



State Capitol
Sacramento, CA 95814

SUBJECT: Assembly Bill 2926 (Kalra): Employee Obligations: Exclusivity Options – OPPOSE

Dear Legislator,

The Valley Industry and Commerce Association (VICA) opposes Assembly Bill 2926 (Kalra), which would prohibit exclusivity provisions in contracts between producers of movies, television and streaming programs and their employees, radically upending nearly a century of business practices and legal principles that have benefited employers and employees alike. This bill would also destabilize California's music business, cut opportunities for working artists, and weaken the state's economic recovery.

Proposed Labor Code Section 2855(e) prohibits the inclusion of exclusivity provisions in any contract for personal or professional services, not only in the music and television industries that the remainder of the bill addresses. AB 2926 fails to acknowledge the legitimate reasons for which those provisions may be appropriate in certain industries or contracts, and that they can often benefit workers who are able to leverage their talent or experience for higher compensation and consistent projects.

The bill would upend longstanding business practices that have made California home to a vibrant film, TV, and streaming business, undermine collective bargaining, and harm the industry that has created a robust middle class of entertainment industry workers. An exclusivity clause provides an artist with generous compensation for their exclusive commitment to a production, often from creation through exhibition. With artist participation assured, the producer-employer is afforded the stability necessary to finance, insure, and arrange all of the other elements for the production to move forward.

Exclusivity clauses are extensively negotiated provisions in contracts between producers and talent (writers, directors, actors, etc.), and are addressed in certain collective bargaining agreements between producers and the guilds and unions that represent them. This is a quintessential topic for negotiations between private parties, who can craft detailed, nuanced exclusivity provisions that consider the specific needs the parties may have on the particular project—not for a one-size-fits-all “solution” like AB 2926.

Through their unions, workers in the entertainment industry negotiate collective bargaining agreements every few years. The terms of those agreements have been refined and developed through years of bargaining to balance the needs of workers and the industry. AB 2926 attempts to undermine that collective bargaining process by legislating around it.

By abandoning this strong, well-working framework and freezing deal terms in inflexible statutory text, AB 2926 will reduce advances for all but the biggest superstars. It will make it harder for new artists to get signed and divert time, resources and funding needed to break new acts to those who have already made it. Further, it will erect new obstacles for diverse, innovative, and less commercial voices and genres. It will undermine California's economic recovery by eliminating high-wage recording, touring, and other music-related jobs. Lastly, it would cause irreparable disruption by harming the creation, production, distribution and exhibition of movies, episodic series, and all audiovisual entertainment content across all platforms, and the tens of thousands of Californians who earn their livelihood working in film, TV, and streaming entertainment.

For these reasons, VICA urges you to oppose AB 2926.

Sincerely,

Victor Berrellez
VICA Chair

Stuart Waldman
VICA President