California Gov. Jerry Brown on Sunday signed legislation extending the state's $100 million tax-credit fund for two more years.

The measure allows California producers a 20 percent or 25 percent credit against income and sales and use taxes and is designed to help stem the production exodus that has plagued the state in recent years.

"The state of California took a big step forward today, thanks to Governor Brown and the legislature," said Christopher Dodd, chairman and chief executive officer of the Motion Picture Association of America. "The two-year extension of the state's production tax credit will keep California competitive for tens of thousands of production-related jobs. This is an important victory for California's economy, our national economy, and the hardworking men and women who comprise the film and television industry."

Two nearly identical measures, AB 2026 from Assemblyman Felipe Fuentes and SB 1197 from state Sen. Ron Calderon, were sent to the governor's desk on the final day of the legislative session. With their passage, the California Film Commission can continue to allocate tax credits through and including the 2016-17 fiscal year.

"What we hear so often from the film industry, is that they want to film here in California, but financially it is challenging. What we're doing with this bill is retaining and creating jobs by leveling the playing field and making California competitive again," said Assemblymember Fuentes.

"The entertainment industry is one of the signature industries not only in Los Angeles, but throughout the State of California. New York would never let its signature industry -- the financial industry leave -- and I believe we can't afford to let our signature industry walk away from our great state."

The bills had strong backing from TV and film producers and a coalition of labor groups including SAG-AFTRA, the Directors Guild, the California Teamsters Public Affairs Council, Teamsters Local 399, Professional Musicians Local 47. IATSE and the Recording Musicians

Association.

"We commend the legislature and Governor Brown for recognizing that the motion picture business is an integral part of the economic and cultural powerhouse that has been California during the last 100 years and that this is just as important a part of this state's future as its past," the coalition said in statement issued Sunday.

"Unlike most other industries, ours is a highly mobile one -- film and television production can be shot anywhere. Because of that reality, thousands of our members who live in California and want to work in California are dependent upon this state remaining competitive. We know firsthand that this program has created employment opportunities for them, and with that, health and pension coverage for them and their families."

The two bills originally called for a five-year extension but were scaled back earlier this year by budget-conscious legislators. The California Film and Television Tax Credit Program was scheduled to end in fiscal year 2014-15, with the last of the credits allocated by July 2013.

Even with the extension however, California's incentives pale in comparison with those offered by other states. New York has made more than $400 million available and recently added a 30 percent incentive for post-production work. Louisiana and Georgia offer 30 percent to 35 percent tax incentives and are uncapped.

Demand for the credits far exceeds supply, with 28 projects selected by lottery out of more than 330 applications in the most recent round in June.

Brown signed a one-year extension last year, but his approval wasn't a given this time.

While he counts Hollywood and the labor unions that back the bill among his supporters, Brown is also concerned with maintaining a hard line on budget expenses with the state furloughing workers and cutting services. His own office of finance opposed the bill.

So far, $400 million in tax credits has been allocated to eligible film and television productions. Of that, only $229,139 has actually been claimed for tax credits. Although the productions -- and related jobs and economic development have already occurred -- a tax credit can only be claimed after a film or television show has already been filmed and an audit has taken place to prove that the expected jobs and economic development actually took place in California.

The tax credits have resulted in $3.9 billion in economic activity statewide. Of that $728 million has been spent on wages to create an estimated 40,000 jobs. An additional 172,000 individuals are estimated to have received daily employment as background extras.

The extension is particularly important for the state's TV dramas, which are increasingly finding out-of-state homes in places like New York. While the Big Apple was hitting record production levels in the past year, California's output of TV dramas fell more than 11 percent.

"TV series need to be able to plan ahead for two or three years," said Nancy Rae Stone, program director of the California Film Commission, which oversees the credit program. "If we can't guarantee these incentives are going to be in place for the next three years, they won't even consider us."

TV series are among the most desirable projects for the state because they employ more people for a longer period of time than movies or commercials do.

Gov. Arnold Schwarzenegger signed the original bill into law.

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