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TESTIMONY OF

ANGELA MIELE

BEFORE THE

SENATE SELECT COMMITTEE ON BUDGET AND TAX REFORM

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Thank you Senator Krueger and Members of the Senate Select Committee on Budget and Tax Reform for the opportunity to appear before you today. My name is Angela Miele, and I am the Vice President for State Tax Policy at the Motion Picture Association of America (MPAA). As you may know, the MPAA is the trade association representing the nation's leading producers and distributors of motion pictures and TV programs, including CBS, Disney, Fox, Sony, Paramount, NBCUniversal and Warner Brothers.

We have all experienced the magic of the big screen. However, larger-than-life actors delivering unforgettable lines amidst stunning cinematography is only part of the story.

Beyond all the grand imagery and creative energy, the film and television industry contributes in a very real way to the US economy and while big name companies quickly come to mind, the motion picture and television industry is actually made up of more than 115,000 businesses that pay roughly $40 billion to other vendors, suppliers, small businesses and entrepreneurs who are all vital to the economic health and well being of communities throughout the United States.

I think you get the picture!

I know the state is grappling for prudent investments, and a stimulus package that works – and the NYS film tax credit is a shining example of successful economic development policy tailored to fit the state's needs. Numerous studies like the Ernst and Young Study for New York have shown the overwhelmingly positive return on investment that comes from film and television production credits – results that are unmatched by many other economic development programs.

One production alone can generate tens of millions in economic activity for the region through the hiring of local crew and actors; payment of local & state taxes and for city services; patronage of local businesses such as car and truck rentals, equipment houses, production services, banking institutions, lumber yards, hardware stores, clothing & retail shops, dry cleaners, restaurants & bars, hotel rooms, location rentals, office supplies, communications equipment and set design companies.

That is why the MPAA applauds the Senate for its leadership role and working with the Assembly and the Governor over the past several years to encourage further tax credit enhancements to make NY even more competitive as a venue for on-location production.

In my role as Vice President for State Tax Policy, I evaluate the state tax policies that impact our member companies. As such, I have seen a dramatic surge in recent years of states adding or enhancing film/TV production incentives to attract this clean, economically stimulating industry. States have come to realize that without these initiatives, production companies will take their business elsewhere.

In fact, 40 states now have incentives to attract on-location film and television productions. So why do they do it?

Simply put, they know that if they don't, they will miss out on thousands of jobs, increased tax revenue and millions of dollars in long-term economic development benefits.

While it may seem like the sky is the limit, movie and television companies take a hard look at the bottom line costs of their productions – just like every other business does. When deciding on a location, companies almost always look first at states with a tax credit – they can't afford not to. With 80 percent of the states engaged in these initiatives, the likelihood of a motion picture being filmed somewhere without an incentive is slim. States know that they need to have incentives if they want to compete for this business.

Additionally, states want to compete for film/TV production because they recognize these events are prime opportunities to expand local employment, encourage permanent infrastructure improvements and attract capital investment. In addition, there's a boom to local retail outlets, hotel, restaurants, service providers, etc. Actual film production may be short term, but the positive impact of a company being on location – such as road improvements made or spin-off companies started while shooting – continue to bring benefits to the community well after the last trailer has left town and with a sustained, multi-year film incentive program the positive impacts of recurring and expanding film production have a dramatic and compounding effect on the state's economy

Looking at the current state of New York film incentive, the funding added to the budget was a crucial lifeline to keep thousands of industry related jobs in New York. It is crucial that the program be sufficiently funded for long term growth, however, and protect the jobs and new York state and local tax revenues form being lost through the boom and bust cycle experienced at the beginning of this year when all credits had been committed. The lack of the credits at the beginning of the year cost the state an entire pilot season. Based on the prior year, New York should have had at least 15-20 pilots this year. However, after all credits were committed, zero pilots came to New York. Not only were all the pilots lost, but the series that followed are now shooting outside New York Additional jobs were lost and job opportunities forgone when feature films and series such as the hit show "Fringe" were drawn to locations such as Canada because of the assured availability of incentives.

New York faces losing another pilot season next year dozens of feature films and additional job growth opportunities without long-term funding for this incentive. Therefore, we urge the legislature to enact and the Governor to sign into law before the session ends in late June an extension of the production tax credit package. An extension will sustain 30,000 well-paying union jobs and provide a platform to add thousands more, stimulate the economy and pay the state millions in income and sales & use tax. In fact, the state will earn 10% on its money in the final analysis, according to an Ernst and Young Study for the NY Film Office and MPAA. Moreover, New York earns $1.90 for every dollar of credits issued when state and local tax collections are considered. Clearly, this is a triple play win-win-win…for 30,000 NY workers…for the NY economy…for the State Treasury to reduce the deficit and help fund vital state programs.

Again, while it may seem like our member companies operate in a completely different economic stratosphere, motion picture and television productions feel the same pressures as other industries. They factor current and future costs into their decision making process and never lose sight of the bottom line. Especially in these tough economic times, tax incentives are an ever increasing factor in making the decisions about which locations the industry invests its production dollars.

In closing, I would like to reiterate numerous studies like the Ernst and Young Study on the Impact of the Film Tax Credit have shown the overwhelmingly positive return on investment that come from film and television production credits – results that are unmatched by many other economic development programs.

Thank you again for the opportunity to address the Committee with ideas to stimulate job creation and long term capital investment which will serve as important catalysts for economic growth well into New York's future.