**TESTIMONY ON BEHALF OF**
**NEW YORK'S FILM AND TELEVISION PRODUCTION LABOR COALITION**
**PRESENTED BY**
**PRESIDENT JOHN FORD**
**MOTION PICTURE STUDIO MECHANICS, IATSE LOCAL 52**

**TO THE JOINT LEGISLATIVE BUDGET HEARING**
**ON ECONOMIC DEVELOPMENT**

**FEBRUARY 16, 2022**

Good morning, Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the New York State Legislature. I am John Ford, President of Motion Picture Studio Mechanics, IATSE Local 52. In addition to Local 52, I also present this testimony on behalf of the film production labor community, which represents the vast majority of workers in the highly unionized field of film and television production. Thank you for the opportunity to provide this testimony to describe the ongoing success of the Empire State Film Production tax credit, and for your continued support of workers in our industry across the state.

In the 2022 legislative session, our coalition's top priority is ensuring the continuity and stability of this incentive, which is the foundation upon which our industry is built. We thus testify today in support of the Governor's proposed extension of the film incentive in the state budget. However, in a recent Senate hearing, at least three opponents of this incentive testified that if there was one state program they could cut, it would be the film and television tax credit. But let's examine exactly what these organizations are asserting.

First, they claim the program does not create jobs or economic activity and reduces tax revenue. However, these claims are dead wrong and we unions can state unequivocally that the tax credit represents an unparalleled success for New York. The tax credit continues to be a massive boon for economic growth and employment, and the state coffers see a positive return on investment. A number of recent studies have illustrated the success of the program, including an HR&A study commissioned by the unions in 2018. HR&A calculated that, in 2017, the tax credit spurred $6.7 billion in economic activity, was responsible for 48,300 direct and indirect jobs that collectively earned $4.3 billion in income, and spurred $780 million in tax revenues to the state and localities for a 1.18 return on investment (which is to say that, for every $1 the State credits out, it actually receives $1.18 back in new tax revenue). The report does not calculate ancillary economic benefits, nor the subsequent rebate reduction from 30 to 25 percent, thus the State's present return on investment is undoubtedly higher. More recently, the unionized film production employers calculated a total of 94 thousand jobs over a two-year period in 2020-21.

But for those seeking a neutral arbiter, New York Comptroller Tom DiNapoli recently published an audit of incentive programs administered by the Empire State Development Corporation ("ESD"). The audit provides that in the two-year period of 2019 and 2020, the incentive-induced activity generated "upward of $1 billion in tax collections." Let me repeat: upward of $1 billion in tax revenue returned to the state in the two-year period that included the original COVID-19 shutdown where film and television production, like virtually all other industries at the time, was frozen for months. When criticizing the production incentive, detractors uniformly fail to mention the State's return on investment. We often hear that each job created by the incentive costs taxpayers thousands of dollars, when in reality, factoring in the generated tax revenue, each job created ultimately provides a net plus to the public coffers.

Other critics of the program claim that they do not have enough information to make a full analysis of the program. In response, I would also note the Comptroller's audit took to task various ESD programs, but specifically lauded the film and television incentive for its transparency. I would suggest these folks take a look at the quarterly reports issued by ESD and economic impact studies commissioned and prepared by Camoin Associates, which may be easily found online at esd.ny.gov and contain detailed information regarding productions in the program, credits given out, jobs created, and their overall economic impact.

Understand that there is a national movement from conservative groups like the Koch network and the American Legislative Exchange Council ("ALEC") to get rid of the film and television tax credit program. One Koch-funded study, the USC study, clearly made this assertion. If you look at the agenda of groups such as the Citizen Budget Commission, these groups have adopted ALEC's economic platform in relation to film and television tax incentives.

Diminishing or dismantling this tax program would send a clear message that film and television production should site elsewhere. Those of us on the ground know this to be a fact; there is no state in the country with any meaningful production base without offering an incentive, and that even includes California. The states that had, but abandoned incentives effectively ceded their spot in the national (and international) competition for production. Make no mistake: without this incentive, studios will site their projects elsewhere and our production base would quickly wither to its pre-2004 levels. Studios will hire workers in those other states or countries to do these jobs, and a highly unionized workforce would likewise be shown the door while careers with excellent wages and benefits leave the state.

As an example, a Local 52 member in the Grip Department earns on average between $120,000 and $150,000 per year depending on the show budget and overtime, which generally is mandatory. Benefits include full medical benefits for single or family coverage and if qualified, upon attainment of retirement age, pension, annuity and retiree medical coverage. It is important to note all benefits are based on hours worked so any loss of employment may affect medical and retirement benefits. Similarly, an average Teamster makes approximately $115,000 per year with Cadillac health benefits, both a defined benefit and a defined contribution pension, and a college scholarship for every dependent child. And an average journeyperson Scenic Artist can earn between $120,000 and $140,000 a year, and qualifies for Union benefits including excellent health insurance and a defined contribution pension as well as an annuity. And I can continue with title after title, all under Union Collective Bargaining Agreements, making excellent wages and benefits. Tens of thousands of these jobs would be cast aside by critics in pursuit of libertarian economic orthodoxy.

So let's be clear, when you hear so-called experts say "reduce or get rid of the film and television tax credit," you should translate their words to mean the following: "get rid of a growing, diversifying, and unionized workforce and an industry that is expanding to manufacture more and more content as new distribution platforms expand." What these "experts" urge you to do is send film and television production (and tens of thousands of union jobs) elsewhere. And I can assure you that Georgia, Louisiana, and so many other states and countries would happily take this work and our jobs.

The bottom line is that jurisdictional fight for productions is stiff, but we believe New York has calibrated its incentive program well. Our state is now a world hub for film production, with thousands of high paying union jobs and billions of dollars in related economic activity across the state, from New York City to Buffalo. In addition to the other economic benefits of the incentive, the expansion of production creates new avenues to advance the growing diversification of our industry. Our coalition supports the State's ongoing workforce development initiatives, and I can share today that Local 52 is working with the Governor to expand on these efforts. However, for all of this it is the tax credit that has made the difference, and our industry's trajectory remains dependent on its stability.

For these reasons, myself and my Brothers, Sisters, and Kin in the labor movement urge you to support the Governor's proposed extension of the film and television incentive in the state budget. Such an extension does not impact this year's fiscal plan. It will, however, give confidence to producers and employers that New York remains committed to this industry and our workforce.

I thank you for your time and consideration, and I look forward to answering any questions the panel may have.