



National Association of Theatre Owners • New York State

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Testimony Provided to the Joint Budget Hearing on Economic Development

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Hello everyone and thank you for allowing me to testify today.

I am Joe Masher, President of the National Association of Theater Owners of NYS. NATO is the largest exhibition trade organization in the world, representing over 32,000 movie screens in all 50 states, and additional cinemas in 82 countries worldwide. I am also the Chief Operating Officer with Bow Tie Cinemas and I operate two movie theaters in the Capital District – one in Schenectady and one in Saratoga.

I am here today to urge your support for the provision in the Governor’s budget to allow movie theaters to apply for a liquor license using the same process as similar businesses. Alcohol is already offered at Chuck E. Cheese’s, sporting events and family restaurants across the state. Even Disney World.

Presently, New York does permit limited alcohol sales in movie theatres, but only in conjunction with a full restaurant license, which includes a kitchen and a significant menu. Several theaters offer alcohol sales under this exception. Universally, they report that it generates vital revenue for theaters and enhances the moviegoing experience. The issue this proposal seeks to solve is that the vast majority of movie theaters do not have, and cannot afford to build, the physical space necessary to use this exception.

The legal change in this proposal is most urgent given the current state of the movie theater industry. As a result of the COVID-19 pandemic, movie theaters were completely shut down across the State until this past October, and in New York City they remain shut down. Theaters that have reopened are doing so at a capacity that is safe for consumers, but dangerously low for a volume business. Many major theaters are facing bankruptcy and many independents and small chains have already been forced to close permanently. The economic impact of the pandemic is upsetting just to hear, let alone experience – In New York State, our box office revenues are down 98% and including concessions and screen ad revenues, we have lost over 105 million dollars in revenue. Further, 10,000 jobs have been lost – 6,000 in New York City alone. Contrary to a popular impression, theaters carry many full-time, adult employees on their payroll.

Widespread closures have devastated an industry that was already imperiled by streaming technology prior to the pandemic. In 2020, studios began sending new movies directly to streaming, skipping the theatrical window entirely. That means zeroing out any revenue these films would have made for theaters.

But we are determined to bring audiences back to the big screen. Theaters are taking initiative by seeking to create a more enjoyable moviegoing experience that can compete with streaming in the new normal. They need your help to remove the legal obstacle in their way. Offering the sale of beer, wine, and liquor will be a critical new revenue line as reopened theaters struggle to survive. Over 35 states permit the service of alcoholic beverages in movie theatres and all the evidence proves it does not degrade the theatrical experience for moviegoers who stick to the usual popcorn and fountain sodas.

This proposal will create much-needed income for an industry that just lost an entire year of revenue. But beyond that, it will generate external economic benefits that cannot easily be brushed aside. In addition to the estimated \$2 million in new sales and liquor taxes and fees, this is another opportunity to promote New York State products through the Taste NY program. Prior to the pandemic, movie theatres reached more than 70% of the State's population, providing an unmatched opportunity to enhance the market for the New York State State's craft beverages. Permitting the service of alcohol within theatres will also finance some theatre operators investments in redesigns and that accommodate service and adapt the space to post-pandemic consumer expectations. Like every business once the pandemic is under control, we're all going to need to adapt to our audience's new expectations and preferences. All this will benefit the state and local economies without costing the state anything at all. Theater owners need a sign from the legislature that government has not left them in the lurch—this new revenue opportunity is the hope that theaters, especially small and historic theaters, need to stay alive while many of them remain shuttered well into 2021.

Small theaters benefit the most from this proposal, because—while they are often the backbone of downtowns—they are also the least able to afford the renovations necessary to apply for a restaurant license. Under current law, that is their only path to offering alcohol sales. Many small theaters struggle with a difficult choice between the added income such sales provide and the cost of overhauling their theaters to build kitchens. For most historic theaters these renovations are simply impossible. The Governor's proposal removes the need for theater operators to stomach unnecessary business risk in order to offer the same concessions already available at theme parks, arcades and coffee houses.

This provision also builds in adequate protections and restrictions when movie theaters apply for a liquor license, such as:

- I.D. requirements for all purchases of alcohol;
- Only one alcoholic beverage purchase per transaction;
- Purchases are limited in time to one hour before the first movie showing and cease at the end of the last movie showing;
- Food typically found in a theater (e.g., popcorn, candy, and light snacks) must be kept readily available; and
- A municipality may object to any license application, and the liquor authority may use that as good cause to deny such a license.

Movie theaters are urging your support for this proposal because many—if not most—will not survive without it. That loss will be felt deeply—and in ways that cannot be estimated by accountants and economists. In the wake of COVID, some have described movie theaters clinically and dismissively as a congregate experience. I say it's a *community* experience. At its best, the silver screen is where adults learn to dream again, where children can stretch their idea of what is possible, and where we can all walk a mile in another man's shoes. Director Christopher Nolan hit the nail on the head recently when he said, "Maybe, like me, you thought you were going to the movies for surround sound, or Goobers, or soda and popcorn, or movie stars. But we weren't. We were there for each other."

In summary, the Governor's budget proposal provides a balanced approach that helps theatres recover from the devastating effects of the pandemic closures. It also spurs economic development, creates jobs, provides sufficient safeguards, and

keeps important local businesses competitive, all while increasing revenue for the State.

Consequently, we urge you to strongly support Part Z of the Governor's Public Protection & General Government budget proposal.

Thank you again for allowing me to testify today and I welcome any questions you may have.