

**Testimony of Tommy O'Donnell - President of Teamster Local 817
On Behalf of Teamster Local 817, Screen Actors Guild - American
Federation of Television and Radio Artists, Directors Guild of America
& Local 52 IATSE**

February 1, 2017 - Economic Development Budget Hearing

Good afternoon Senator Young & Assemblyman Schimminger:

My name is Tom O'Donnell. I am the President of Theatrical Teamsters Local 817. Before testifying in support of the extension of the Empire State Film and Television Tax Credit, I would like you to know that I also testify on behalf of three other film and television unions; the Screen Actors Guild-American Federation of Television and Radio Artists, Directors Guild of America, and Local 52 IATSE.

Our unions are united in strong support for the three year extension of the Empire State Film and Television Tax Credit included in the Governor's proposed 2017-18 budget.

For those of us representing labor, at its core the film and television tax credit is first and foremost a job creator. Since the inception of the tax credit, our unions have experienced an enormous increase in new members. Our members have experienced an enormous increase in days worked.

In 2004, at the inception of the first iteration of the tax credit program, New York State was hemorrhaging film work. There was a smattering of feature films, mostly shooting location scenes only, the *Law and Order* franchise and little other television. We simply could not compete with Canada and other locales that had lucrative financial film incentives in place.

With New York State's tax credit, coupled with the incredible depth of talent that lives and works here, New York is now a world hub for film and television production. Studios are spending millions of dollars to expand sound stage capacity as New York has truly entered into a golden age of television production. It is the Empire State Film and Television Tax Credit that has been the difference maker.

In regards to my union, since 2010, the Teamsters' work force has grown from 1,045 to 1,659 members. Gross wages have nearly doubled, increasing from \$94 million to over \$181 million. This increased economic activity in our industry has impacted our benefit funds which has doubled the number of recipients able to take advantage of health, pension, and scholarship benefits.

Similarly, SAG-AFTRA reported in 2015 that, in the last 10 years, the Guild has experienced a 116% increase in the number of SAG-AFTRA jobs going to New York State residents. Last year alone, 52 scripted television series were produced in New York State employing workers under a SAG-AFTRA contract, such as *The Americans*, *Billions*, *Elementary*, *Mr. Robot*, and *Orange is the New Black*. In addition to wages and residuals, SAG-AFTRA performers also receive contributions to pensions and health care.

The Directors Guild of America reports that the tax credit has led to unparalleled growth in employment and economic activity for its members in New York State. From the creation of the tax credit in 2004 to 2015, the number of scripted television series shot in New York City rose by 300% and DGA members employed in scripted series in New York went from earning \$14 million to \$63 million – a 350% increase. With an extension of this tax credit, the DGA expects these trends to continue.

And with regards to Local 52 IATSE – over the last 7 years, IATSE has experienced a 45% increase in membership, with hundreds of more applicants in the pipeline, and an 89% increase in the total hours worked by crew members. The jobs for IATSE members created under this tax credit make excellent salaries with excellent benefits – including employer-funded medical, a defined benefit pension, and annuity plans. The union has full employment of its membership.

In addition to my job as President of Local 817, I serve as the Director of the Motion Picture and Theatrical Trade Division for the International Brotherhood of Teamsters for North America. I am well versed in the construct and impact of film tax credits. Take out the art and at its core the Film Industry is about manufacturing content. In fact, it is easily the most mobile manufacturing industry in the world. It can as easily move to a fertile environment as it can move away when an environment becomes infertile. The argument that New York State will always have its fair share of film work due to its locations and creative appeal is a fallacy. Without the film tax credit the work would leave. Especially television, which seeks the budgeting predictability that a stable tax credit program affords. The State has empirical evidence of such on record.

In summation, as I stated in my preface, the Empire State Film and Television Tax Credit is a jobs program. Clearly the unions mentioned have benefited greatly. The other film and television unions can say the same. But not just the unions have benefited; a multitude of ancillary workers, hotels, restaurants, and other suppliers to the industry have reaped the benefit of the film tax credit program as well.

So, for these reasons on behalf of my brothers and sisters in the labor movement, we urge you to approve the Governor's proposed extension of the Empire State Film and Television Tax Credit.

I thank you for your time and consideration.

**February 1, 2017 - New York State Legislative Economic
Development Hearing**
**Yana Collins Lehman - Board Chair of the Post New York
Alliance**
**On Behalf of the Post New York Alliance and Motion Picture
Editors Guild, IATSE Local 700**

Good afternoon, Senators and Assembly members.

My name is Yana Collins Lehman. I am the Executive Director of The Post New York Alliance (PNYA). Post New York Alliance is comprised of over 65 companies from all over the State of New York and more than 600 individual post-production professionals working in film and television. These professionals work as editors of sound, picture, music, as foley artists and in visual effects amongst other titles. Post production workers represent a highly skilled workforce engaged on a project for many many months after the production component is concluded.

I would like to thank the committee for the opportunity to describe the unparalleled success of the Empire State Post Production Film and Television Tax Credit. This tax credit is a \$25-million-dollar sub-allocation of the Empire State Film and Television Tax Credit.

We testify today in support of the three-year extension of the tax credit contained in the Governor's proposed Executive Budget.

In 2016, The Post New York Alliance commissioned a report from HR & A to better understand the economic impact of the Post-Only part of the Empire State Film and Television Tax Credit on the economy of New York State. What we discovered is that the Post-Production Tax Credit has proven to be both a jobs creator and an economic winner for New York State

Over 40% of the jobs in what New York State traditionally defines as the post-production industry do not require a bachelor's degree, and over 90% of those offer on the job training.

In 2015, the post-production ecosystem generated \$128 million in state tax revenues, including individual income, corporate income, sales, selective sales, and other taxes.

35% more people work in the post-production ecosystem today than did in 2004.

20% of US-based post-production firms call New York State home.

11,260 people work in the post production ecosystem, including 4,470 freelancers.

Local 700 (The Editor's Guild) reported at the end of 2015, that pension and health benefits are up 92.8 percent over 2009. These are audited numbers.

This tax credit is greatly responsible for making New York State a national leader in post-production.

As an aside, PNYA works to be a good neighbor and help young people enter the industry. In 2016, the PNYA partnered with Empire State Development to provide Post Production Fellowships to 20 NYS college students. These Fellows came from 9 of the 10 economic regions in NYS.

The Governor's proposed extension of the Credit will ensure that projects which otherwise would site elsewhere comes to New York State and with these projects the many thousands of jobs as well. Additionally, the extension ensures the continuation of the millions of dollars of tax revenue for the state of New York being generated by this tax credit. It is a clear winner for New York State.

Thank you again for this opportunity and I look forward to any questions.

Yana Collins Lehman, Board Chair, Post New York Alliance



The New York State Post-Production Ecosystem

Executive Summary

December 2016



HRA
Analyze Advise Act

Post-production ecosystem generates significant benefits for New Yorkers.

11,260 people work in the post-production ecosystem, including **4,470** freelancers.

35% more people work in the post-production ecosystem than in **2004**.

20% of all US-based post-production firms call **New York State home**.

\$83,400 average income, of which **40%** do not require a bachelor's degree.

Post-production contributes meaningfully to the New York State economy.

Through economic multipliers the post-production ecosystem generates:

23,310

total jobs

\$1.87B

income

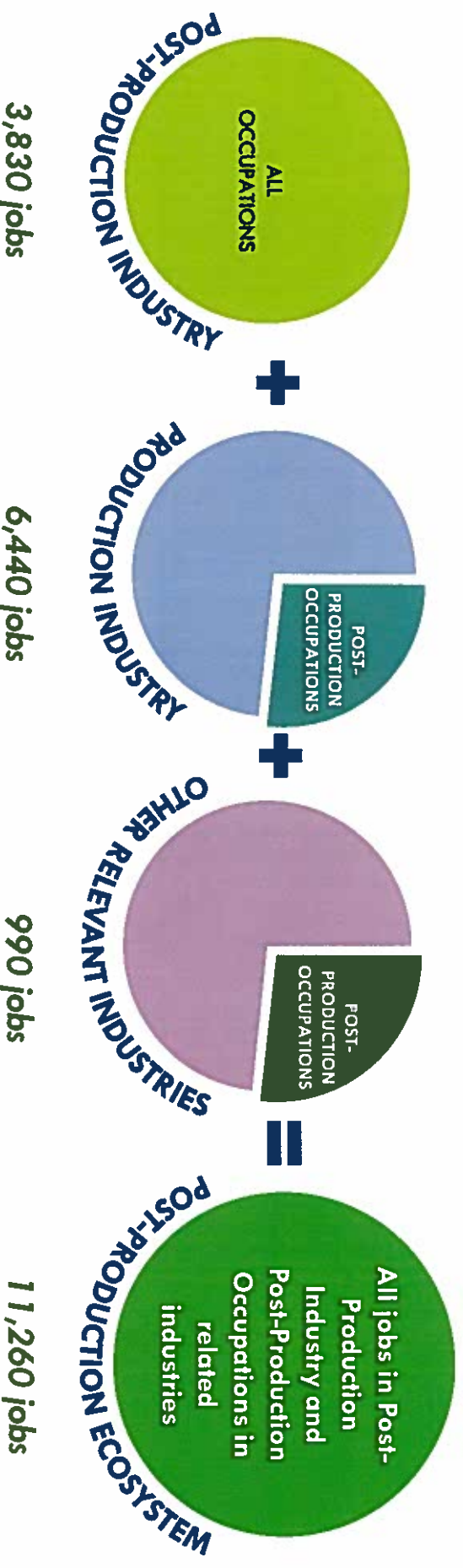
\$128M

NYS tax revenue

\$7.06B

economic output

The post-production ecosystem includes all jobs in the post-production industry and all post-production jobs in related industries.



- | | | |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Example:
A receptionist,
accountant, or film &
video editor at a post-
production company | Example:
A film & video editor,
composer, or software
developer at a production
company | Example:
A freelance multimedia
artist or animator; a
film and video editor
at a music recording
company |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|

Images not to scale.

Technological advancements, cost savings, and enhanced creative control are causing post-production to be increasingly intertwined with production.

Picture

Processing images, including editing and color correction.

Visual Effects

Creating computer-generated imagery (CGI) and animation & adding captioning and titling.

Sound

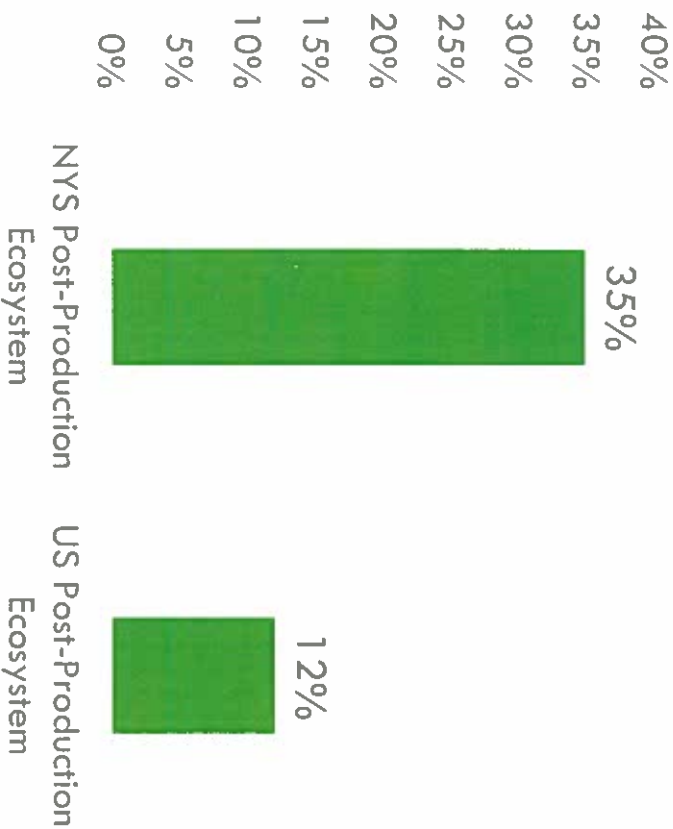
Recording & integrating sound elements in order to create a soundtrack matching a production's audio and images.

Music

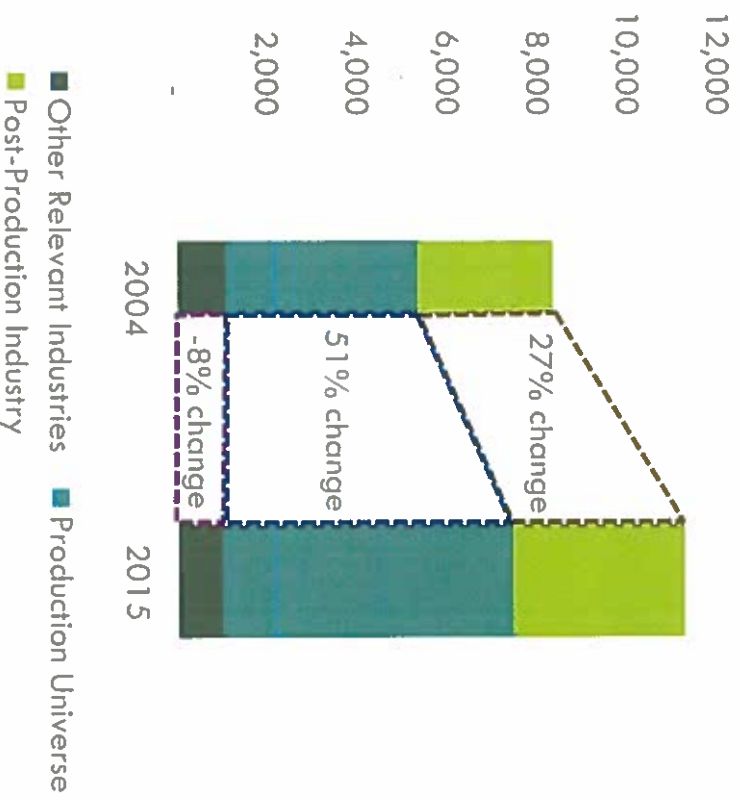
Arranging, recording, licensing, editing, and integrating music into a soundtrack.

Since 2004, New York State's post-production ecosystem has grown faster than the nation.

NYS & U.S. Job Growth, 2004-2015



NYS Post-Production Ecosystem Job Growth, 2001-2015

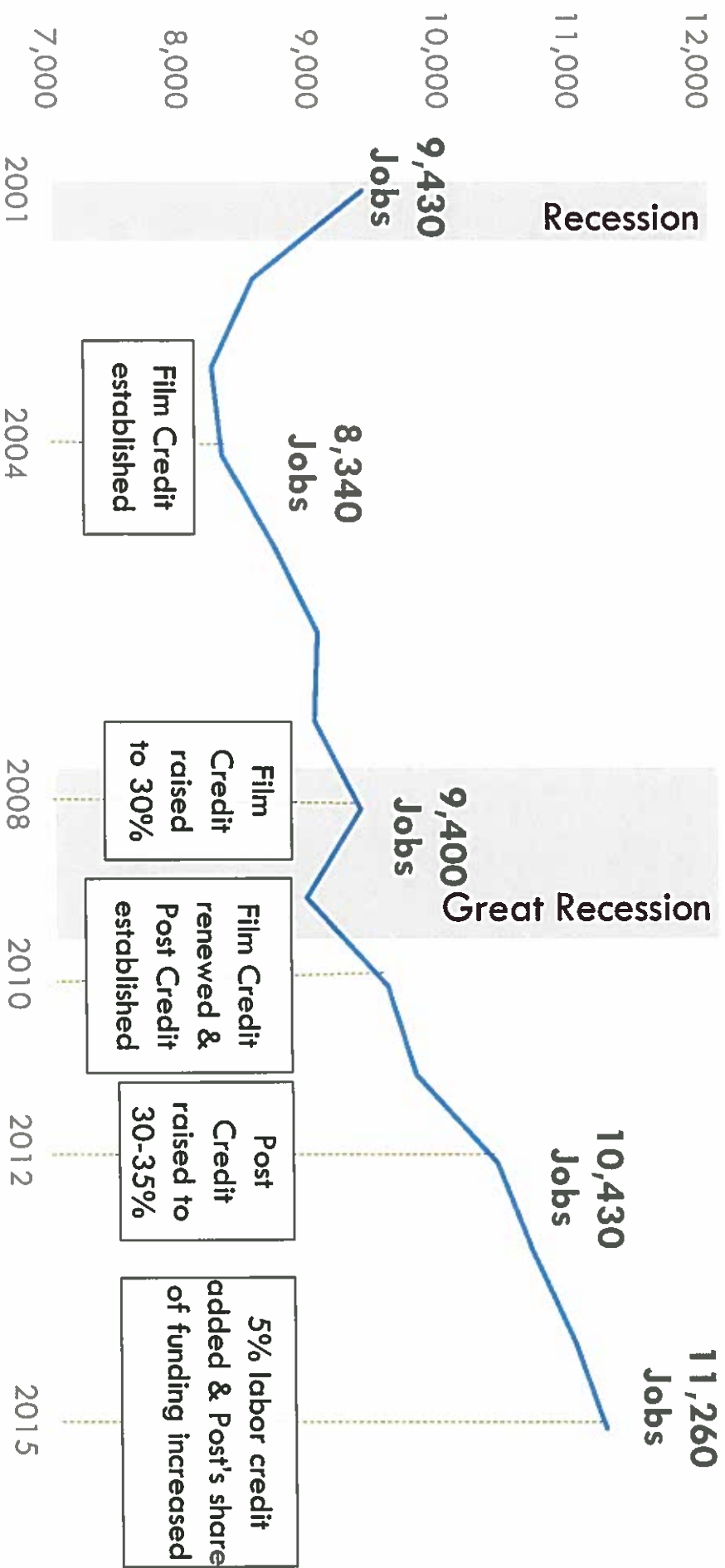


EMSI data, HR&A analysis.

HR&A Advisors, Inc.

Over half of the new jobs were created since the Post-Production Credit was established in 2010.

Post-Production Employment, 2001-2015

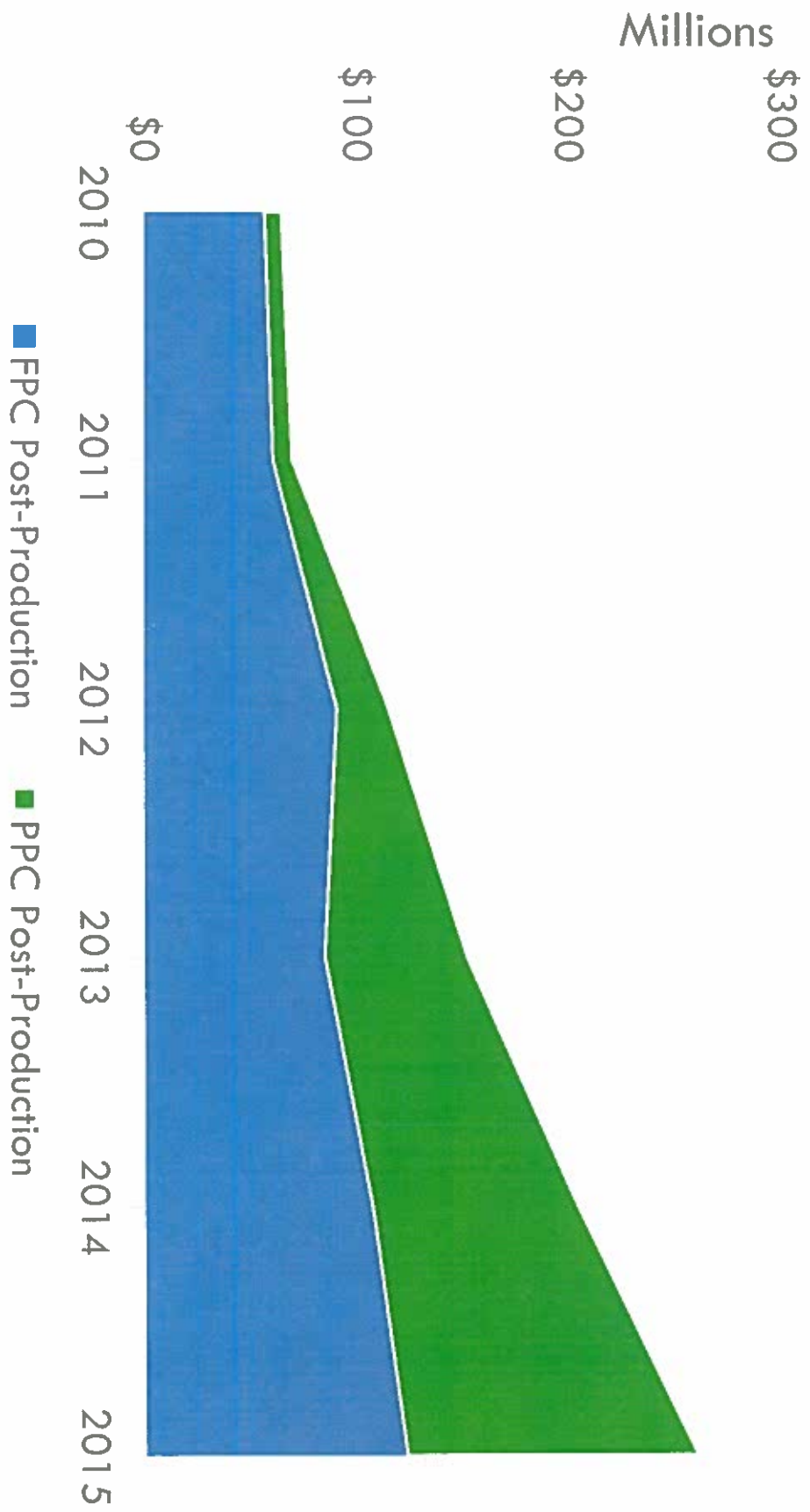


EMSI data, HR&A analysis.

HR&A Advisors, Inc.

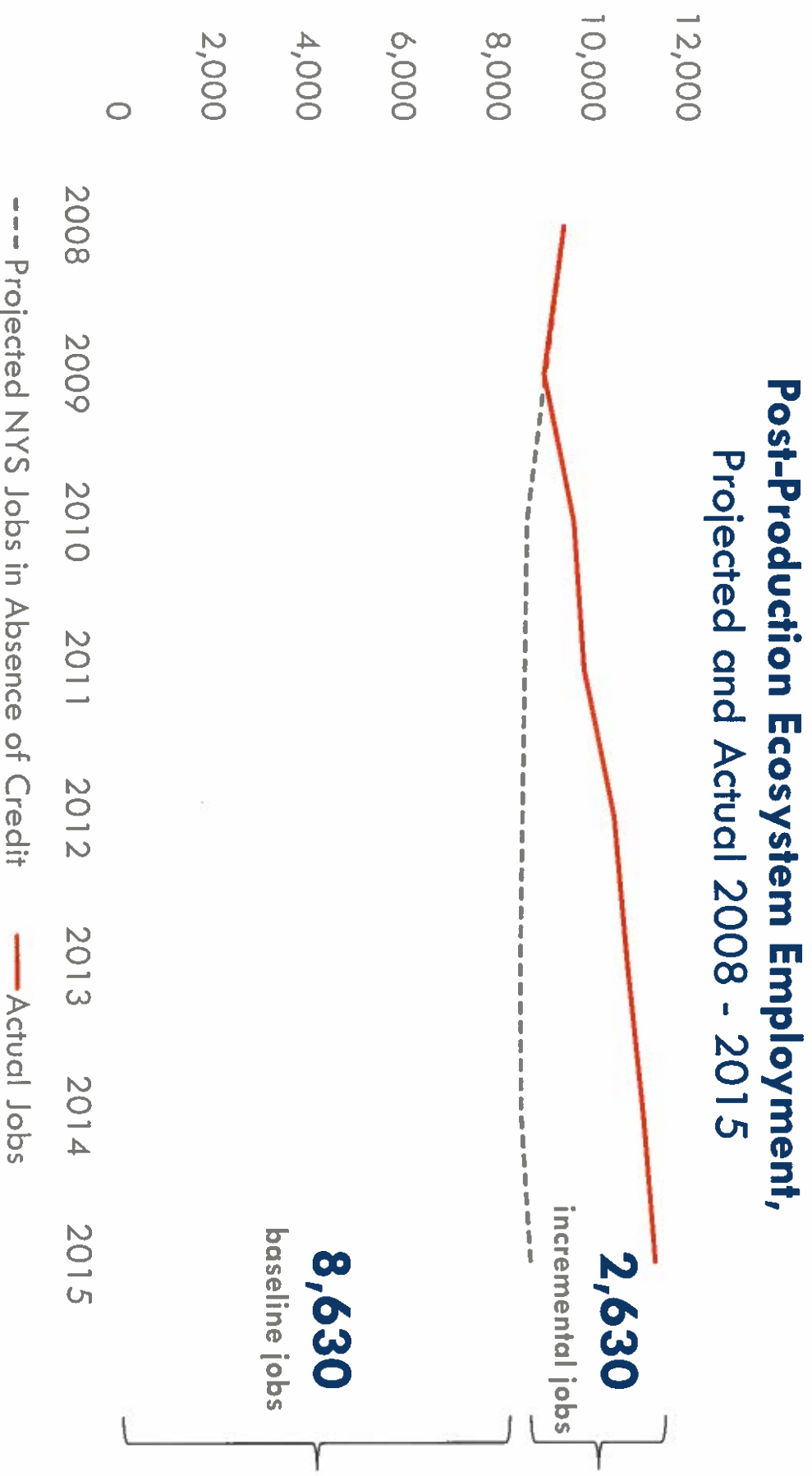
In-state post-production spending tied to the Credits increased by 300%.

Post-Production Spending Tied to the Credits, 2010-2015



Source: Initially certified spending data from Empire State Development.

The Credits helped to create 2,630 new post-production jobs in NYS.



For every job in the post-production ecosystem, 2.07 total jobs are ,
created in the New York State economy.

Economic & Fiscal Impacts, 2015



■ Direct ■ Indirect & Induced

The Credits have helped New York State build upon its strengths and become a national leader in post-production.

Strengths

- Intensifying connections between production and post-production that are well-served by New York's status as a dual center for both
- Presence of a supportive tech industry in New York
- A growing project and capacity pipeline due to the rise of scripted television
- A desirable quality of life that is attractive to talent

Challenges

- High costs of doing business in New York, including real estate and wages
- Local industry "growing pains" associated with limited capacity
- A competitive, globalized industry

The Film Production and Post Production Credits address cost constraints, induce workforce development, and improve New York State's competitiveness.



The New York State Post-Production Ecosystem

Executive Summary

December 2016



HRA
Analysis. Advice. Action.

