Information System" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations. "Homeless Management Information System" includes the use of a comparable database by a victim services provider or legal services provider that is permitted by the federal government under Part 576 of Title 24 of the Code of Federal Regulations.

(6) "Person is homeless" means the same as "homeless" as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

(7) "Minimum wage" means the wage established pursuant to Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(8) "Qualified taxpayer" means an eligible employer that pays wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code to an eligible individual.

(c) (1) A credit shall not be allowed under this section unless the eligible employer submits to the Franchise Tax Board, upon request, a certification issued by a continuum of care, or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System, or other program as specified by the Franchise Tax Board.

(2) A continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System, shall issue certifications for eligible individuals.

(3) The certification pursuant to paragraph (2) shall be issued in a form and manner prescribed by Franchise Tax Board.

(4) A certification issued pursuant to this subdivision shall expire one year after issuance.

(d) (1) The total aggregate amount of the credit that may be allocated by credit reservations per calendar year to all qualified taxpayers pursuant to this section and Section 17053.80 shall not exceed thirty million dollars (\$30,000,000), plus the unallocated credit amount, if any, from the preceding calendar year.

(2) A qualified taxpayer shall claim the credit on a timely filed original return of the qualified taxpayer and only with respect to an eligible individual for whom the qualified taxpayer has received a credit reservation.

(3) (A) To be eligible for the credit allowed by this section with respect to an eligible individual, a qualified taxpayer shall, upon hiring an eligible individual, request a credit reservation from the Franchise Tax Board within 30 days of complying with the Employment Development Department's new hire reporting requirements as provided in Section 1088.5 of the Unemployment Insurance Code, in the form and manner prescribed by the Franchise Tax Board.

(B) To obtain a credit reservation with respect to an eligible individual, the qualified taxpayer shall provide necessary information, as determined by the Franchise Tax Board, including the name, social security number, how many hours the eligible individual is expected to work for the next 12 months, and the start date of employment.

(4) The Franchise Tax Board shall do both of the following:

(A) Approve a tentative credit reservation with respect to an eligible individual hired during a taxable year.

(B) Subject to the annual cap established as provided in paragraph (1), allocate an aggregate amount of credits under this section and Section 17053.80, and allocate any carryover of unallocated credits from prior years.

(e) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following taxable year, and succeeding two years if necessary, until the credit is exhausted.

(f) If the credit allowed by this section is claimed by the qualified taxpayer, a deduction otherwise allowed under this part for any amount of wages paid or incurred by the qualified taxpayer as a trade or business expense to an eligible individual shall be reduced by the amount of the credit allowed by this section.

(g) The Franchise Tax Board may prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of this section, including any guidelines regarding the allocation of the credit allowed under this section. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any rule, guideline, or procedure prescribed by the Franchise Tax Board pursuant to this section.

(h) This section shall remain in effect only until December 1, 2027, and as of that date is repealed.

**SEC. 23.** Section 23698 of the Revenue and Taxation Code is amended to read:

**23698.** (a) (1) For taxable years beginning on or after January 1, 2020, there shall be allowed to a qualified taxpayer a credit against the "tax," as defined in Section 23036, subject to a computation and ranking by the California Film Commission in subdivision (g) and the allocation amount categories described in subdivision (i), in an amount equal to 20 percent or 25 percent, whichever is the applicable credit percentage described in paragraph (4), of the qualified expenditures for the production of a qualified motion picture in California. A credit shall not be allowed under this section for any qualified expenditures for the production of a motion picture in California if a credit has been claimed for those same expenditures under Section 23685 or 23695.

(2) Except as otherwise provided in this section, the credit shall be allowed for the taxable year in which the California Film Commission issues the credit certificate pursuant to subdivision (g) for the qualified motion picture, but in no instance prior to July 1, 2020, and shall be for the applicable percentage of all qualified expenditures paid or incurred by the qualified taxpayer in all taxable years for that qualified motion picture.

(3) (A) The amount of the credit allowed to a qualified taxpayer shall be limited to the amount specified in the credit certificate issued to the qualified taxpayer by the California Film Commission pursuant to subdivision (g).

(B) In determining the amount specified in the credit certificate in subparagraph (A), the California Film Commission shall be limited to the following amounts of qualified expenditures for each qualified motion picture:

(i) In the case of a feature, up to one hundred million dollars (\$100,000,000).

(ii) In the case of a miniseries described in clause (ii) of subparagraph (A) of paragraph (18) of subdivision (b), up to one hundred million dollars (\$100,000,000).

(iii) In the case of a television series described in clause (iii) or clause (v) of subparagraph (A) of paragraph (18) of subdivision (b), up to one hundred million dollars (\$100,000,000) per season.

(iv) In the case of an independent film, up to ten million dollars (\$10,000,000).

(4) For purposes of paragraphs (1) and (2), the applicable credit percentage shall be:

(A) Twenty percent of the qualified expenditures attributable to the production of a qualified motion picture in California, including, but not limited to, a feature or a television series that relocated to California that is in its second or subsequent years of receiving a tax credit allocation pursuant to this section, Section 23685, or Section 23695.

(B) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture in California where the qualified motion picture is a television series that relocated to California in its first year of receiving a tax credit allocation pursuant to this section.

(C) Twenty-five percent of the qualified expenditures attributable to the production of a qualified motion picture that is an independent film.

(D) Additional credits shall be allowed for the production of a qualified motion picture whose applicable credit percentage is determined pursuant to subparagraph (A), in an aggregate amount not to exceed 5 percent of the qualified expenditures under that subparagraph, as follows:

(i) (I) Five percent of qualified expenditures, excluding qualified wages described in subparagraph (E), relating to original photography outside the Los Angeles zone.

(II) For purposes of this clause and subparagraph (E):

(ia) "Applicable period" means the period that commences with preproduction and ends when original photography concludes. The applicable period includes the time necessary to strike a remote location and return to the Los Angeles zone.

(ib) "Los Angeles zone" means the area within a circle 30 miles in radius from Beverly Boulevard and La Cienega Boulevard, Los Angeles, California, and includes Agua Dulce, Castaic, including Castaic Lake, Leo Carrillo State Beach, Ontario International Airport, Piru, and Pomona, including the Los Angeles County Fairgrounds. The Metro-Goldwyn-Mayer, Inc. Conejo Ranch property is within the Los Angeles zone.

(ic) "Original photography" includes principal photography and reshooting original footage.

(id) "Qualified expenditures relating to original photography outside the Los Angeles zone" means amounts paid or incurred during the applicable period for tangible personal property purchased or leased and used or consumed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone and qualified wages paid for services performed outside the Los Angeles zone and relating to original photography outside the Los Angeles zone.

(ii) Five percent of the qualified expenditures relating to qualified visual effects attributable to the production of a qualified motion picture in California.

(E) (i) Notwithstanding subparagraph (D), an amount equal to 10 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture whose applicable credit percentage is determined pursuant to subparagraph (A).

(ii) Notwithstanding subparagraph (D), an amount equal to 5 percent of qualified wages paid for services performed relating to original photography outside of the Los Angeles zone to qualified individuals who reside in California but outside the Los Angeles zone shall be allowed as an additional credit for the production of a qualified motion picture whose applicable credit percentage is determined pursuant to subparagraph (B) or (C).

(b) For purposes of this section:

(1) "Ancillary product" means any article for sale to the public that contains a portion of, or any element of, the qualified motion picture.

(2) "Budget" means an estimate of all expenses paid or incurred during the production period of a qualified motion picture. It shall be the same budget used by the qualified taxpayer and production company for all qualified motion picture purposes.

(3) "Clip use" means a use of any portion of a motion picture, other than the qualified motion picture, used in the qualified motion picture.



(4) "Credit certificate" means the certificate issued by the California Film Commission pursuant to subparagraph (D) of paragraph (3) of subdivision (g).

(5) (A) "Employee fringe benefits" means the amount allowable as a deduction under this part to the qualified taxpayer involved in the production of the qualified motion picture, exclusive of any amounts contributed by employees, for any year during the production period with respect to any of the following:

(i) Employer contributions under any pension, profit-sharing, annuity, or similar plan.

(ii) Employer-provided coverage under any accident or health plan for employees.

(iii) The employer's cost of life or disability insurance provided to employees.

(B) Any amount treated as wages under clause (i) of subparagraph (A) of paragraph (21) shall not be taken into account under this paragraph.

(6) "Independent film" means a motion picture with a minimum budget of one million dollars (\$1,000,000) that is produced by a company that is not publicly traded and publicly traded companies do not own, directly or indirectly, more than 25 percent of the producing company.

(7) "Jobs ratio" means the amount of qualified wages paid to qualified individuals divided by the amount of tax credit, not including any additional credit allowed pursuant to subparagraphs (D) and (E) of paragraph (4) of subdivision (a), as computed by the California Film Commission. For the purposes of the calculation of the jobs ratio only, 70 percent of qualified expenditures for visual effects paid to third-party vendors for work performed in California shall be deemed to be qualified wages paid to a qualified individual.

(8) "Licensing" means any grant of rights to distribute the qualified motion picture, in whole or in part.

(9) "New use" means any use of a motion picture in a medium other than the medium for which it was initially created.

(10) "Pilot for a new television series" means the initial episode produced for a proposed television series.

(11) (A) "Postproduction" means the final activities in a qualified motion picture's production, including editing, foley recording, automatic dialogue replacement, sound editing, scoring, music track recording by musicians and music editing, beginning and end credits, negative cutting, negative processing and duplication, the addition of sound and visual effects, sound mixing, film-to-tape transfers, encoding, and color correction.

(B) "Postproduction" does not include the manufacture or shipping of release prints or their equivalent.

(12) "Preproduction" means the process of preparation for actual physical production which begins after a qualified motion picture has received a firm agreement of financial commitment, or is greenlit, with, for example, the establishment of a dedicated production office, the hiring of key crew members, and includes, but is not limited to, activities that include location scouting and execution of contracts with vendors of equipment and stage space.

(13) "Principal photography" means the phase of production during which the motion picture is actually shot, as distinguished from preproduction and postproduction.

(14) "Production period" means the period beginning with preproduction and ending upon completion of postproduction.

(15) "Qualified entity" means a personal service corporation as defined in Section 269A(b)(1) of the Internal Revenue Code, a payroll services corporation, or any entity receiving qualified wages with respect to services performed by a qualified individual.

(16) "Qualified expenditures" means amounts paid or incurred for tangible personal property purchased or leased, and used, within this state in the production of a qualified motion picture and payments, including qualified wages, for services performed within this state in the production of a qualified motion picture.

(17) (A) "Qualified individual" means any individual who performs services during the production period in an activity related to the production of a qualified motion picture.

(B) "Qualified individual" shall not include either of the following:

(i) Any individual related to the qualified taxpayer as described in subparagraph (A), (B), or (C) of Section 51(i)(1) of the Internal Revenue Code.

(ii) Any 5-percent owner, as defined in Section 416(i)(1)(B) of the Internal Revenue Code, of the qualified taxpayer.

(18) (A) "Qualified motion picture" means a motion picture that is produced for distribution to the general public, regardless of medium, that is one of the following:

(i) A feature with a minimum production budget of one million dollars (\$1,000,000).

(ii) A miniseries consisting of two or more episodes, each longer than 40 minutes of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iii) A new television series of episodes longer than 40 minutes each of running time, exclusive of commercials, that is produced in California, with a minimum production budget of one million dollars (\$1,000,000) per episode.

(iv) An independent film.

(v) A television series that relocated to California.

(vi) A pilot for a new television series that is longer than 40 minutes of running time, exclusive of commercials, that is produced in California, and with a minimum production budget of one million dollars (\$1,000,000).

(B) To qualify as a "qualified motion picture," all of the following conditions shall be satisfied:

(i) At least 75 percent of the principal photography days occur wholly in California or 75 percent of the production budget is incurred for payment for services performed within the state and the purchase or rental of property used within the state.

(ii) Production of the qualified motion picture is completed within 30 months from the date on which the qualified taxpayer's application is approved by the California Film Commission. For purposes of this section, a qualified motion picture is "completed" when the process of postproduction has been finished.

(iii) The copyright for the motion picture is registered with the United States Copyright Office pursuant to Title 17 of the United States Code.

(iv) Principal photography of the qualified motion picture commences after the date on which the application is approved by the California Film Commission, but no later than 180 days after the date of that approval if the qualified motion picture has a budget with qualified expenditures of less than one hundred million dollars (\$100,000,000), and no later than 240 days after the date of that approval in the case of a qualified motion picture with a budget of qualified expenditures with at least one hundred million dollars (\$100,000,000), unless death, disability, or disfigurement of the director or of a principal cast member; an act of God, including, but not limited to, fire, flood, earthquake, storm, hurricane, or other natural disaster; terrorist activities; or government sanction has directly prevented a production's ability to begin principal photography within the prescribed 180- or 240-day commencement period.

(C) For the purposes of subparagraph (A), in computing the total wages paid or incurred for the production of a qualified motion picture, all amounts paid or incurred by all persons or entities that share in the costs of the qualified motion picture shall be aggregated.

(D) "Qualified motion picture" shall not include commercial advertising, music videos, a motion picture produced for private noncommercial use, such as weddings, graduations, or as part of an educational course and made by students, a news program, current events or public events program, talk show, game show, sporting event or activity, awards show, telethon or other production that solicits funds, reality television program, clip-based programming if more than 50 percent of the content is comprised of licensed footage, documentaries, variety programs, daytime dramas, strip shows, one-half hour (air time) episodic television shows, or any production that falls within the recordkeeping requirements of Section 2257 of Title 18 of the United States Code.

(19) (A) "Qualified taxpayer" means a taxpayer who has paid or incurred qualified expenditures, participated in the Career Readiness requirement in Section 23695 and has been issued a credit certificate by the California Film Commission pursuant to subdivision (g).

(B) (i) In the case of any pass-thru entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section is not allowed to the pass-thru entity, but shall be passed through to the partners or shareholders in accordance with applicable provisions of Part 10 (commencing with Section 17001) or Part 11 (commencing with Section 23001). For purposes of this paragraph, "pass-thru entity" means any entity taxed as a partnership or "S" corporation.

(ii) In the case of an "S" corporation, the credit allowed under this section shall not be used by an "S" corporation as a credit against a tax imposed under Chapter 4.5 (commencing with Section 23800) of Part 11 of Division 2.

(20) "Qualified visual effects" means visual effects where at least 75 percent or a minimum of ten million dollars (\$10,000,000) of the qualified expenditures for the visual effects is paid or incurred in California.

(21) (A) "Qualified wages" means all of the following:

(i) Any wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code that were paid or incurred by any taxpayer involved in the production of a qualified motion picture with respect to a qualified individual for services performed on the qualified motion picture production within this state.

(ii) The portion of any employee fringe benefits paid or incurred by any taxpayer involved in the production of the qualified motion picture that are properly allocable to qualified wage amounts described in clauses (i), (iii), and (iv).

(iii) Any payments made to a qualified entity for services performed in this state by qualified individuals within the meaning of paragraph (17).

(iv) Remuneration paid to an independent contractor who is a qualified individual for services performed within this state by that qualified individual.

(B) "Qualified wages" shall not include any of the following:

(i) Expenses, including wages, related to new use, reuse, clip use, licensing, secondary markets, or residual compensation, or the creation of any ancillary product, including, but not limited to, a soundtrack album, toy, game, trailer, or teaser.

(ii) Expenses, including wages, paid or incurred with respect to acquisition, development, turnaround, or any rights thereto.

(iii) Expenses, including wages, related to financing, overhead, marketing, promotion, or distribution of a qualified motion picture.

(iv) Expenses, including wages, paid per person per qualified motion picture for writers, directors, music directors, music composers, music supervisors, producers, and performers, other than background actors with no scripted lines.

(22) "Residual compensation" means supplemental compensation paid at the time that a motion picture is exhibited through new use, reuse, clip use, or in secondary markets, as distinguished from payments made during production.

(23) "Reuse" means any use of a qualified motion picture in the same medium for which it was created, following the initial use in that medium.

(24) "Secondary markets" means media in which a qualified motion picture is exhibited following the initial media in which it is exhibited.

(25) "Television series that relocated to California" means a television series, without regard to episode length or initial media exhibition, with a minimum production budget of one million dollars (\$1,000,000) per episode, that filmed at least 75 percent of principal photography days in its most recent season outside of California or has filmed all seasons outside of California and for which the taxpayer certifies that the credit provided pursuant to this section is the primary reason for relocating to California.

(26) "Visual effects" means the creation, alteration, or enhancement of images that cannot be captured on a set or location during live action photography and therefore is accomplished in postproduction. It includes, but is not limited to, matte paintings, animation, set extensions, computer-generated objects, characters and environments, compositing (combining two or more elements in a final image), and wire removals. "Visual effects" does not include fully animated projects, whether created by traditional or digital means.

(c) (1) Notwithstanding subdivision (i) of Section 23036, in the case where the credit allowed by this section exceeds the taxpayer's tax liability computed under this part, a qualified taxpayer may elect to assign any portion of the credit allowed under this section to one or more affiliated corporations for each taxable year in which the credit is allowed. For purposes of this subdivision, "affiliated corporation" has the meaning provided in subdivision (b) of Section 25110, as that section was amended by Chapter 881 of the Statutes of 1993, as of the last day of the taxable year in which the credit is allowed, except that "100 percent" is substituted for "more than 50 percent" wherever it appears in the section, and "voting common stock" is substituted for "voting stock" wherever it appears in the section.

(2) The election provided in paragraph (1):

(A) May be based on any method selected by the qualified taxpayer that originally receives the credit.

(B) Shall be irrevocable for the taxable year the credit is allowed, once made.

(C) May be changed for any subsequent taxable year if the election to make the assignment is expressly shown on each of the returns of the qualified taxpayer and the qualified taxpayer's affiliated corporations that assign and receive the credits.

(D) Shall be reported to the Franchise Tax Board, in the form and manner specified by the Franchise Tax Board, along with all required information regarding the assignment of the credit, including the corporation number, the federal employer identification number, or other taxpayer identification number of the assignee, and the amount of the credit assigned.

(3) (A) Notwithstanding any other law, a qualified taxpayer may sell any credit allowed under this section that is attributable to an independent film, as defined in paragraph (6) of subdivision (b), to an unrelated party.

(B) The qualified taxpayer shall report to the Franchise Tax Board prior to the sale of the credit, in the form and manner specified by the Franchise Tax Board, all required information regarding the purchase and sale of the credit, including the social security or other taxpayer identification number of the unrelated party to whom the credit has been sold, the face amount of the credit sold, and the amount of consideration received by the qualified taxpayer for the sale of the credit.

(4) In the case where the credit allowed under this section exceeds the "tax," the excess credit may be carried over to reduce the "tax" in the following taxable year, and succeeding eight taxable years, if necessary, until the credit has been exhausted.

(5) A credit shall not be sold pursuant to this subdivision to more than one taxpayer, nor may the credit be resold by the unrelated party to another taxpayer or other party.

(6) A party that has been assigned or acquired tax credits under this subdivision shall be subject to the requirements of this section.

(7) In no event may a qualified taxpayer assign or sell any tax credit to the extent the tax credit allowed by this section is claimed on any tax return of the qualified taxpayer.

(8) In the event that both the taxpayer originally allocated a credit under this section by the California Film Commission and a taxpayer to whom the credit has been sold both claim the same amount of credit on their tax returns, the Franchise Tax Board may disallow the credit of either taxpayer, so long as the statute of limitations upon assessment remains open.

(9) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board pursuant to this subdivision.

(10) Subdivision (i) of Section 23036 shall not apply to any credit sold pursuant to this subdivision.

(11) For purposes of this subdivision:

(A) An affiliated corporation or corporations that are assigned a credit pursuant to paragraph (1) shall be treated as a qualified taxpayer pursuant to paragraph (1) of subdivision (a).

(B) The unrelated party or parties that purchase a credit pursuant to paragraphs (3) to (10), inclusive, shall be treated as a qualified taxpayer pursuant to paragraph (1) of subdivision (a).

(d) (1) No credit shall be allowed pursuant to this section unless the qualified taxpayer provides the following to the California Film Commission:

(A) Identification of each qualified individual.

(B) The specific start and end dates of production.

(C) The total wages paid.

(D) The total amount of qualified wages paid to qualified individuals.

(E) Aggregate data for individuals whose wages are excluded from qualified wages by clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b), including their gender, ethnic, and racial makeup.

(F) The copyright registration number, as reflected on the certificate of registration issued under the authority of Section 410 of Title 17 of the United States Code, relating to registration of claim and issuance of certificate. The registration number shall be provided on the return claiming the credit.

(G) The total amounts paid or incurred to purchase or lease tangible personal property used in the production of a qualified motion picture.

(H) Information to substantiate its qualified expenditures.

(I) Information required by the California Film Commission under regulations promulgated pursuant to subdivision (g) necessary to verify the amount of credit claimed.

(J) Data regarding the diversity of the workforce employed by the applicant on the qualified motion picture, as described in subdivision (g).

(K) Documentation verifying completion of the Career Readiness requirement.

(L) Documentation verifying that the qualified taxpayer paid a fee as described in subdivision (e).

(2) (A) Based on the information provided in paragraph (1), the California Film Commission shall recompute the jobs ratio previously computed in subdivision (g) and compare this recomputed jobs ratio to the jobs ratio that the qualified taxpayer previously listed on the application submitted pursuant to subdivision (g).

(B) (i) If the California Film Commission determines that the jobs ratio has been reduced by more than 10 percent for a qualified motion picture, the California Film Commission shall reduce the amount of credit allowed by an equal percentage, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(ii) If the California Film Commission determines that the jobs ratio has been reduced by more than 20 percent for a qualified motion picture, the California Film Commission shall not accept an application described in subdivision (g) from that qualified taxpayer or any member of the qualified taxpayer's controlled group for a period of not less than one year from the date of that determination, unless the qualified taxpayer demonstrates, and the California Film Commission determines, that reasonable cause exists for the jobs ratio reduction.

(C) For the purposes of this paragraph, "reasonable cause" means unforeseen circumstances beyond the control of the qualified taxpayer, such as, but not limited to, the cancellation of a television series prior to the completion of the scheduled number of episodes or other similar circumstances as determined by the California Film Commission in regulations to be adopted pursuant to subdivision (e).

(e) (1) (A) Subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the California Film Commission shall adopt rules and regulations to implement a pilot Career Pathways Training program including a fee to be paid by the qualified taxpayer, if the qualified taxpayer receives a credit under this section, to fund technical skills training to individuals from underserved communities for entry into film and television industry jobs. The California Film Commission shall (i) identify a not-for-profit fiscal agent with direct relationships to industry skills training programs to manage the funds; and (ii) engage labor-management jointly administered training programs with skills training focused on the entertainment industry to implement the program with California Film Commission approval and oversight. With regard to the Career Readiness requirement in Section 23695, the California Film Commission shall identify training and public service opportunities that may include, but not be limited to, hiring interns, public service announcements, and community outreach shall continue. The California Film Commission may prescribe rules and regulations to carry out the purposes of this section, including, subparagraph (D) of paragraph (4) of subdivision (a) and clause (iv) of subparagraph (D) of paragraph (2) of subdivision (g), and including any rules and regulations necessary to establish procedures, processes, requirements, application fee structure, and rules identified in or required to implement this section, including credit and logo requirements and credit allocation procedures over multiple fiscal years where the qualified taxpayer is producing a series of features that will be filmed concurrently.

(B) Notwithstanding any other law, prior to preparing a notice of proposed action pursuant to Section 11346.4 of the Government Code and prior to making any revision to the proposed regulation other than a change that is nonsubstantial or solely grammatical in nature, the Governor's Office of Business and Economic Development shall first approve the proposed regulation or proposed change to a proposed regulation regarding allocating the credit pursuant to subdivision (i), computing the jobs ratio as described in subdivisions (d) and (g), and defining "reasonable cause" pursuant to subparagraph (C) of paragraph (2) of subdivision (d).

(2) (A) Implementation of this section for the 2020–21 fiscal year is deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety, or general welfare and, therefore, the California Film Commission is hereby authorized to adopt emergency regulations to implement this section during the 2020–21 fiscal year in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(B) Nothing in this paragraph shall be construed to require the Governor's Office of Business and Economic Development to approve emergency regulations adopted pursuant to this paragraph.

(3) The California Film Commission shall not be required to prepare an economic impact analysis pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) with regard to any rules and regulations adopted pursuant to this subdivision.

(f) If the qualified taxpayer fails to provide the copyright registration number as required in subparagraph (E) of paragraph (1) of subdivision (d), the credit shall be disallowed and assessed and collected under Section 19051 until the procedures are satisfied.

(g) For purposes of this section, the California Film Commission shall do the following:

(1) Subject to the requirements of subparagraphs (A) to (E), inclusive, of paragraph (2), on or after July 1, 2020, and before July 1, 2025, in two or more allocation periods per fiscal year, allocate tax credits to applicants.

(2) (A) Establish a procedure for applicants to file with the California Film Commission a written application, on a form jointly prescribed by the California Film Commission and the Franchise Tax Board for the allocation of the tax credit. The application shall include, but not be limited to, the following information:

(i) The budget for the motion picture production.

(ii) The number of production days.

(iii) A financing plan for the production.

(iv) The diversity of the workforce employed by the applicant, including, but not limited to, the ethnic and racial makeup of the individuals employed by the applicant during the production of the qualified motion picture, to the extent possible.

(v) All members of a combined reporting group, if known at the time of the application.

(vi) Financial information, if available, including, but not limited to, the most recently produced balance sheets, annual statements of profits and losses, audited or unaudited financial statements, summary budget projections or results, or the functional equivalent of these documents of a partnership or owner of a single member limited liability company that is disregarded pursuant to Section 23038. The information provided pursuant to this clause shall be confidential and shall not be subject to public disclosure.

(vii) The names of all partners in a partnership not publicly traded or the names of all members of a limited liability company classified as a partnership not publicly traded for California income tax purposes that have a financial interest in the applicant's qualified motion picture. The information provided pursuant to this clause shall be confidential and shall not be subject to public disclosure.

(viii) The amount of qualified wages the applicant expects to pay to qualified individuals.

(ix) The amount of tax credit the applicant computes the qualified motion picture will receive, applying the applicable credit percentages described in paragraph (4) of subdivision (a).

(x) A statement establishing that the tax credit described in this section is a significant factor in the applicant's choice of location for the qualified motion picture. The statement shall include information about whether the qualified motion picture is at risk of not being filmed or specify the jurisdiction or jurisdictions in which the qualified motion picture will be located in the absence of the tax credit. The statement shall be signed by an officer or executive of the applicant.

(xi) The applicant's written policy against unlawful harassment, including, but not limited to, sexual harassment, which includes procedures for reporting and investigating harassment claims, a phone number for an individual who will be responsible for receiving harassment claims, and a statement that the company will not retaliate against an individual who reports harassment. The applicant shall also indicate how the policy will be distributed to employees and include a summary of education training resources, including the prohibition against, and prevention and correction of, sexual harassment and remedies available.

(xii) The ethnic and racial makeup and gender of individuals whose wages are excluded from qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b).

(xiii) A summary of the applicant's voluntary programs to increase the representation of minorities and women in the job classifications that are not included in qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b) and information about how these programs are publicized to interested parties. The officer or executive

referenced in clause (x) who is signing the statement shall provide additional information about these programs, if needed and upon request, to the California Film Commission.

(xiv) Any other information deemed relevant by the California Film Commission or the Franchise Tax Board.

(B) Establish criteria, consistent with the requirements of this section, for allocating tax credits.

(C) Determine and designate applicants who meet the requirements of this section.

(D) (i) For purposes of allocating the credit amounts subject to the categories described in subdivision (i) in any fiscal year, the California Film Commission shall do all of the following:

(ii) For each allocation date and for each category, list each applicant from highest to lowest according to the jobs ratio as computed by the California Film Commission.

(iii) Subject to the applicable credit percentage, allocate the credit to each applicant according to the highest jobs ratio, working down the list, until the credit amount is exhausted.

(iv) Pursuant to regulations adopted pursuant to subdivision (e), the California Film Commission may increase the jobs ratio by up to 25 percent if a qualified motion picture increases economic activity in California according to criteria developed by the California Film Commission that would include, but not be limited to, such factors as, the amount of the production and postproduction spending in California, the utilization of scoring musicians in California, and other criteria measuring economic impact in California as determined by the California Film Commission.

(v) Notwithstanding any other law, any television series, relocating television series, or any new television series based on a pilot for a new television series that has been approved and issued a credit allocation by the California Film Commission under this section, Section 17053.98, 17053.85, 17053.95, 23685, or 23695 shall be issued a credit for each subsequent season, for the life of that television series whenever credits are allocated within a fiscal year. The California Film Commission shall limit the amount of credits any recurring television series receives in a subsequent season to no more than the amount reserved in its prior fiscal year Credit Allocation Letter or Letters, or if no amounts were reserved in the prior fiscal year, the most immediate prior fiscal year in which a Credit Allocation Letter or Letters were received. In the event that insufficient tax credits are available to fund all recurring television series pursuant to this clause for any fiscal year or in the event the California Film Commission projects, in collaboration with the Department of Finance, that there will be insufficient tax credits available to fund all recurring television series in either of the subsequent two fiscal years, the California Film Commission shall make the following adjustments in the order given until the shortfall, or any projected shortfall for the two subsequent fiscal years, for recurring television series is eliminated:

(I) Notwithstanding clause (iii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to the relocating television series category to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(II) Notwithstanding clause (iv) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit amounts allocated to a new television series to recurring television series for that fiscal year until the shortfall or projected shortfall is eliminated.

(III) Notwithstanding clause (ii) of subparagraph (A) of paragraph (2) of subdivision (i), the California Film Commission may redirect up to 100 percent of the credit allocations from the features category to the recurring television series category for that fiscal year until the shortfall is eliminated.

(IV) Allocate up to 25 percent of total credit allocations that would otherwise be allocated in the 2024–25 fiscal year to recurring television series in the current fiscal year until the shortfall is eliminated. Any amounts transferred for allocation in the current fiscal year shall be subtracted from the amount allowed to be allocated in the 2024–25 fiscal year as specified in subdivision (i). Notwithstanding paragraph (3), the credit allocations that are subtracted from 2024–25 shall not be certified until July 1, 2025 or later.

(V) The California Film Commission shall consult with the qualified taxpayers who are producing the recurring television series for purposes of negotiating a minimally impactful reduction in the amount of credits awarded to each recurring television series for that fiscal year until the shortfall is eliminated.

(E) Subject to the annual cap and the allocation credit amounts based on categories described in subdivision (i), allocate an aggregate amount of credits under this section and Section 17053.98, and allocate any carryover of unallocated or unused credits from prior years and Sections 17053.85, 17053.95, 23685, and 23695, and the amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(3) Certify tax credits allocated to qualified taxpayers.

(A) Establish a verification procedure to update the information in subparagraph (A) of paragraph (2) of subdivision (g), including, but not limited to, all of the following:

(i) The amounts of qualified expenditures paid or incurred by the applicant.

(ii) The diversity of the workforce employed by the applicant.

(iii) The ethnic and racial makeup and gender of individuals whose wages are excluded from qualified wages by clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b).

(B) Establish audit requirements that shall be satisfied before a credit certificate may be issued by the California Film Commission.

(C) (i) Establish a procedure for a qualified taxpayer to report to the California Film Commission, prior to the issuance of a credit certificate, the following information:

(I) If readily available, a list of the states, provinces, or other jurisdictions in which any member of the applicant's combined reporting group in the same business unit as the qualified taxpayer that, in the preceding calendar year, has produced a qualified motion picture intended for release in the United States market. For purposes of this clause, "qualified motion picture" shall not include any episodes of a television series that were complete or in production prior to July 1, 2020.

(II) Whether a qualified motion picture described in subclause (I) was awarded any financial incentive by the state, province, or other jurisdiction that was predicated on the performance of primary principal photography or postproduction in that location.

(ii) The California Film Commission may provide that the report required by this subparagraph be filed in a single report provided on a calendar year basis for those qualified taxpayers that receive multiple credit certificates in a calendar year.

(D) Issue a credit certificate to a qualified taxpayer upon completion of the qualified motion picture reflecting the credit amount allocated after qualified expenditures have been verified and the jobs ratio computed under this section. The amount of credit shown on the credit certificate shall not exceed the amount of credit allocated to that qualified taxpayer pursuant to this section.

(4) Obtain, when possible, the following information from applicants that do not receive an allocation of credit:

(A) Whether the qualified motion picture that was the subject of the application was completed.

(B) If completed, in which state or foreign jurisdiction was the primary principal photography completed.

(C) Whether the applicant received any financial incentives from the state or foreign jurisdiction to make the qualified motion picture in that location.

(5) Provide the Legislative Analyst's Office, upon request, any or all application materials or any other materials received from, or submitted by, the applicants, in electronic format when available, including, but not limited to, information provided pursuant to clauses (i) to (xi) inclusive, of subparagraph (A) of paragraph (2) and the diversity workplans provided pursuant to clause (iv) of subparagraph (B) of paragraph (2) of subdivision (k).

(6) The information provided to the California Film Commission pursuant to this section shall constitute confidential tax information for purposes of Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2.

(7) (A) Notwithstanding any other law, on or after July 1, 2025, the California Film Commission may allocate, pursuant to this section, any previously allocated credits not certified that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(B) For purposes of this section, "previously allocated credits not certified" means either:

(i) Credits allocated under paragraph (1) for which the qualified taxpayer to which the credit amounts were originally allocated has notified the California Film Commission in writing that the qualified taxpayer will not request certification for the allocated credits.

(ii) The difference between the amount of credits allocated under paragraph (1) to a qualified taxpayer and the amount of credits the California Film Commission certified, for that qualified taxpayer. For purposes of calculating the difference,



the California Film Commission shall not consider any credit amounts for which the qualified taxpayer notifies the California Film Commission under clause (i).

(8) Notwithstanding any other law, on or after July 1, 2025, the California Film Commission may allocate, pursuant to this section, any credit amounts described in subparagraphs (B) and (E) of paragraph (1) of subdivision (i) that have not previously been added to credit amounts available for allocation under this section or a successor section or sections.

(9) The California Film Commission shall submit a report to the Legislature, on an annual basis beginning January 1, 2022, on aggregate diversity information for the productions allocated tax credits allowed in this section and the diversity of the motion picture production industry in California more generally.

(h) (1) The California Film Commission shall annually provide the Legislative Analyst's Office, the Franchise Tax Board, and the California Department of Tax and Fee Administration with a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission. The list shall include the names and taxpayer identification numbers, including taxpayer identification numbers of each partner or shareholder, as applicable, of the qualified taxpayer.

(2) (A) Notwithstanding paragraph (6) of subdivision (g), the California Film Commission shall annually post on its internet website and make available for public release the following:

(i) A table which includes all of the following information: a list of qualified taxpayers and the tax credit amounts allocated to each qualified taxpayer by the California Film Commission, the number of production days in California the qualified taxpayer represented in its application would occur, the number of California jobs that the qualified taxpayer represented in its application would be directly created by the production, and the total amount of qualified expenditures expected to be spent by the production.

(ii) A narrative staff summary describing the production of the qualified taxpayer as well as background information regarding the qualified taxpayer contained in the qualified taxpayer's application for the credit.

(iii) For qualified taxpayers allocated a credit, the aggregate diversity information collected pursuant to clauses (iv) and (xii) of subparagraph (A) of paragraph (2) of subdivision (g) organized per production and an aggregate compilation describing the voluntary programs collected pursuant to clause (xiii) of subparagraph (A) of paragraph (2) of subdivision (g).

(B) Nothing in this subdivision shall be construed to make the information submitted by an applicant for a tax credit under this section a public record.

(3) The California Film Commission shall provide each city and county in California with an instructional guide that includes, but is not limited to, a review of best practices for facilitating motion picture production in local jurisdictions, resources on hosting and encouraging motion picture production, and the California Film Commission's Model Filming Ordinance. The California Film Commission shall maintain on its internet website a list of initiatives by locality that encourage motion picture production in regions across the state. The list shall be distributed to each approved applicant for the program to highlight local jurisdictions that offer incentives to facilitate film production.

(i) (1) (A) The aggregate amount of credits that may be allocated for a fiscal year pursuant to this section and Section 17053.98, except as provided in subdivision (k) of this section and subdivision (k) of Section 17053.98, is three hundred thirty million dollars (\$330,000,000), plus any amount described in subparagraph (B), (C), (D), or (E) in credits for the 2020–21 fiscal year and each fiscal year thereafter, through and including the 2024–25 fiscal year, except as provided in paragraph (7) of subdivision (g), plus the amount described in subparagraph (F) in credits for the 2021–22 and 2022–23 fiscal years.

(B) (i) Subject to clauses (ii) and (iii), the unused allocation credit amount, if any, for the preceding fiscal year.

(ii) The amount of unused credit allocation attributable to independent films shall only be allocated according to clause (i) of subparagraph (A) of paragraph (2).

(iii) The total amount of any unused credit allocation amount that is remaining shall only be allocated pursuant to clause (iv) of subparagraph (A) of paragraph (2).

(C) The amount of previously allocated credits not certified.

(D) The amount of any credits reduced pursuant to paragraph (2) of subdivision (d).

(E) That portion of any unused allocation credit amount, if any, attributable to Section 17053.85, 17053.95, 23685, or 23695 available for that fiscal year in a manner as determined by regulations promulgated by the California Film Commission.

(F) (i) For fiscal years 2021–22 and 2022–23, the California Film Commission shall allocate an additional fifteen million dollars (\$15,000,000) in credits to be granted exclusively to television series that relocate to California.

(I) Notwithstanding subparagraph (A) of paragraph (2) of this subdivision and clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), the moneys allocated pursuant to this subparagraph shall not be redirected or reallocated.

(II) Notwithstanding paragraph (25) of subdivision (b), for purposes of this subparagraph, a "television series that relocated to California" means a television series, without regard to episode length or initial media exhibition, with a minimum production budget of one million dollars (\$1,000,000) per episode that both filmed at least 75 percent of principal photography days for at least one episode outside of California and has not filmed more than 25 percent of principal photography days for any episode inside of California.

(ii) For fiscal years 2021–22 and 2022–23, the California Film Commission shall allocate an additional seventy-five million dollars (\$75,000,000) in credits to be granted exclusively to recurring television series.

(2) (A) Notwithstanding the foregoing, and subject to paragraph (4) of this subdivision and changes in allocations pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), the California Film Commission shall allocate the credit amounts subject to the following categories:

(i) Independent films with qualified expenditures of ten million dollars (\$10,000,000) or less shall be allocated 4.8 percent of the amount specified in paragraph (1). Independent films with qualified expenditures in excess of ten million dollars (\$10,000,000) shall be allocated 3.2 percent of the amount specified in paragraph (1). These amounts shall be in addition to any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(ii) Features shall be allocated 35 percent of the amount specified in paragraph (1).

(iii) A relocating television series shall be allocated 17 percent of the amount specified in paragraph (1).

(iv) A new television series, pilots for a new television series, miniseries, and recurring television series shall be allocated 40 percent of the amount specified in paragraph (1), plus any unused allocation credit amount, if any, for the preceding fiscal year as described in subparagraph (B) of paragraph (1).

(B) Within any allocation period for credits to a relocating television series, any unused amount shall be reallocated to the category described in clause (iv) of subparagraph (A) and, if any unused amount remains, reallocated in the next allocation period for credits to a relocating television series.

(C) With respect to a relocating television series issued a credit in a subsequent year pursuant to clause (v) of subparagraph (D) of paragraph (2) of subdivision (g), that subsequent credit amount shall be allowed from the allocation amount described in clause (iv) of subparagraph (A).

(3) Any act that reduces the amount that may be allocated pursuant to paragraph (1) constitutes a change in state taxes for the purpose of increasing revenues within the meaning of Section 3 of Article XIII A of the California Constitution and may be passed by not less than two-thirds of all Members elected to each of the two houses of the Legislature.

(4) (A) Except as provided in subparagraph (B), a qualified motion picture, as defined in subdivision (k), shall not be eligible for an allocation under subdivisions (a) to (j), inclusive, if it receives a credit under subdivision (k) during that fiscal year.

(B) Notwithstanding any other provision in this section, a recurring television series, as that term is used under subdivision (k), that is no longer eligible for the credit in paragraph (9) of subdivision (k) shall be eligible to apply for an allocation of credits under subdivisions (a) to (j), inclusive.

(j) The California Film Commission shall have the authority to allocate tax credits in accordance with this section and in accordance with any regulations prescribed pursuant to subdivision (e) upon adoption.

(k) (1) For taxable years beginning on or after January 1, 2022, and before January 1, 2032, there shall be allowed to a qualified taxpayer a credit against the "tax," as defined in Section 23036, subject to allocation by the California Film Commission, in an amount equal to 20 percent or 25 percent, whichever is the applicable credit percentage described in paragraph (4) of subdivision (a), as modified by paragraph (3) of this subdivision, of the qualified expenditures paid or incurred during the taxable year by a qualified motion picture produced in the state at a certified studio construction project.

(2) For purposes of this subdivision, the definitions in subdivision (b) shall apply except as otherwise provided in this subdivision.

(A) "Certified studio construction project" means a construction or renovation project certified by the California Film Commission as having met all of the following criteria:

- (i) The project provides for the construction or renovation of one or more soundstages located in the state.
- (ii) Actual construction or renovation expenditures are not less than twenty-five million dollars (\$25,000,000) of actual construction or renovation expenditures made over not more than five continuous calendar years.
- (iii) The construction or renovation of each certified studio construction project is performed in accordance with Section 17053.99.
- (iv) The construction or renovation of each certified studio construction project commences pursuant to a foundation permit or a structural building permit for the construction or renovation that is issued after the effective date of the act adopting this subdivision.
- (v) The applicant 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.

(B) "Qualified motion picture" means a qualified motion picture, as defined in subdivision (b), that meets all of the following requirements:

- (i) For each taxable year for which the credit is claimed by the qualified motion picture, films at least 50 percent of its principal photography stage shooting days on a soundstage or soundstages certified as a certified studio construction project, for which certification was issued within the prior 36 months.
- (ii) For each taxable year for which the credit is claimed by a qualified motion picture, incurs at least seven million five hundred thousand dollars (\$7,500,000) in qualified wages for filming on a soundstage or soundstages certified as a certified studio construction project that are paid or incurred in that taxable year.
- (iii) Is produced by a qualified taxpayer that is either of the following:
  - (I) More than 50 percent owned, directly or indirectly, by the same owner or owners of the soundstage or soundstages that is part of a certified studio construction project on which the production is filmed.
  - (II) Entered into a contract or lease of 10 years or more with the owner or owners of a certified studio construction project on which the production is filmed.
- (iv) Provides a diversity workplan that is approved by the California Film Commission.

(C) For purposes of this subdivision, a qualified taxpayer and a taxpayer include a passthrough entity and a disregarded entity.

(3) (A) The diversity workplan required pursuant to clause (iv) of subparagraph (B) of paragraph (2) shall include all of the following:

- (i) A statement of the diversity goals the motion picture will seek to achieve in terms of qualified wages paid by race, ethnicity, and gender.
- (ii) A statement of the diversity goals the motion picture will seek to achieve for individuals whose wages are excluded from qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b), with respect to both compensation and to the representation of diversity in the creative aspects of the motion picture.
- (iii) A plan of what strategies the motion picture will employ to achieve the goals in clauses (i) and (ii).

(B) The diversity workplan shall include goals that are broadly reflective of California's population, in terms of race, ethnicity, and gender.

(C) The California Film Commission shall approve or reject the diversity workplan of an applicant, to the extent allowed by federal and state law.

(D) (i) The California Film Commission shall not certify any tax credit under this subdivision until they have received a final diversity report from the applicant.

- (ii) The final diversity report shall calculate and provide evidence for the extent to which the applicant met the diversity goals laid out in their diversity workplan.

(iii) The California Film Commission shall have the authority to audit the final diversity report to determine if the diversity goals set forth in the applicant's diversity workplan for the motion picture production were achieved.

(iv) If the California Film Commission determines that the applicant has met or made a good faith effort to meet the diversity goals in its diversity workplan, the applicant's credit percentage described in paragraph (1) shall be increased by up to four percentage points as follows:

(I) By two percentage points if the California Film Commission determines that the applicant has met or made a good faith effort to meet the diversity goals with respect to the diversity of the workforce employed by the applicant in its diversity workplan statement.

(II) By two percentage points if the California Film Commission determines that the applicant has met or made a good faith effort to meet the diversity goals with respect to individuals whose wages are excluded from qualified wages as set forth in clause (iv) of subparagraph (B) of paragraph (21) of subdivision (b), in its diversity workplan statement.

(E) The California Film Commission, in consultation with the Governor's Office of Business and Economic Development, shall establish guidelines to evaluate diversity workplans as described in this paragraph. The guidelines shall be posted on the California Film Commission's internet website.

(4) The credit allowed under this subdivision shall be administered in accordance with subdivisions (a), (b), (c), (d), (h), and (l), except that paragraph (7) of subdivision (b) shall not apply and paragraph (2) of subdivision (d) shall not apply.

(5) Subparagraph (A) of paragraph (2), subparagraphs (A), (B), and (C) of paragraph (3), and paragraphs (4), (5), and (6) of subdivision (g) shall apply.

(6) A conflict between this subdivision and any other subdivisions in this section shall be reconciled in favor of this subdivision.

(7) The aggregate amount of credit allocated by the California Film Commission pursuant to subdivisions (a) to (j), inclusive, of this section and Section 17053.98 shall not be reduced by the tax credit allowed pursuant to this subdivision. The amount of credit allowed by this subdivision shall not be limited by subdivision (i).

(8) (A) The credit allocated pursuant to this subdivision shall be allowed for the taxable year in which the California Film Commission issues a credit certificate in accordance with the procedures provided for in subdivision (g) for the qualified motion picture. The California Film Commission shall issue a credit certificate to a qualified taxpayer upon completion of the qualified motion picture reflecting the credit amount allocated after qualified expenditures have been verified.

(B) (i) The California Film Commission, commencing with fiscal year 2021–22, shall allocate tax credits each year to qualified motion pictures meeting the criteria of this subdivision. The total amount of credits that may be allocated under this subdivision is one hundred fifty million dollars (\$150,000,000). A season of a series or feature film may not be allocated more than twelve million dollars (\$12,000,000) under this subdivision. Recurring television series receiving an initial allocation under this subdivision shall be allocated for subsequent seasons no more than allowed under this paragraph.

(ii) A qualified motion picture shall not be eligible to receive a credit allocation under this subdivision if that qualified motion picture receives a credit allocation under subdivisions (a) to (j), inclusive, for the fiscal year. However, subject to paragraph (4) of subdivision (i), any television series, relocating television series, or any new television series based on a pilot for a new television series that is no longer eligible for a credit under this subdivision pursuant to paragraph (9) may apply to receive an allocation of credits pursuant to subdivisions (a) to (j), inclusive.

(C) In any year the tax credits under this paragraph have been allocated by the California Film Commission, a qualified motion picture or a recurring television series that satisfies the criteria of this subdivision, but have not received an allocation of credits, may apply to receive an allocation of credits pursuant to subdivision (i).

(D) Credits shall be allocated based on the assumption that the motion picture meets the diversity criteria specified in clause (iv) of subparagraph (D) of paragraph (3).

(9) (A) A qualified motion picture meeting the requirements of this subdivision during the first three years after the certified studio construction project is certified by the California Film Commission shall be allowed a credit under this subdivision commencing with its first year of filming in the certified studio construction project facility and for each successive year until the certified studio construction project has reached its fourth year after being certified, as long as the qualified motion picture continues to satisfy the criteria of this subdivision and to the extent the total credit amount the California Film Commission is permitted to allocate pursuant to subparagraph (B) of paragraph (8) has not previously been allocated.

(B) (i) Subject to the allocation of credits under paragraph (8) of this subdivision, if the first year of production of a qualified motion picture occurs in the fourth year after the certified studio construction project is certified by the California Film Commission or any year thereafter, the qualified motion picture shall submit an application subject to the annual cap and the allocation credit amounts based on categories described in subdivision (i), subject to the modifications included in this subparagraph.

(ii) For feature films and new television series, the jobs ratio used to rank qualified motion pictures in subparagraph (D) of paragraph (2) of subdivision (g) shall be equal to the product of the jobs ratio calculated in paragraph (7) of subdivision (b) and 133 percent.

(10) Within six months of the effective date of this subdivision, the California Film Commission shall:

(A) Establish procedures to certify a certified studio construction project.

(B) Establish procedures to verify a qualified motion picture has met the criteria established in this section for filming in a certified studio construction project facility. That procedure shall include a requirement that the qualified motion picture pay 0.5 percent of the approved credit amount to the Career Pathways Training program specified in subdivision (e).

(C) (i) Implementation of this subdivision for the 2021–22 fiscal year is deemed an emergency and necessary for the immediate preservation of the public peace, health, and safety, or general welfare and, therefore, the California Film Commission is hereby authorized to adopt emergency regulations to implement this subdivision during the 2021–22 fiscal year in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(ii) The California Film Commission shall adopt regulations in order to implement this paragraph.

(11) In the case where the credit allowed by this subdivision exceeds the taxpayer's tax liability computed under this part, the excess credit may be carried over to reduce the "tax" in the following taxable year, and succeeding eight taxable years, if necessary, until the credit has been exhausted.

(12) Upon completion of construction or renovation of the soundstage or soundstages, the taxpayer shall certify to the California Film Commission that all contractors and subcontractors performing construction work on the soundstage or soundstages were required to use a skilled and trained workforce to perform such work in accordance with subdivision (b) of Section 17053.99.

(13) (A) Upon completion of construction or renovation of the soundstage or soundstages, the soundstage or soundstages shall be continuously operated, maintained, and repaired by any of the following:

(i) A workforce that is paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, if such services are performed by a workforce that is employed directly, or indirectly through a motion picture payroll services company, by the owner or affiliate of the owner of the soundstage or lessee of the soundstage described in subclause (II) of clause (iii) of subparagraph (B) of paragraph (2) of this subdivision.

(ii) A skilled and trained workforce as defined in Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code, if such services are provided by third-party vendors.

(B) Each year following completion of construction or renovation of the soundstage or soundstages that a qualified motion picture is allocated a tax credit pursuant to this subdivision, the qualified taxpayer shall certify to the California Film Commission both of the following:

(i) The total amount of payments to third-party vendors or qualified wages for operation, maintenance, and repair of the certified soundstage.

(ii) The amount and percentage of the total amount of payments to third-party vendors or qualified wages for operation, maintenance, and repair of the certified soundstage performed by each workforce described in subparagraph (A).

(C) If the percentage paid to workers in clause (i) of subparagraph (A) is certified to be 90 percent of the total amount under clause (i) of subparagraph (B) or greater, the qualified taxpayer shall be entitled to 100 percent of the applicable credit issued under this subdivision for the period. If the percentage paid to workers in clause (i) of subparagraph (A) is certified to be less than 90 percent of the total amount under clause (i) of subparagraph (B) but greater than or equal to 75 percent of the total amount under clause (i) of subparagraph (B), the qualified taxpayer shall be entitled to 50 percent of the applicable credit issued under this subdivision for the period. If the percentage paid to workers in clause (i) of subparagraph (A) is

certified to be less than 75 percent of the total amount under clause (i) of subparagraph (B), the qualified taxpayer shall not be entitled to any credit issued under this subdivision for the applicable period.

(l) Section 41 shall not apply to the credits allowed by this section.

**SEC. 24.** Section 24311 is added to the Revenue and Taxation Code, to read:

**24311.** For taxable years beginning on or after September 1, 2020, and before January 1, 2023, gross income does not include grant allocations received by a taxpayer pursuant to the California Microbusiness COVID-19 Relief Program that is administered by the Office of Small Business Advocate pursuant to Article 9 (commencing with Section 12100.90) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code.

**SEC. 25.** Section 24312 of the Revenue and Taxation Code is amended to read:

**24312.** (a) Gross income does not include any of the following grant allocations:

(1) For taxable years beginning on or after January 1, 2020, and before January 1, 2030, grant allocations received by a taxpayer pursuant to the COVID-19 Relief Grant that is administered by the Office of Small Business Advocate, is funded by Executive Order No. E 20/21-182, and is described in a letter from the Department of Finance to the Joint Legislative Budget Committee, dated December 17, 2020, entitled, "Disaster Response-Emergency Operations Account Request—Increased Funding for the California Rebuilding Fund and Funding to Support a New COVID-19 Relief Grant for Small Businesses."

(2) For taxable years beginning on or after January 1, 2020, and before January 1, 2030, grant allocations received by a taxpayer pursuant to the California Small Business COVID-19 Relief Grant Program established by Section 12100.83 of the Government Code.

(3) For taxable years beginning on or after September 1, 2020, and before January 1, 2030, grant allocations received by a taxpayer pursuant to the California Venues Grant Program established by Section 12100.83.5 of the Government Code.

(b) Section 41 shall not apply to the exclusion allowed by this section.

(c) Notwithstanding any other law, the Franchise Tax Board may include in audits the grants referenced in this section.

(d) The Franchise Tax Board may adopt regulations that are necessary and appropriate to implement this section.

(e) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) shall not apply to any regulation, standard, criterion, procedure, determination, rule, notice, guideline, or any other guidance established or issued by the Franchise Tax Board pursuant to this section.

(f) This section shall remain in effect only until December 1, 2030, and as of that date is repealed.

**SEC. 26.** Section 4456 of the Vehicle Code is amended to read:

**4456.** (a) When selling a vehicle, dealers and lessor-retailers shall report the sale using the reporting system described in Section 4456.2. After providing information to the reporting system, the dealer or lessor-retailer shall do all of the following:

(1) The dealer or lessor-retailer shall attach for display a copy of the report-of-sale form provided by the reporting system on the vehicle before the vehicle is delivered to the purchaser.

(2) The dealer or lessor-retailer shall submit to the department an application accompanied by all fees and penalties due for registration or transfer of registration of the vehicle within 30 days from the date of sale, as provided in subdivision (c) of Section 9553, if the vehicle is a used vehicle, and within 20 days if the vehicle is a new vehicle. Penalties due for noncompliance with this paragraph shall be paid by the dealer or lessor-retailer. The dealer or lessor-retailer shall not charge the purchaser for the penalties.

(3) (A) Pursuant to the regulations adopted by the department under subdivision (f) of Section 6295 of the Revenue and Taxation Code, for retail sales of vehicles occurring on and after January 1, 2021, the dealer shall also submit with the application payment of the applicable sales tax required by the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code) and the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) and the applicable transactions and use taxes required by the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code) to the department within 30 days from the date of sale.

(B) The amendments to this section made by the act adding this subparagraph do not constitute a change in, but are declaratory of, existing law.

(C) For purposes of this paragraph, "dealer" shall not include a new motor vehicle dealer as defined by Section 426, a manufacturer or remanufacturer holding a license issued pursuant to Chapter 4 (commencing with Section 11700) of Division 5, an automobile dismantler holding a license and certificate issued pursuant to Chapter 3 (commencing with Section 11500) of Division 5, or a lessor-retailer holding a license issued pursuant to Chapter 3.5 (commencing with Section 11600) of Division 5, and subject to the provisions of Section 11615.5.

(4) As part of an application to transfer registration of a used vehicle, the dealer or lessor-retailer shall include all of the following information on the certificate of title, application for a duplicate certificate of title, or form prescribed by the department:

(A) Date of sale and report-of-sale number.

(B) Purchaser's name and address.

(C) Dealer's name, address, number, and signature, or signature of authorized agent.

(D) Salesperson number.

(5) If the department returns an application and the application was first received by the department within 30 days of the date of sale of the vehicle if the vehicle is a used vehicle, and within 20 days if the vehicle is a new vehicle, the dealer or lessor-retailer shall submit a corrected application to the department within 50 days from the date of sale of the vehicle if the vehicle is a used vehicle, and within 40 days if the vehicle is a new vehicle, or within 30 days from the date that the application was first returned by the department if the vehicle is a used vehicle, and within 20 days if the vehicle is a new vehicle, whichever is later.

(6) If the department returns an application and the application was first received by the department more than 30 days from the date of sale of the vehicle if the vehicle is a used vehicle, and more than 20 days if the vehicle is a new vehicle, the dealer or lessor-retailer shall submit a corrected application to the department within 50 days from the date of sale of the vehicle if the vehicle is a used vehicle, and within 40 days if the vehicle is a new vehicle.

(7) An application first received by the department more than 50 days from the date of sale of the vehicle if the vehicle is a used vehicle, and more than 40 days if the vehicle is a new vehicle, is subject to the penalties specified in subdivisions (a) and (b) of Section 4456.1.

(8) The dealer or lessor-retailer shall report the sale pursuant to Section 5901.

(9) If the vehicle does not display license plates previously issued by the department, the dealer or lessor-retailer shall attach the temporary license plates issued by the reporting system.

(b) (1) A transfer that takes place through a dealer conducting a wholesale vehicle auction shall be reported to the department electronically in a manner approved by the department. The report shall contain, at a minimum, all of the following information:

(A) The name and address of the seller.

(B) The seller's dealer number, if applicable.

(C) The date of delivery to the dealer conducting the auction.

(D) The actual mileage of the vehicle as indicated by the vehicle's odometer at the time of delivery to the dealer conducting the auction.

(E) The name, address, and occupational license number of the dealer conducting the auction.

(F) The name, address, and occupational license number of the buyer.

(G) The signature of the dealer conducting the auction.

(2) Submission of the electronic report specified in paragraph (1) to the department shall fully satisfy the requirements of subdivision (a) and subdivision (a) of Section 5901 with respect to the dealer selling at auction and the dealer conducting the auction.

(3) The electronic report required by this subdivision does not relieve a dealer of any obligation or responsibility that is required by any other law.

(c) A vehicle displaying a report-of-sale form or temporary license plate issued pursuant to paragraph (8) of subdivision (a) may be operated without license plates until either of the following, whichever occurs first:

(1) The license plates and registration card are received by the purchaser.

(2) A 90-day period, commencing with the date of sale of the vehicle, has expired.

(d) Notwithstanding subdivision (c), a vehicle may continue to display a report-of-sale form or temporary license plates after 90 days if the owner provides proof that the owner has submitted an application to the department pursuant to Section 4457 and it has been no more than 14 days since the permanent license plates were issued to the owner. A violation of this paragraph is a correctable offense pursuant to Section 40303.5.

(e) This section shall become operative January 1, 2019.

**SEC. 27.** Section 4750.6 of the Vehicle Code is amended to read:

**4750.6.** (a) The department shall transmit to the California Department of Tax and Fee Administration all collections of tax and penalty made under paragraph (3) of subdivision (a) of Section 4456 of this code and Section 6295 of the Revenue and Taxation Code. This transmittal shall be made within 30 days, accompanied by a schedule in such form as the department and California Department of Tax and Fee Administration may prescribe.

(b) The California Department of Tax and Fee Administration shall reimburse the department for its costs incurred in carrying out paragraph (3) of subdivision (a) of Section 4456 of this code and Section 6295 of the Revenue and Taxation Code. The reimbursement shall be effected under agreement between the agencies, approved by the Department of Finance.

(c) In computing any tax or penalty thereon under paragraph (3) of subdivision (a) of Section 4456 of this code and Section 6295 of the Revenue and Taxation Code, dollar fractions shall be disregarded in the manner specified in Section 9559 of this code. Payment of tax and penalty on this basis shall be deemed full compliance with the requirements of the Sales and Use Tax Law insofar as they are applicable to the use of vehicles to which paragraph (3) of subdivision (a) of Section 4456 of this code and Section 6295 of the Revenue and Taxation Code relates.

(d) The amendments to this section made by the act adding this subdivision do not constitute a change in, but are declaratory of, existing law.

**SEC. 28.** Section 11713 of the Vehicle Code is amended to read:

**11713.** A holder of a license issued under this article shall not do any of the following:

(a) Make or disseminate, or cause to be made or disseminated, before the public in this state, in a newspaper or other publication, or an advertising device, or by public outcry or proclamation, or in any other manner or means whatever, a statement that is untrue or misleading and that is known, or that by the exercise of reasonable care should be known, to be untrue or misleading; or to so make or disseminate, or cause to be so disseminated, a statement as part of a plan or scheme with the intent not to sell a vehicle or service so advertised at the price stated therein, or as so advertised.

(b) (1) (A) Advertise or offer for sale or exchange in any manner, a vehicle not actually for sale at the premises of the dealer or available to the dealer directly from the manufacturer or distributor of the vehicle at the time of the advertisement or offer. However, a dealer who has been issued an autobroker's endorsement to the dealer's license may advertise the dealer's service of arranging or negotiating the purchase of a new motor vehicle from a franchised new motor vehicle dealer and may specify the line-makes and models of those new vehicles. Autobrokering service advertisements may not advertise the price or payment terms of a vehicle and shall disclose that the advertiser is an autobroker or auto buying service, and shall clearly and conspicuously state the following: "All new cars arranged for sale are subject to price and availability from the selling franchised new car dealer."

(B) As to printed advertisements, the disclosure statement required by subparagraph (A) shall be printed in not less than 10-point bold type size and shall be textually segregated from the other portions of the printed advertisement.

(2) Notwithstanding subparagraph (A), classified advertisements for autobrokering services that measure two column inches or less are exempt from the disclosure statement in subparagraph (A) pertaining to price and availability.

(3) Radio advertisements of a duration of less than 11 seconds that do not reference specific line-makes or models of motor vehicles are exempt from the disclosure statement required in subparagraph (A).

(c) Fail, within 48 hours, to withdraw in writing an advertisement of a vehicle that has been sold or withdrawn from sale.

(d) Advertise or represent a vehicle as a new vehicle if the vehicle is a used vehicle.



(e) Engage in the business for which the licensee is licensed without having in force and effect a bond as required by this article.

(f) Engage in the business for which the dealer is licensed without at all times maintaining an established place of business as required by this code.

(g) Include, as an added cost to the selling price of a vehicle, an amount for licensing or transfer of title of the vehicle, which is not due to the state unless, prior to the sale, that amount has been paid by a dealer to the state in order to avoid penalties that would have accrued because of late payment of the fees. However, a dealer may collect from the second purchaser of a vehicle a prorated fee based upon the number of months remaining in the registration year for that vehicle, if the vehicle had been previously sold by the dealer and the sale was subsequently rescinded and all the fees that were paid, as required by this code and Chapter 2 (commencing with Section 10751) of Part 5 of Division 2 of the Revenue and Taxation Code, were returned to the first purchaser of the vehicle.

(h) Employ a person as a salesperson who has not been licensed pursuant to Article 2 (commencing with Section 11800), and whose license is not displayed on the premises of the dealer as required by Section 11812, or willfully fail to notify the department by mail within 10 days of the employment or termination of employment of a salesperson.

(i) Deliver, following the sale, a vehicle for operation on California highways, if the vehicle does not meet all of the equipment requirements of Division 12 (commencing with Section 24000). This subdivision does not apply to the sale of a leased vehicle to the lessee if the lessee is in possession of the vehicle immediately prior to the time of the sale and the vehicle is registered in this state.

(j) Use, or permit the use of, the special plates assigned to them for any purpose other than as permitted by Section 11715.

(k) Advertise or otherwise represent, or knowingly allow to be advertised or represented on behalf of, or at the place of business of, the licenseholder that no downpayment is required in connection with the sale of a vehicle when a downpayment is in fact required and the buyer is advised or induced to finance the downpayment by a loan in addition to any other loan financing the remainder of the purchase price of the vehicle. The terms "no downpayment," "zero down delivers," or similar terms shall not be advertised unless the vehicle will be sold to a qualified purchaser without a prior payment of any kind or trade-in.

(l) (1) Participate in the sale of a vehicle required to be reported to the Department of Motor Vehicles under Section 5900 or 5901 without making the return and payment of the full tax due and required by Section 6451 of the Revenue and Taxation Code.

(2) Participate in the sale of a used vehicle required to be reported to the Department of Motor Vehicles under Section 5900 or 5901 without making the payment of the full tax due as required by Section 6295 of the Revenue and Taxation Code.

(3) The amendments to this subdivision made by the act adding this paragraph do not constitute a change in, but are declaratory of, existing law.

(m) Permit the use of the dealer's license, supplies, or books by any other person for the purpose of permitting that person to engage in the purchase or sale of vehicles required to be registered under this code, or permit the use of the dealer's license, supplies, or books to operate a branch location to be used by any other person, whether or not the licensee has any financial or equitable interest or investment in the vehicles purchased or sold by, or the business of, or branch location used by, the other person.

(n) Violate any provision of Article 10 (commencing with Section 28050) of Chapter 5 of Division 12.

(o) Sell a previously unregistered vehicle without disclosing in writing to the purchaser the date on which a manufacturer's or distributor's warranty commenced.

(p) Accept a purchase deposit relative to the sale of a vehicle, unless the vehicle is present at the premises of the dealer or available to the dealer directly from the manufacturer or distributor of the vehicle at the time the dealer accepts the deposit. Purchase deposits accepted by an autobroker when brokering a retail sale shall be governed by Sections 11736 and 11737.

(q) Consign for sale to another dealer a new vehicle.

(r) Display a vehicle for sale at a location other than an established place of business authorized by the department for that dealer or display a new motor vehicle at the business premises of another dealer registered as an autobroker. This subdivision does not apply to the display of a vehicle pursuant to subdivision (b) of Section 11709 or the demonstration of the qualities of a motor vehicle by way of a test drive.

(s) Use a picture in connection with an advertisement of the price of a specific vehicle or class of vehicles, unless the picture is of the year, make, and model being offered for sale. The picture shall not depict a vehicle with optional equipment or a design not actually offered at the advertised price.

(t) Advertise for sale a vehicle that was used by the selling licensee in its business as a demonstrator, executive vehicle, service vehicle, rental, loaner, or lease vehicle, unless the advertisement clearly and conspicuously discloses the previous use made by that licensee of the vehicle. An advertisement shall not describe any of those vehicles as "new."

(u) Advertise the prior use or ownership history of a vehicle in an inaccurate manner.

**SEC. 29.** Section 8150.2 of the Welfare and Institutions Code is amended to read:

**8150.2.** (a) The Controller shall make a one-time Golden State Stimulus II tax refund payment to each qualified recipient in an amount determined pursuant to subdivision (c), but not to exceed one thousand one hundred dollars (\$1,100). A qualified recipient shall not receive more than one payment of the applicable amount. The payment may be made in the form and manner determined by the Franchise Tax Board.

(b) (1) For purposes of this section, "qualified recipient" means an individual who meets all of the following criteria:

(A) Is an individual who filed a California individual income tax return on or before October 15, 2021, except as provided in paragraph (2), for the taxable year beginning on or after January 1, 2020, and before January 1, 2021.

(B) Is a California resident, as defined by Section 17014 of the Revenue and Taxation Code, for more than one-half of the taxable year beginning on or after January 1, 2020, and before January 1, 2021, and on the date the Controller issues the payment pursuant to subdivision (a).

(C) Cannot be claimed as a dependent by another taxpayer.

(D) Had California adjusted gross income of one dollar (\$1) or more, but not more than seventy-five thousand dollars (\$75,000), or not more than thirty-seven thousand five hundred dollars (\$37,500) in the case of a married individual filing separately, as reported on the return described in subparagraph (A).

(E) Had wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code of seventy-five thousand dollars (\$75,000) or less, or thirty-seven thousand five hundred dollars (\$37,500) or less in the case of a married individual filing separately, as reported on the return described in subparagraph (A).

(2) In the case of an individual who included either their federal individual taxpayer identification number or, if married, the federal individual taxpayer identification number of their spouse, on their California individual income tax return for the taxable year beginning on or after January 1, 2020, and before January 1, 2021, and who meets all of the other requirements of a qualified recipient, both of the following shall apply if the individual or their spouse applied for, but did not receive, a federal individual taxpayer identification number on or before October 15, 2021:

(A) The individual is a qualified recipient for purposes of this section if the tax return described in this paragraph was filed on or before February 15, 2022.

(B) Sections 19131 and 19132 of the Revenue and Taxation Code shall not apply to the return described in this paragraph.

(3) A "qualified recipient" shall not include an individual who satisfies all of the following:

(A) Is an individual without a dependent.

(B) Files or filed their California individual income tax return using the single filing status for the taxable year described in subparagraph (A) of paragraph (1).

(C) Is either of the following:

(i) Deceased on the date the Controller would issue the payment authorized under subdivision (a), but for the individual's death.

(ii) Incarcerated, other than incarcerated pending the disposition of charges, in a jail, prison, or similar penal institution or correctional facility on the date the Controller would issue the payment authorized under subdivision (a), but for the individual's incarceration.

(c) The payment for a qualified recipient shall be in an amount as follows:

(1) Five hundred dollars (\$500), or two hundred fifty dollars (\$250) in the case of a married individual filing separately, if the qualified recipient met the requirements under Section 8150, the qualified recipient filed the return described in subparagraph (A) of paragraph (1) of subdivision (b) using their social security number, and, if married, the social security number of their spouse, and the qualified recipient claimed a credit for one or more dependents under paragraph (1) of subdivision (d) of Section 17054 of the Revenue and Taxation Code on that return.

(2) Six hundred dollars (\$600), or three hundred dollars (\$300) in the case of a married individual filing separately, if the qualified recipient did not meet the requirements under Section 8150, and the qualified recipient did not claim a credit for one or more dependents under paragraph (1) of subdivision (d) of Section 17054 of the Revenue and Taxation Code on the return described in subparagraph (A) of paragraph (1) of subdivision (b).

(3) One thousand dollars (\$1,000), or five hundred dollars (\$500) in the case of a married individual filing separately, if the qualified recipient met the requirements under Section 8150, the qualified recipient filed the return described in subparagraph (A) of paragraph (1) of subdivision (b) with either their federal individual taxpayer identification number, or, if married, the federal individual taxpayer identification number of their spouse, and the qualified recipient claimed a credit for one or more dependents under paragraph (1) of subdivision (d) of Section 17054 of the Revenue and Taxation Code on that return.

(4) One thousand one hundred dollars (\$1,100), or five hundred fifty dollars (\$550) in the case of a married individual filing separately, if the qualified recipient did not meet the requirements under Section 8150 and the qualified recipient claimed a credit for one or more dependents under paragraph (1) of subdivision (d) of Section 17054 of the Revenue and Taxation Code on the return described in subparagraph (A) of paragraph (1) of subdivision (b).

(d) The payment authorized by this section shall not be a refund or overpayment of income taxes under Chapter 6 (commencing with Section 19301) of Part 10.2 of Division 2 of the Revenue and Taxation Code of any liability imposed under Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code.

(e) In the case of a qualified recipient who files a joint return with their spouse pursuant to Part 10.2 (commencing with Section 18401) of the Revenue and Taxation Code for a taxable year described in subparagraph (A) of paragraph (1) of subdivision (b), the qualified recipient and their spouse shall be considered one qualified recipient for purposes of this section, and shall receive only one payment of the applicable amount.

(f) (1) The Franchise Tax Board shall provide return or return information of the qualified recipients to the Controller as authorized under Section 19554.1 of the Revenue and Taxation Code to allow the Controller to make payments authorized pursuant to this section.

(2) The Franchise Tax Board shall inform the Controller of the payment amount for each qualified recipient.

(g) (1) Notwithstanding Section 13340 of the Government Code, an amount necessary for the Controller to make the payments required under subdivision (a) is hereby continuously appropriated, without regard to fiscal year, from the Golden State Stimulus Emergency Fund to the Controller for the purpose of making the Golden State Stimulus II tax refund payments to help low- and middle-income Californians impacted by the COVID-19 emergency.

(2) The Controller shall transfer to the Golden State Stimulus Emergency Fund an amount not in excess of the amount appropriated under paragraph (1).

(3) (A) The Controller shall issue the required payments no later than July 15, 2022.

(B) Notwithstanding subparagraph (A), the Controller may reissue stale, dated, or replacement warrants for the Golden State Stimulus II tax refund payments pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 905.2 of the Government Code after July 15, 2022.

(4) All payments which are returned shall be redeposited by the Controller in the Golden State Stimulus Emergency Fund.

(5) Any unused money remaining in the Golden State Stimulus Emergency Fund shall be transferred to the General Fund by June 1, 2024.

(h) Notwithstanding any other law, the payment authorized pursuant to this section shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000), excluding benefits under Chapter 7 (commencing with Section 14000) of Part 3 of Division 9, or amounts of those benefits.

(i) Notwithstanding any other law, the payment authorized pursuant to this section shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of such individual, or any other individual, for benefits or assistance or the amount or extent of benefits or assistance under any state or local program not covered in subdivision (h). With respect to a state or local program, this subdivision shall only be implemented to the extent that it does not conflict with federal law relating to that program, and that any required federal approval or waiver is first obtained for that program.

(j) The Legislature finds and declares that, to the extent that an individual is otherwise a qualified recipient pursuant to this section, an undocumented person, within the meaning of subsection (d) of Section 1621 of Title 8 of the United States Code, is

eligible for the payment authorized by this section.

(k) This section shall remain in effect only until January 1, 2025, and on that date is repealed.

**SEC. 30.** Section 25 of Chapter 82 of the Statutes of 2021 is amended to read:

**SEC. 25.** For the purposes of complying with Section 41 of the Revenue and Taxation Code, with respect to Sections 17059.2 and 23689 of the Revenue and Taxation Code as amended by this act, (hereafter "the credits" for purposes of this section) the Legislature finds and declares all of the following:

(a) The specific goal, purpose, and objective that the credits will achieve is to encourage business operations in the state.

(b) Detailed performance indicators for the Legislature to use in determining whether the credits meet the goal, purpose, and objective described in subdivision (a) are the number of taxpayers that have applied for a credit allocation, the amount of credits that they applied for, the amount of taxpayers to whom credits were allocated, and the amount of credits allocated.

(c) The Legislative Analyst's Office shall collaborate with the Governor's Office of Business and Economic Development to review whether the demand for these credits justified the additional allocation of credits, and if the characteristics of the credits allocated under the additional allocation of credits differed significantly from the credits typically allocated. The review shall include, but is not limited to, an analysis of the demand for the additional credits allocated in the 2021–22 fiscal year authorized by this act and the economic impact of those credits. The Legislative Analyst's Office shall report its review to the Legislature by January 1, 2023, and in compliance with Section 9795 of the Government Code.

(d) The data collection requirements for determining whether the credits meet, fail to meet, or exceed the specific goal, purpose, and objective described in subdivision (a) are:

(1) To assist the Legislature in determining whether the credits meet the specific goal, purpose, and objective described in subdivision (a), and in order to carry out its duties pursuant to subdivision (c), the Legislative Analyst's Office may request information from the Governor's Office of Business and Economic Development.

(2) (A) The Governor's Office of Business and Economic Development shall provide data requested by the Legislative Analyst's Office pursuant to this section.

(B) The disclosure provisions of this paragraph shall be treated as an exception to Section 19542 under Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2 of Division 2 of the Revenue and Taxation Code.

**SEC. 31.** Ten thousand dollars (\$10,000) is hereby appropriated from the General Fund to the Office of Small Business Advocate in the Governor's Office of Business and Economic Development for the purposes of implementing this act.

**SEC. 32.** The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

**SEC. 33.** This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.