



Testimony of Reinvent Albany for the FY 2027 Joint Legislative Hearing On Taxes

February 26, 2026

Reinvent Albany advocates for open, accountable New York government and fact-based public policy. Thank you for inviting our testimony today. We have five broad points about New York State tax policy and specific requests related to the FY 2027 budget:

1. **New York’s tax code is by far the largest source of corporate subsidies provided by the State.** Cross-article tax credit programs like film/TV, Excelsior, “Green” CHIPS, and Brownfields and now Broadway productions cost state taxpayers roughly \$4 billion a year.
2. **Reimbursable tax credits like film/TV, Excelsior, “Green” CHIPS and Broadway are functionally identical to state cash grants to corporations.** Payments from reimbursable tax credit programs are reimbursements for expenses – not reductions in tax liability. *The amount of the production tax credit is the same whether a production makes money or loses money.*
3. **Reimbursable tax credits are a fiscal gimmick to keep state expenditures and corporate subsidies off-budget. They are a direct transfer of state funds to corporations – not free money.** State reimbursable tax credits are paid from the State’s general revenue fund *before* revenue is transferred to the General Fund for appropriation. This is *different from* the average taxpayer getting a refund for overwithholding of their personal income tax.
4. **A fiscally honest New York State would replace billions in reimbursable tax credits with on-budget grants.**
5. **Independent experts overwhelmingly agree corporate subsidies do not work** – here are [25 of the most important independent studies](#).

Specific to FY 2027 Executive Budget and One House Proposals

Today, Reinvent Albany is asking you to make fact-based policy and curb wasteful and unjust corporate tax subsidies that take taxes paid by average New Yorkers and puts it in the pocket of the wealthiest corporations and their investors. Regarding the Governor's proposed FY 2027 budget, we urge you not to waste even more taxpayer dollars:

- 1. Reject \$150 million in new subsidies to Broadway.**
- 2. Reject \$100 million in new POWER-UP likely for data centers.**
- 3. Pass [S3340 \(Gianaris\) / A3246 \(Dinowitz\)](#) to decouple NY from Trump Opportunity Zone program before it sends billions of dollars to out-of-state luxury apartments – forever.**
- 4. Pass the Stop Climate Polluter Handouts Act ([S3606-A \(Krueger\) / A3675-A \(Simon\)](#)), which ends \$336 million in fossil fuel subsidies.**
- 5. Wean NY off staggering \$800 million a year in film/TV subsidies.**

1. Reject \$150 million in new subsidies to Broadway.

Six years ago, there was no Broadway tax credit. The onus was on Broadway producers to fund their own productions, come up with creative ideas, and make them profitable.

Today, that is no longer the case. Broadway producers have received about \$400 million in state payouts, and with hardly any required public reporting from Empire State Development. Productions that are already self-sufficient – such as *The Lion King* – have received [at least \\$3 million from the state](#).

While the Governor's Office says "campaign donations have no impact on government decisions," New Yorkers should wonder why the Governor's budget includes more Broadway tax credits after numerous Broadway producers made [five-figure contributions](#) to the Governor's campaign.

It makes no sense for New York to give tax subsidies to productions owned by billionaires. We urge the Legislature to reject these subsidies.

2. Reject \$100 million in additional POWER-UP subsidies.

The Governor's budget includes an additional \$100 million for the Promote Opportunity with Electric Readiness for Underdeveloped Properties (POWER-UP) program. Though this was envisioned as a \$300 million program (and this is the second tranche), legislators should reject continued funding for utilities and authorities supporting "high-load" customers, meaning those who consume a lot of energy, such as high-tech manufacturing for semiconductors and data centers. The program can also help support businesses working on renewable energy or life sciences, but it's illogical for the

program to devote even more than the billions it already has to data centers and chip fabs.

Not only should the State forego paying for infrastructure for “high-load” users, it should prohibit these companies from receiving ReChargeNY and other NYPA benefits for cut-rate electricity. “High-load” users must pay for their own electricity without shifting costs to residential households while being encouraged to identify ways to use less electricity, which is undermined when they receive subsidized energy. At a time when there is a climate change emergency, the State should not even contemplate diminishing its renewable energy use targets until it ends all subsidies for infrastructure and energy use by “high load” users in addition to the \$334 million in support for the fossil fuel industry.

3. Pass [S3340 \(Gianaris\)](#) / [A3246 \(Dinowitz\)](#) to decouple NY from the Trump Opportunity Zone program before billions of NY tax-revenue is diverted to subsidizing luxury apartments in Florida and gun stores in Texas.

We support the Governor’s proposal to decouple parts of the State and City tax law from the federal tax code. Consistent with this, we urge the legislature to completely decouple New York from the federal Opportunity Zone program, which will cost NY up to [\\$424 million annually from 2029](#).

Until the passage of H.R. 1 last year, Opportunity Zone investments were scheduled to end on December 31st this year, with tax breaks ending in 2047. Thanks to the changes in Trump’s budget bill, those investments and tax breaks can now continue [to the end of time](#).

Since NY mirrors the federal tax code, this means that NY will be sending its tax revenue out of state indefinitely, since NY-based investors can write off their investments in Texas, Alabama, and pretty much anywhere when filing their taxes. [Countless studies](#) have shown that most Opportunity Zone investments go to [luxury real estate](#), which is the most profitable – meaning that NY tax revenue is helping build high-end condos with indoor golf, tiki bars, and dog spas. As our report, [Guns, Oil, and Crypto](#) showed, NY is also likely funding businesses that contradict its own policy goals, as OZ businesses have included gun sellers and crypto mines.

Opportunity Zones are a ticking time bomb that will lower future state revenues and a complete waste of money for New York. We urge you to decouple from the program.

4. Pass the Stop Climate Polluter Handouts Act ([S3606-A \(Krueger\)](#) / [A3675-A \(Simon\)](#)), which ends \$336 million in fossil fuel subsidies.

The Senate has included a version in their budget proposal for the last two years. State subsidies for fossil fuel completely contradict the state's renewable energy goals and should be ended before even contemplating moving the goalposts on renewable energy targets.

5. Wean NY off film/TV subsidies. NY State wrote nearly \$1 billion in reimbursement checks to Hollywood producers in 2025.

2025 is likely to be the second consecutive year that state film/TV tax credit spending exceeds \$1 billion, with the total hitting [\\$900 million](#) after Empire State Development released the Q3 totals. Part of this is due to a backlog from the pandemic, but the state has shown no appetite for reducing its subsidy handouts – it's practically a budget tradition at this point that every couple years, Governor Hochul will propose raising the cap, and the Legislature goes along with it.

There's no logic for this – the state's [own commissioned study](#) by PFM Group found that for every dollar the State spends on the program, it gets only 31 cents back. ESD, in response, commissioned its own [REMI analysis](#) arguing that the actual return, when factoring in state and local tax revenues, is \$1.60. But this claim is specious – using the assumption that every film/TV job is due to the subsidy, it compares the amount of projected credits with income tax from the jobs using an economic multiplier that is grossly exaggerated. And even using this baseless approach, ESD still finds that the state itself gets only 60 cents back.

Rather than grasping at straws to justify the subsidy, the State should gradually phase out the subsidy over a decade and channel the nearly \$1 billion in annual funds to clean water, public transit, and workforce development programs that result in a higher return on investment.

Thank you for your consideration. If you have any questions, please contact Tom Speaker, Legislative Director at tom [at] reinventalbany [dot] org.