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## Governor Schwarzenegger Requests California Tax Incentive For Motion Picture Industry

California producers may soon enjoy some of the same attractive tax incentives offered by other States and countries. On Monday, February 21, California Governor Arnold Schwarzenegger announced that he had requested the California Film Commission to submit proposed legislation to provide tax incentives to keep motion picture and television production in the state. This was a further step in a continuing process in which Lord Bissell & Brook attorneys have been instrumental.

There is a widespread perception in the United States entertainment industry that production jobs are being lost to foreign jurisdictions that offer attractive tax incentives. In response, a broad coalition of entertainment unions and trade associations formed an ad hoc Alliance to counter this trend. Jody Simon of Lord, Bissell & Brook's Los Angeles office is a member of this Alliance as Chair of the Runaway Production Committee of the Academy of Television Arts and Sciences, and has been in the thick of industry initiatives on this issue.

A number of states, including Louisiana, New Mexico, Illinois and most recently New York, have enacted incentive programs that have been notably successful in attracting production activity. On the federal level, after an intense lobbying campaign in late 2004, the industry Alliance succeeded in placing a provision in the American Jobs Creation Act permitting certain expenses of United States productions to be deducted in the same year they are incurred. The Alliance then turned its attention to California, whose previous unchallenged dominance as a production center has eroded in recent years. By working closely with the California Film Commission and Governor Schwarzenegger's political advisors, the Alliance was able to persuade him to throw his support behind incentive legislation for California.

There will obviously be an extensive process before the Governor's support is translated into

concrete legislation, if ever. Lord, Bissell & Brook attorneys will be continuously abreast of this process and will share with their clients the details on how to take advantage of any benefits that result. Because of its longstanding involvement with these matters, the Firm is also in a position to advise clients with respect to all of the other state and federal incentives that are available, as well as to use its expertise to structure financings that take advantage of overseas incentives. We will continue to keep our clients informed of further developments in this arena. If you want more information, please contact the authors or your Lord, Bissell & Brook attorney.

### ABOUT THE AUTHORS

Arnold Peter and Jody Simon are partners in the firm's Entertainment and Media practice group in Los Angeles.