Entertainment unions intensify campaign for corporate tax handouts as film subsidy race to the bottom accelerates

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The Entertainment Union Coalition (EUC), including the California IATSE Council, Directors Guild of America, LiUNA! Local 724, Teamsters Local 399, Writers Guild of America West, American Federation of Musicians Local 47, IBEW Local 40 and SAG-AFTRA, has mounted an aggressive campaign to pressure California lawmakers to expand and protect the state's Film and Television Jobs Program 4.0.

After successfully lobbying for the program to more than double, from $330 million to $750 million annually, the coalition is now demanding that the subsidy be made uncapped and further "modernized." Gov. Gavin Newsom has been a leading champion of the expansion, presenting the tax credits as a means of keeping production and jobs in California.

The immediate target of the unions' campaign is SB 122, a sweeping budget measure backed by the Democratic establishment, including Newsom. The legislation extends California's existing $5 million annual limitation on business tax credits through 2029. Beginning in 2030, it establishes a permanent limit of $5 million or 70 percent of a corporation's tax liability, whichever is greater. Credits blocked by the limitation can be carried forward or, under specified conditions, made refundable.

The measure was driven by the state's fiscal crisis and is aimed broadly at corporate tax credits, particularly credits that have allowed large corporations to accumulate enormous write-offs. Newsom and legislative Democrats have presented the limits as a way to protect state revenues and fund essential programs. Film and television production was not the principal target. Its tax credits were caught in the net of a broad fiscal measure.

This is precisely what makes the dispute politically revealing. The same Democratic establishment that expanded the film subsidy to $750 million is now imposing limits on corporate tax credits because the state cannot indefinitely finance the concessions demanded by competing industries. The contradiction is not an accident. It exposes the logic of a system in which governments compete to hand public resources to corporations while simultaneously confronting the fiscal consequences of that competition.

The EUC responds by demanding that film and television credits be exempted. Because the film program itself has a separate annual allocation, the coalition denounces the business-credit limitation as a "double cap" that will supposedly make California uncompetitive.

But this argument accepts the premise that has produced the crisis: that workers must compete against one another to persuade corporations where to invest.

The competition among US states to lure film and television production through tax subsidies began in earnest when Louisiana established a formal incentive framework in 1992 and expanded it in 2002 through transferable tax credits. By 2009, 44 states offered specialized film incentives.

The mechanisms vary, including transferable and refundable tax credits, direct rebates, sales-tax exemptions and free access to public property. The underlying logic is the same: governments subsidize corporate production in the hope that local spending will generate sufficient economic activity and tax revenue to justify the giveaway.

The results expose the bankruptcy of this argument. A Georgia audit found that its film incentive costs taxpayers nearly $1 billion annually while generating only 19 cents in economic benefit for every dollar of tax credit. New York's own analysis has found that every dollar of film tax breaks generates roughly 15 cents in direct state tax revenue and only 31 cents when indirect effects are included. A 360-page study commissioned by New York's Department of Taxation and Finance concluded that the state's film credit was "at best a break-even proposition and more likely a net cost."

Yet the competition continues.

Georgia offers an uncapped transferable credit of up to 30 percent. New York's refundable program is capped at $800 million annually. New Mexico and Louisiana have built substantial production sectors around high-value incentives and infrastructure.

Illinois has now emerged as one of California's most aggressive challengers. Its expanded program raises the base credit to 35 percent, with bonuses capable of pushing the effective rate to 55 percent. With no annual spending cap, Illinois recorded $703 million in qualified production spending in 2025 and more than 18,000 local production hires.

The consequences of the current "contraction" for Southern California workers have been devastating. Los Angeles County lost more than 42,000 entertainment jobs between 2022 and 2024. California's covered film-industry employment declined 10.4 percent from 2024 to 2025. FilmLA reported only 4,380 shoot days in the third quarter of 2025, an all-time low, while television production has fallen 57.9 percent below its five-year average.

Below-the-line workers endure prolonged unemployment, loss of health coverage when they cannot accumulate sufficient hours and the pressure to travel to other states at their own expense to work as "local hires." Vendors, equipment houses and other businesses dependent on production face the same downward spiral.

And the competition is global. Canada, Britain, Australia and Ireland offer production incentives that can reach or exceed 30 percent. Production companies can shift capital across borders with extraordinary ease. The result is a global system in which workers in California are pitted against counterparts in Georgia, Illinois, Canada, Britain and elsewhere.

The EUC's campaign is the logical expression of a trade union apparatus integrated into the capitalist system. In 2025, SAG-AFTRA, IATSE, the Teamsters, the WGA, the AFM, and the DGA banded together in the Entertainment Union Coalition to push through California's $750 million expansion of corporate tax credits under the "Keep California Rolling" campaign.

The union bureaucracy does not challenge the premise that corporations should receive public money to create jobs. They demand involvement in the carving up of the public wealth produced by workers.

That means the unions are telling workers in California that their jobs can be protected only by making California more profitable for entertainment corporations than Georgia or New York. Workers elsewhere receive the same message from their own union officials. The result is not unity and solidarity, but an auction in which governments compete to see who will surrender more public revenue.

The contradiction becomes even sharper with SB 122. Democrats are attempting to restrain some corporate tax expenditures because the state cannot indefinitely sustain them, while the entertainment unions demand that one particularly lucrative category of corporate subsidy be protected from those restraints. The unions are therefore not challenging austerity. They are demanding that entertainment corporations be moved to the front of the line.

The record of the union bureaucracy confirms this orientation. In 2021, after 60,000 film and television workers voted overwhelmingly to authorize a strike, IATSE leadership called off the confrontation and pushed through a contract that was rejected by a majority of voting members. The 2024 negotiations again demonstrated the gulf between the bureaucracy and the rank and file.

The collective bargaining agreements themselves cannot prevent production from moving. They establish wage and working conditions within defined jurisdictions but leave studios free to relocate projects in pursuit of lower costs and larger subsidies. Regional wage structures can consequently become another mechanism for dividing workers.

Artificial intelligence intensifies the crisis. SAG-AFTRA president Sean Astin admitted that the union's contracts "can't stop A.I. developers from scraping performances off the internet," while the union simultaneously negotiated backdoor deals with AI companies behind the backs of its members. The union leadership accepts the corporate status quo as the fundamental issue remains: corporations control the technology and investment decisions while workers are left bargaining over how quickly jobs disappear.

The unions' response to every stage of this crisis is to negotiate within the existing framework: more subsidies, more favorable corporate taxation and agreements that manage the consequences for workers.

The fight must be taken out of the hands of the union bureaucracies and into the hands of workers themselves through independent rank-and-file committees. Such committees must unite across sectors and across state and national boundaries and reject the premise that California workers must defend their jobs against Georgia workers, or American workers against Canadian workers.

The enemy is not another group of workers receiving a tax incentive. It is the conglomerates that use workers' divisions to demand ever larger concessions from governments.

The film subsidy war is not simply a dispute over California's tax code. It is a concentrated expression of the crisis of capitalism itself: corporations are given public subsidies to pursue private profit, states compete against one another by cutting their own revenues, and workers are compelled to compete for the jobs created by the concessions.

The unions' role in this process is not that of a flawed but reformable institution. It is that of an enforcer: suppressing strikes, managing anger, and directing opposition back into the Democratic Party and the corporate framework.

The answer is not a more effective competition for subsidies. It is the international unity of workers against the corporations and the capitalist system that pits them against one another.