



October 16, 2023

The Honorable Kathy Hochul
Governor of the State of New York
New York State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

Our groups recommend that you veto S7562/A7757, which expands eligibility for the Empire State Film Production Credit.

Despite calls to "[Shrink, \(Not\) Expand, the New York State Film Tax Credit](#)" this year's budget expanded the credit in an effort to better compete with other states. At the very end of session—continuing the bad habit of denying New Yorkers their rightful opportunity to evaluate and weigh-in on policy and fiscal proposals—the state's Legislature passed S7562/A7757, which makes the newly expanded film tax credit available retroactively to productions that had submitted applications before the expansion was approved in the State budget.

This bill should be vetoed for three reasons:

1. Its introduction in the waning days of session continues the practice of changing policy at the last minute without adequate time for evaluation or review;
2. The purpose of the credit's expansion was to attract and retain productions going forward. The State's precious resources should not be depleted to provide more money to productions that have already decided to film in New York based on the pre-existing incentives; and
3. These changes deepen the "race to the bottom" component of economic development policy—the interstate competition to offer the richest or most lucrative incentives. In fact, partly in response to New York's expanded credit, the New Jersey legislature passed a bill in June to increase the cap on its film tax credit, weaken clawback provisions, and provide direct grants to film studios.

New York should focus on expanding its economy based on its comparative strengths, such as human capital and cultural and natural amenities, and enhancing its willingness to make it easier to do business in New York. Competition based on the deepest pockets ultimately risks our economy, drives up taxes overall, and weakens the ability to provide services to those in need.

We encourage you to veto this bill.

Sincerely,

Andrew S. Rein
President
Citizens Budget Commission

John Kaehny
Executive Director
Reinvent Albany

cc:

Senator Michael Gianaris, Deputy Majority Leader

Assemblywoman Helene Weinstein, Chair of the Assembly Ways and Means Committee