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Film Study Misinterpreted

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Kevin Segalla"s March 1 letter ["Film Jobs Will Benefit Children"] refers to a study of the New York film production industry that my organization, the Fiscal Policy Institute, prepared together with a team of researchers from Cornell University. Although Segalla's letter correctly indicates that we estimated that the total value added from film production in New York state in 2005 was $13.3 billion, our study did not find that that volume of activity resulted from $1.6 billion in direct production spending.

We were not able to get the industry to provide us with sufficient data on direct production to analyze its impact. We relied instead on data from the U.S. Commerce Department's gross state product statistical series, a data series that does not include data on direct production expenditures by location. Thus, it is inappropriate to suggest, as Segalla does, that the total economic impact from film was "over $8 for every $1 spent on production."

Even more problematic is Segalla's suggestion that the Fiscal Policy Institute/Cornell study provides evidence to support any conclusion one way or the other regarding the economic benefits of film industry tax credits. Our study did not rigorously examine that question, and I am not aware of any other study that has carefully dissected the effects of New York's film tax credits.

Our study presented an inventory of various state film tax credits in the context of a broader examination of industry restructuring and the changing competitive landscape.

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