

[Modifies the cap on the amount that an individual production can receive under the Film Rebate Program, eliminates partial rebate of hotel and sales tax, and requires efforts to hire disadvantaged individuals.]

Ordinance amending Administrative Code Section 57.8 by changing the cap on individual rebates from the total amount of taxes that the production paid to the City, to \$600,000, modifying the definition of "qualified production cost" by eliminating fees and hotel and sales taxes from that definition, and requiring good faith efforts to hire disadvantaged individuals as a condition of receipt of a rebate.

Note: Additions are single underline italics Times New Roman; deletions are strikethrough italics Times New Roman. Board amendment additions are double underlined. Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Administrative Code is hereby amended by amending

Section 57.8, to read as follows:

SEC. 57.8. FILM REBATE PROGRAM

(a) Purpose. The purpose of the Film Rebate Program is to increase the number of qualified film productions being made in San Francisco, increase the number of City residents employed in the filmmaking industry, and encourage the resulting economic benefits to increased filmmaking in San Francisco.

(b) Definitions. As used in this Section, the following terms shall have the following meanings:

(1) "Principal photography" means the time period and phase of film production during which the main photography occurs.

(2) "Qualified low-budget film production" means a feature-length film, television film, television pilot, or each episode of a television series, regardless of the medium used to create or convey it, that is: (i) produced by a film company that expends at least 55 percent of

1 the total principal photography days exclusively in the City and (ii) has a total budget of no
2 more than \$3,000,000. "Qualified low-budget film production" shall not include: (i) a
3 documentary film, news or current affairs program, interview or talk program, instructional film
4 or program, film or program consisting primarily of stock footage, sporting event or sporting
5 program, game show, award ceremony, film or program intended primarily for industrial,
6 corporate or institutional end-users, fundraising film or program, commercials, music videos,
7 or "reality" program; or (ii) a production for which records are required under Title 18 United
8 States Code section 2257, to be maintained with respect to any performer in such production.

9 (3) "Qualified film production" means a feature-length film, television film, television
10 pilot, or each episode of a television series, regardless of the medium used to create or
11 convey it, that is created by a film company that expends at least 65 percent of the total
12 principal photography days exclusively in the City. "Qualified film production" shall not include:
13 (i) a documentary film, news or current affairs program, interview or talk program,
14 instructional film or program, film or program consisting primarily of stock footage, sporting
15 event or sporting program, game show, award ceremony, film or program intended primarily
16 for industrial, corporate or institutional end-users, fundraising film or program, commercials,
17 music videos, or "reality" program; or (ii) a production for which records are required under
18 Title 18 United States Code section 2257, to be maintained with respect to any performer in
19 such production.

20 (4) "Qualified production cost," means the following expenses of a qualified low-
21 budget film production or a qualified film production:

22 (A) Any fees or taxes, with the exception of hotel or sales taxes, paid to the City, or any of
23 its constituent departments, the proceeds of which are placed in the general fund;

(B) Any moneys paid to the City, or any of its constituent departments, for the use of City property, equipment, or employees, including, but not limited to additional police services as described in Chapter 10B of this Administrative Code; and

(C) Any daily use fees charged by the Film Commission, pursuant to Section 57.5 of the Administrative Code, to engage in film production in the City.

(c) Rebate Program.

(1) *Allowance of Rebate.* A qualified low-budget film production or qualified film production that pays qualified production costs shall be entitled to a rebate, to be calculated as provided herein, provided that the qualified production has entered into a first source hiring agreement with the City that demonstrates good faith efforts to hire economically disadvantaged individuals referred by the San Francisco Workforce Development System to work for the qualified production. Good faith efforts shall include, at a minimum, consulting with the FSHA for the purpose of preparing a list of positions for which individuals referred by the City might qualify, providing that list to the FSHA at least two weeks prior to the first day of shooting, and documenting efforts to contact and interview job candidates referred by the City to fill the positions listed.

(2) *Amount of Rebate.* The City shall pay one dollar for each dollar the qualified low budget film production or qualified film production paid in qualified production cost not to exceed \$1.8 million dollars by June 30, 2009. The rebate shall be paid from the fund into which the qualified production cost was originally deposited. In no event shall the amount of ~~the any rebate paid after April 1, 2009 exceed \$600,000.00 the total amount of taxes that the qualified film production or qualified low budget film production paid to the City.~~ The rebate shall not be paid from funds dedicated under bond or other legal financing covenants. Rebates

paid under this Ordinance (Ordinance no.) shall be paid only to those qualified film
productions whose filming commenced on or after the effective date of this Ordinance.

(3) *Implementation.* After holding a public hearing, the Executive Director of the Film Commission, in consultation with the Controller, shall promulgate rules and regulations to establish the procedures for implementation of the Film Rebate Program. Such rules shall contain provisions describing the application process, the standards used to evaluate the applications, the documentation that will be required to substantiate the amount of the rebate, the appeal process, and any such other provisions as deemed necessary and appropriate to carry out the Film Rebate Program.

(d) Reports. The Executive Director shall report annually to the Board of Supervisors on the implementation of the Film Rebate Program. The report shall include a list of each qualified film production, residency of employees, and the total of qualified production costs submitted and paid to each film production. Annually for the first three years after enactment of this Ordinance the Controller shall perform an assessment and review of the effect of the Film Rebate Program. Based on such assessment and review, the Controller shall prepare and submit an analysis to the Board of Supervisors. The Analysis shall be based on criteria deemed relevant by the Controller, and may include but is not limited to data contained in the annual reports to the Board of Supervisors submitted by the Director of the Film Commission.

(e) The Film Rebate Program shall expire on June 30, 2009, unless extended by ordinance. If the Film Rebate Program is not extended, the City Attorney shall cause this

1 Section to be removed from future editions of the San Francisco Municipal Code without
2 further action of the Board.

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5 APPROVED AS TO FORM:
6 DENNIS J. HERRERA, City Attorney

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8 By: Mariam M. Morley
9 Deputy City Attorney

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Supervisors Alioto-Pier, Dufty
BOARD OF SUPERVISORS