



STATE BOARD OF EQUALIZATION

May 4, 1972

Gentlemen:

This is with reference to the petition of J Film Services, Inc. and the hearing held on the matter last April 4 in Hollywood, California.

We have reviewed the file and the facts and are of the opinion that where J Film Services contracts to produce a film and the responsibility for the work involves a substantial part of the entire production and wherein the obligation of J Film Services is to furnish a finished product (film) ready for showing to the public, J Film was the producer or subproducer within the meaning of the terms under Ruling 19.

This would be the type of contracts J Film had with Mc Co. relative to the D commercials and with Mr. L.

Where J Films work ended with negative cutting and someone else finished the film, J Film was not the producer of the film, but merely an independent subcontractor who did a portion of the work on the film and who had no responsibility for the finished product.

Generally speaking, we reject the idea that J Film could not be a producer of a motion picture under Ruling 19 when it contracted to do everything needed to be done and was furnished the original footage to be used in completing the production.

We are therefore recommending a reaudit and redetermination based on the above opinion.

In due course you will receive a Notice of Redetermination that will reflect the results of the reaudit.

If after receiving the results of the reaudit adjustments a hearing before the Board is no longer desired, please complete two of the three Waiver of Hearing forms and return them to the Board. The third is for your files.

Very truly yours

Robert H. Anderson

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