

TESTIMONY ON BEHALF OF THE MOTION PICTURES EDITORS GUILD
LOCAL 700 IATSE
TO THE JOINT ASSEMBLY AND SENATE
BUDGET PANEL ON ECONOMIC DEVELOPMENT
FEBRUARY 13, 2020

Good morning, Chairwoman Krueger, Chairwoman Weinstein, and distinguished members of the New York State Senate Finance Committee and the Assembly Ways and Means Committee. I am Louis Bertini, the Eastern Region Vice President of the Motion Pictures Editors Guild (“MPEG”) and I thank you for the opportunity to provide testimony on behalf of the MPEG and the Post New York Alliance (“PNYA”), the association of New York’s film and television post production facilities, to urge the legislature extend the Empire State Film Production and Post Production Credits for five years.

The state allocates \$420 million annually in tax incentives towards the Empire State Film Production Credit. The Post Production Credit is a \$25 million dollar sub-allocation of the larger production incentive. This framework divides the overall program into two components: a production tax credit that provides an incentive for productions that site in New York, including subsequent in-state expenses on post production; and a post production tax incentive that incentivizes productions sited outside New York to conduct its post production work, including visual effects (“VFX”) and animation, in New York.

Due to the production incentive, New York has experienced a boom in episodic television. And when these productions come to New York, the state also gets much of the post production work. In 2019, New York hosted over 100 episodic television series, many of which lead to post production projects. Post production facilities and workers thus enjoy an enormous amount of work directly attributable to the production incentive. To be clear however, episodic television requires multi-year budgeting when determining where to locate their production. Thus when episodic television determines it will site in a location, it is typically making a long term determination, and the stability of a venue’s tax credit plays a significant role in those calculations.

The separate post production tax credit plays a complimentary role, providing even more post production opportunity for projects originally filmed outside the state. And the post production sector has seen explosive growth since enactment of the post production incentive, allowing domestic productions to bring scores of editorial work to New York. For example, the VFX sector, which requires a real estate footprint in addition to paying workers, expanded massively in New York since the passage of the post production credit in 2013. By enhancing the credit, it allowed New York to compete with Canada, which has a 48% labor credit, and the UK, which credits 30% on 100% of a spend if 80% of the spend happens in UK. We've succeeded in repatriating work that was based in China and India because paying New York wages, under the tax credit, leaves production budgets closer to any savings gained by sending VFX work overseas.

The PNYA commissioned a 2019 report from HR&A Advisors illustrating that the post production program has proven to be both a jobs creator and an economic winner for New York. Over 10,800 people, including 3,560 freelancers, currently work in the post production “ecosystem” (all jobs in the traditionally defined post production industry, as well as all post production jobs in adjacent industries), with an average income of \$83,400. In contrast, prior to the post production incentive, it was a rare occurrence for productions not sited in New York to opt to engage their editorial work in New York. And in fact, after the credits spurred the growth of our sector, 35% more people now work in New York’s post production ecosystem than in 2004.

It is also important to note that the post production credit creates economic opportunity for all New Yorkers regardless of race, gender, or educational attainment. Over 40% of traditionally defined post production jobs in New York do not require a bachelor’s degree, and a diverse talent development pipeline breaks down barriers to opportunity.

Additionally, approximately 13,250 jobs are supported by this growing post production ecosystem, with average wages of \$86,000. Altogether, these 24,050 middle class jobs across the state can be attributed to the post production credit, with our sector’s continued growth and stability likewise tied to its long-term extension. All this job growth and investment buoyed by the post production credit ripples across the New York State economy. Direct investment tied to the credit in 2017 led to \$6.9 billion in spending, \$2 billion in wages paid, and \$142 million in tax revenues back to the

state and localities. The credits have helped New York become a national leader in post-production. 20% of US-based post production firms now call New York home.

However, the credit's existence is critical to the industry's continued expansion and growth. Film and television production and post production are highly mobile industries. Just as producers will be hesitant to site productions (and the subsequent post production work) in New York absent a five year extension of the production incentive, the same is equally true for producers looking to engage in post production work in New York. In years where an extension of the credit is uncertain, a corresponding lack of confidence in the marketplace leads to a decline in spending and employment growth. Our partners rely on the stability provided by the state's commitment to our industry when planning budgets and choosing where to engage in post production work. And if the credit is not granted a long-term extension, New York risks losing what is now a vibrant and expanding industry, along with the economic opportunities and other benefits that it has created. A five-year extension of both programs is thus necessary to project New York's long-term commitment to supporting the post production industry.

In summation, the Empire State Film Production and Post-Production Credits have supported the creation of thousands of jobs and billions of dollars in wages and economic activity. The MPEG and PNYA respectfully request the inclusion of a five-year extension of the production and post production tax credits in the state budget. This proposed extension will ensure a continuation of the growth, vibrancy, and vitality of the post-production industry throughout the state.

I thank you for this opportunity to testify on behalf of our industry and I look forward to answering any questions the panel may have.