



U.S. Representative • 9th CD, New York • Brooklyn-Queens

ANTHONY D. WEINER

Report

THEY CAN'T MAKE IT HERE

THE IMPACT OF RUNAWAY FILM PRODUCTION ON NEW YORK CITY

Presented by
Congressman Anthony D. Weiner

Executive Summary

In the Summer of 2002, the USA Network announced that it would be filming a movie on the life of former New York City Mayor Rudolph Giuliani. Considering the Mayor's high profile, this news hardly came as a surprise. Then, in October, USA Network announced where they would be filming the Rudy biopic. That was a surprise. A film about the New York City Mayor would not be filmed in the City where he worked and grew up. Instead it would be filmed in . . . Montreal. Obviously, filming a movie on the Mayor of New York in Canada is absurd. But the real concern is that this is not an isolated incident. Films on the Oklahoma City bombing, Washington's crossing of the Delaware, and the day Reagan was shot are just a few of the uniquely American stories that have also been produced in the Great White North. These movies are representative of a broader problem that is costing New York and the U.S. film industry millions of dollars and thousands of jobs -- the problem of runaway production.

Runaway production is the term used to describe the fleeing of U.S.-based films to other countries in pursuit of lucrative incentives which other countries began to offer in the 1990s. The problem is that the U.S. Government has failed to follow suit, and as a result, economic activity and jobs are being lost to other countries. For example, a study from the Center for Entertainment Industry Data and Research shows that the estimated economic loss to the U.S. economy since Canada implemented a tax credit in 1998 is \$4.1 billion, which is equal to about 25,000 jobs a year.

New York has been hit particularly hard. Our study looks specifically at the impact on New York of Canada's implementation of an 11% tax credit on all film labor expenses, which has been matched by a 11% tax credit from the provinces. Our key findings are as follows:

- From 1999 to 2001, total gross budgets for feature films in New York State dropped \$528 million -- from a peak of \$695 million in 1999 to \$167 million in 2001.
- From 1999 to 2001, total gross budgets for feature films in Canada increased \$634 million -- from \$413 million to \$1.047 billion.
- From 1999 to 2001, New York's share of North American feature film production has dropped from 18% to just 4%.
- This reduction in feature film production has cost New York 10,800 jobs.

New York City works aggressively to attract film and television production to the City, waiving sales taxes for production-related purchases and offering free permits and police services. And the City's efforts have helped to build the nation's second largest film industry. But the fact remains that the playing field will be tilted against the City's film industry unless the federal government steps in and provides comparable incentives.

They say that if you can make it in New York, you can make it anywhere. Well, the time has come for us to ensure that film makers not only can make it in New York, but will make it there.

Findings

Finding #1: Since Canada's 11% rebate on film production labor kicked in, the total budgets of films produced in New York for theatrical releases are down dramatically, while Canadian budgets are up. This drop in spending has cost New York an estimated 10,800 jobs.

Total gross budget of theatrical releases sorted by year of release

Year of Release	1998	1999	2000	2001
New York	\$597 million	\$695 million	\$358 million	\$167 million
Canada	\$430 million	\$413 million	\$1.022 billion	\$1.047 billion

* Note: It is assumed that releases were produced in the preceding year.

As this chart indicates, from 1999 to 2001 total budgets for feature films in New York State dropped \$528 million, from a peak of \$695 million to \$167 million. Industry experts estimate that every \$10 million of spending lost costs New York 125 jobs. Based on those calculations, in the two years following the 1999 release year -- which reflects the 1998 production year -- New York lost 10,800 jobs.

Source: Center for Entertainment Industry Data and Research

Finding #2: Since Canada's 11% rebate on film production labor kicked in, the percentage of New York's share of the North American market for theatrical releases is down significantly, while Canada's share has seen a corresponding increase.

Percentage of total budgets of North American theatrical releases sorted by year of release

	1998	1999	2000	2001
New York	13.7	17.5	8.2	3.9
Canada	9.9	10.4	23.3	24.5

* Note: It is assumed that releases were produced in the preceding year.

Source: Center for Entertainment Industry Data and Research

Finding #3: After five straight years of increases in direct expenditures on film and television production, direct expenditures in NYC are down every year since the implementation of the 1998 Canadian tax credit.

Film and Television Production in NYC -- Direct Expenditures -- 1993-2001

2001 -- \$2,302,784,500
2000 -- \$2,451,987,500
1999 -- \$2,522,210,000
1998 -- \$2,568,334,500 (all time high)
1997 -- \$2,370,124,500
1996 -- \$2,227,742,000
1995 -- \$2,000,437,000
1994 -- \$1,754,467,000
1993 -- \$1,434,879,000

From 1993 to 2001 -- Direct Expenditures have fallen by \$266 million

Source: Mayors Office of Film, Theatre and Broadcasting

Finding #4: After five straight years of increases in the indirect economic impact of film and television production in NYC, the economic impact in NYC has decreased every year since the implementation of the 1998 Canadian tax credit.

Film and Television Production in NYC -- Indirect Economic Impact -- 1993-2001

2001 -- \$5,296,404,350
2000 -- \$5,639,571,250
1999 -- \$5,801,083,000
1998 -- \$5,907,169,350 (all-time high)
1997 -- \$5,451,286,350
1996 -- \$5,123,806,600
1995 -- \$4,601,003,100
1994 -- \$4,035,274,100
1993 -- \$3,300,221,700

From 1993 to 2001 -- Indirect economic impact has fallen by \$611 million.

Source: Mayors Office of Film, Theatre and Broadcasting

Finding #5: After five straight years of increases in local tax revenues generated by film and television production, local tax revenues in NYC dropped every year since the implementation of the 1998 Canadian tax credit.

Film and Television Production in NYC B Local Tax Revenues -- 1993-2001

2001 -- \$230,278,450
2000 -- \$245,198,750
1999 -- \$252,221,000
1998 -- \$256,833,450 (all-time high)
1997 -- \$237,012,450

1996 -- \$222,774,200
1995 -- \$200,043,700
1994 -- \$175,446,700
1993 -- \$143,487,900

From 1993 to 2001 -- Local tax revenues have fallen by \$26.6 million

Source: Mayors Office of Film, Theatre and Broadcasting

Finding #6: After five straight years of increases in shooting days in NYC, the number of shooting have dropped every year since the implementation of the 1998 Canadian tax credit.

Film and Television Production in New York City -- Location Shooting Days -- 1993-2001

2001 -- 18,096
2000 -- 21,393
1999 -- 22,029
1998 -- 22,851 (all-time high)
1997 -- 21,339
1996 -- 21,286
1995 -- 20,187
1994 -- 18,003
1993 -- 15,262

From 1993 to 2001 -- Location shooting days lost -- 4,755

Source: Mayors Office of Film, Theatre and Broadcasting

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