

2010 STATE ADVOCACY AGENDA
SACRAMENTO DELEGATION
MAY 17-18, 2010



HOLLYWOOD WALK OF FAME

HOLLYWOOD



CHAMBER OF COMMERCE

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|---------------------------|--------------------------------------------------------------------------------------------------------------|
| Sam Smith | Chair, Board of Directors, Hollywood Chamber
Genesis Financial/Creative Employee Benefits, Inc. |
| Susan Cabral-Ebert | Co-chair, Hollywood Chamber Legislative Action Committee
Make-Up Artists & HairStylists - Local 706 IATSE |
| Scott Moe | Treasurer, Board of Directors, Hollywood Chamber
SDM Advisory Group |
| Leron Gubler | President & CEO, Hollywood Chamber |
| Nicole Shahenian | Vice President of Public Policy, Hollywood Chamber |

HOLLYWOOD CHAMBER 2010 STATE ADVOCACY AGENDA



Each year a group of Hollywood ambassadors leads a delegation to our State Capital to advocate on behalf of the Chamber's nearly 1,000 businesses, including members such as Paramount Studios, the Kodak Theatre, AT&T, and the Hollywood & Highland shopping center.

HOLLYWOOD has proven to be one of the most powerful brand names in the world, providing jobs and business opportunities and contributing millions in tax dollars every year. The concept of Hollywood provides enormous soft power - bringing success to entertainment and non-entertainment industries alike such as fashion, tourism, cosmetics, food & service industry, and more. Therefore, we must continue to reinvest in "Hollywood" the concept and "Hollywood" the place for what it contributes to California's economy. To this end, we respectfully request you consider the following recommendations to ensure the economic well-being of Hollywood.

SUPPORT EFFORTS TO CURB RUNAWAY PRODUCTION

Runaway production is a serious threat to the California economy. The entertainment industry is a sound economic engine that contributes significantly to the economic well-being of the State. However, as other nations and competing states successfully use tax incentives to entice film production elsewhere, the California economic base is weakened. In a study by the Los Angeles Economic



Development Corporation, it was found that as many as 246,000 jobs and \$34.3-billion of the California Economy are threatened as other states and nations lure film production away from California. Thirty-eight states now have film incentives. **The Hollywood Chamber applauds Governor Schwarzenegger and the California State Legislature for including targeted tax credits to the film and television industry in the State Budget. We welcome the opportunity to work with you to find additional and innovative ways to keep film and television productions in California.**

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OPPOSE SB 1197 (Calderon): Relating to Tax Credits on Motion Picture Production

The Hollywood Chamber of Commerce, strongly opposes SB 1197 (Calderon) to repeal and amend Sections 17053.85 and 23685 of the Revenue and Taxation Code, relating to tax credits on qualified motion picture production.

Last year, the Hollywood Chamber of Commerce along with the entire California film industry - including the California Film Commission, the Labor community, and several State Legislators worked tirelessly to support a comprehensive tax incentive package to bring motion picture production back to California. **The resulting law is working as intended. Production is up 18 percent from this same time last year. So far these same incentives have kept 73 productions in California, and each production has generated between 100 and 300 direct jobs.**

If passed, S.B. 1197 would threaten the progress made in returning production to California. The bill language while proposing to accelerate tax credits, would ultimately allow those credits to be used up immediately with no guarantee of funding for future years. This would be especially detrimental to smaller film productions that would have been eligible for incentives within the next five years but that are not ready to begin production immediately. Given California's fiscal problems, if S.B. 1197 were to pass, it is doubtful that the credits would ever be re-instated once they are

used up, and public perception would see the film industry as insatiable. Stretching the employment opportunities over a longer period of time is a much wiser solution than the short-sighted amendments proposed in the Calderon legislation.

The Chamber believes that a long-term sustained financial commitment to this vital industry is a wise investment for overall health of the California economy. It is imperative that we continue the State's efforts to provide targeted tax credits to the film industry to help keep production in California! **The Hollywood Chamber of Commerce strongly encourages you to vote no on SB 1197 or any similar measure aimed at reducing incentives to this vital industry.**

TRANSPORTATION

The Hollywood community continues to be a great urban center for business and entertainment. Hollywood is also home to the busiest intersection in the City of Los Angeles at Highland & Franklin Avenues. **Consistent, sustained sources of funding are needed to improve public transit, the flow of auto and truck traffic and the condition of area roads.**

SUPPORT L.A. County's 30/10 Transit Plan

Work with local stakeholders to expedite construction of \$30-billion in Measure R projects within the next decade. This effort, which will generate thousands of jobs and reduce congestion in Southern California, requires local, state, and federal collaboration to accelerate funding opportunities.



As Hollywood employers and business leaders, traffic congestion is one of our most significant concerns. It contributes to high operational costs through lost productivity and challenges hiring and retaining employees because of commuting and reduced quality of life difficulties. The traffic-congestion costs for the Los Angeles area alone - including through lost productivity - have been estimated at \$9-billion or more. This has a very real,

significant and ongoing impact on business' ability to operate in the region and provide high-quality jobs in Los Angeles and throughout the County.

Accelerating these 12 voter-approved major transit projects will dramatically stimulate the economy and generate over 120,000 new, and at least 2800 permanent, well-paid jobs that support families, which Los Angeles County desperately needs as its unemployment rate hovers in the double digits. It also gives employers some tangible light at the end of the tunnel, and renewed reason to continue to invest in this region.

Advancing the amount of clean, efficient, modern public transit work also will create a showcase program to reduce both air pollution and greenhouse gases that cause climate change and health risks. These projects will remove an estimated 500,000 pounds of dirty emissions from the Los Angeles air basin and have significant public health benefits. Getting this done in 10 years versus the current 30-year plan is vital for achieving a more sustainable and livable region.

With this much at stake, it is vital that we are UNITED IN SUPPORT to ensure the Initiative maintains and expands the Federal support it already has gained - and that will be an extremely crucial key in helping accelerate the needed financing. As you know, the "30/10" Initiative would use bridge loans and federal loan guarantees to finance the majority of the projects. These loans would be secured by tax revenue that county voters pledged to the projects when they approved Measure R last year.

COMPETITIVENESS & BUSINESS VITALITY

OPPOSE SB 974 (Steinberg): Eliminates Key Enterprise Zone Incentives

The Chamber respectfully requests your opposition of SB 974 (Steinberg), as amended May 3, 2010, which would effectively gut the California Enterprise Zone (EZ) program hiring tax credit. SB 974 proposes to create a "career pathways" tax credit in an effort to bolster career technical education efforts in this state. However, this new tax credit is "paid for" by eliminating key provisions of California's successful Enterprise Zone Program. Two specific provisions of the EZ Program would be decimated if SB 974 were enacted. **The EZ Program provides important benefits to businesses that invest in some of California's most economically distressed areas, including Hollywood, and has gone a long way to help provide jobs to disadvantaged individuals throughout the State.**

- SB 974 would eliminate the Targeted Employment Area (TEA) from the list of eligibility criteria for the EZ hiring tax credit. As such, the incentive to hire individuals from certain low-income neighborhoods with historically high levels of unemployment and poverty would be eliminated. Because a large number of hiring credit vouchers are issued under the TEA criterion, the practical effect of this provision will be to eliminate the mostly widely used benefit of the EZ Program. The TEA criterion is appropriate because it focuses on hiring individuals who reside in the most economically distressed areas within and surrounding an enterprise zone in this state.
- SB 974 would additionally require all hiring tax credit certifications (vouchers) to be completed within 21 days of an individual being hired. There are detailed statutes and regulations promulgated by HCD which provide specific documentation standards and other requirements for obtaining vouchers under the fourteen eligibility criteria. This provision is an arbitrary and impractical deadline that will preclude most employers, particularly small businesses, from claiming the EZ hiring tax credits to which they are otherwise lawfully entitled. The practical effect of this provision is to eliminate "retroactive vouchering" and instead impose an unreasonable burden upon businesses to obtain vouchers in an unrealistic timeframe.

California's EZ program is vital to California's economy and economic recovery. For these and other reasons, we strongly OPPOSE SB 974 and urge your "NO" vote.

ARTS FUNDING

SUPPORT SB 1076 (Price): Income Tax Check Off: Voluntary Contributions to the California Arts Council

The Hollywood Chamber of Commerce urges your strong and continued support of funding for the Arts, including your support of SB 1076. The bill allows taxpayers to make contributions to the California Arts Council (CAC) by creating a checkoff designation on the state personal income tax return for taxpayers to voluntarily contribute to the CAC. This bill will assist the CAC in offsetting the 80 percent reduction to CAC's budget since 2001-2002. The reduction in CAC's budget has resulted in reduced arts education programming and less funding for arts programs both in rural and underserved urban areas. By creating a checkoff designation on the personal income tax return for taxpayers to voluntarily contribute to the CAC, this bill creates a dedicated source of funding for arts programs throughout the state.

Existing law allows taxpayers to contribute money to one or more of 15 voluntary contribution funds by checking a box on their state income tax return. California law requires contributions made through check-offs to be made from taxpayers' own resources (not from their tax liability, as is possible on federal tax returns). Checkoff amounts may be claimed as charitable contributions on taxpayers' tax returns during the subsequent year. This bill requires that the checkoff meet the minimum contribution requirement of \$250,000.

TOURISM

Travel and tourism generates \$82.5 billion annually in California and supports jobs for nearly 900,000 Californians, accounting for \$5.2 billion in state and local tax revenues. Tourism is California's fourth largest employer and fifth largest contributor to the gross state product. Los Angeles County generates approximately \$12.2 billion per year in direct travel spending.



As a key industry in Hollywood and as a major donor of tourism-related

business assessments, the Hollywood Chamber of Commerce urges the State to increase its efforts to maintain this vital industry and ensure that visitors are able to access reliable information on visiting the most famous city in the world - HOLLYWOOD! With an annual CTC marketing budget of \$25 million, the Hollywood delegation would like to know how the California Tourism Commission is marketing this worldwide end destination and how we can better work with the Commission.

JUNE 2010 BALLOT INITIATIVES:

SUPPORT Proposition 14

The Chamber urges your support of Proposition 14, the Top Two Candidates Open Primary Act. If passed, the Open Primary initiative will help reduce partisan stalemate by letting voters decide the best candidates no matter which party they prefer.

The intent of Proposition 14 is to encourage increased participation in elections for congressional, legislative, and statewide offices by reforming the procedure by which candidates are selected in primary elections. Voters will be allowed to choose any candidate regardless of the candidate's or voter's political party preference. Further the Proposition will require that the two candidates receiving the greatest number of votes in the primary will appear on the general election ballot regardless of party preference. In local elections, candidates who win a majority of votes in a primary (50% + 1) are elected outright.

Partisanship has created continued political stalemate in California impeding progress throughout our State. The Hollywood Chamber believes that under this important reform initiative, voters will see a Legislature less polarized by party politics and more focused on achieving results.

SUPPORT Proposition 17

The Hollywood Chamber of Commerce has endorsed Proposition 17 on the June 2010 ballot. The initiative will allow auto insurance companies to offer a discount to drivers who maintain continuous coverage of their auto insurance, even if they switch insurance companies. Prop. 17 will lower auto insurance rates and increase competition in the auto insurance market. Many small business owners insure vehicles through their personal insurance policies and will benefit if this measure passes.

Under current law, insurance companies are allowed to offer a "continuous coverage" discount (also known as a "loyalty" discount) to their existing customers who purchase and maintain auto insurance as required by law. More than 80% of drivers in California currently follow the law and are eligible for this discount from their incumbent carrier.

But a loophole in the law penalizes those drivers because the "continuous coverage" discount isn't portable. Drivers can't take this discount with them if they want to shop around for better rates. Prop. 17 fixes this inconsistency and allows drivers to take this discount with them if they switch insurance companies. Prop. 17 will not only reward the more than 80% of drivers who maintain auto insurance, but it will also fuel competition and choice and lower prices in the auto insurance marketplace.

ADEQUATELY FUND URBAN GREENING PROJECTS

SUPPORT Hollywood Central Park



As the Hollywood community continues to grow with an estimated 80,000 residents per square-mile, rising land acquisition costs, and more than 4,000 additional housing units slated for construction, the Hollywood Chamber of Commerce has proposed the Hollywood Central Park as a way to create a much-needed street-level public park in one of the lowest resident-to-park space communities in California and the Nation.

The concept is to construct a cap over the U.S. 101 Freeway between Hollywood and Santa Monica Boulevards as the freeway passes below grade through the heart of Hollywood. The project has already garnered support from Federal, State, and Local Government officials including: Senator Dianne Feinstein, Congressman Xavier Becerra, Congresswoman Diane Watson, Former State Senator & LA County Supervisor Mark Ridley-Thomas, California Assemblymember Kevin DeLeon, California Assemblymember Mike Feuer, Los Angeles Mayor Antonio Villaraigosa, Los Angeles City Council President Eric Garcetti, Los Angeles City Councilman Tom LaBonge and Caltrans. Hollywood Central Park will be accessible by two subway stops and numerous bus lines, and will be regional in its attraction. Additionally, more than 200,000 people, including 40,000 children live within just one mile of the Park area.

A non-profit organization, Friends of the Hollywood Central Park, has recently formed to further mobilize efforts around the Park. The community remains overwhelmingly supportive in their response to the park project.

The Chamber respectfully requests your support of Hollywood Central Park for its aggregate direct benefits to the public, economic stimulus, positive environmental impacts, promotion of mass transit through transit-oriented development, promotion of more active and healthy lifestyles and precedent-setting example for new alternative land use in the region.

Community Benefits

- Promotes equity
- Provides green open space and recreational facilities to more than 40,000 children
- Promotes public health and encourages active lifestyles
- Reunites diverse communities and dense neighborhoods, separated for more than 50 years, by the Hollywood Freeway
- Exemplary illustration of efficient and innovative alternative land use
- Strategies and outcomes serve as a national model for the creation of new green open space in a dense urban environment

Economic Benefits

- 45,000 direct and indirect jobs, including 30% entry level and apprenticeship programs and local hire
- Economic stimulus for investment in resource-efficient infill development
- Increased tourism

Energy and the Environment Benefits

- Improves air quality and reduces global warming
- Reduces automobile usage and fuel consumption, green house gas emissions and promotes of energy efficiency and conservation
- Transit-oriented development
- Utilizes 21st Century cutting-edge environmental technologies

Infrastructure Improvements Benefits

- Makes long-needed ramp improvements to the 101 Freeway
- Streamlines freeway functioning
- Improves freeway overpasses

For more than 89 years, the Hollywood Chamber of Commerce has provided leadership, business development resources, networking, and government affairs programs and services to keep the Hollywood business and residential communities safe, relevant and economically vital.



For additional information, please contact
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