

[Home](#) |  
[Customer Service](#)

Find it:

[Cars](#) |  
[Jobs](#) |  
[Real Estate](#) |  
[Apartments](#) |  
[Shopping](#) |  
[Classifieds](#)



POWERED BY YOU AND **The Journal News**

# The Journal News

WESTCHESTER • ROCKLAND • PUTNAM

Newspaper archive powered by



[Archive Search](#) > [Buy](#) > [Print](#)

[» New Search](#)    [» Pricing](#)    [» Help](#)    [» FAQ](#)

[Return to results](#)    [Printer Friendly](#)

## Account Information

You have purchased articles, and you have remaining before the subscription expires on .

September 16, 2007

**Section:** NEWS

**Edition:** GWPR

**Page:** 1A

### Movies stampede to states with generous tax incentives

*Julie Moran Alterio*  
STAFF

Top: The Naked Brothers Band, from the Nickelodeon show of the same name, performs during an August filming session at Playland Amusement Park in Rye.

Top: Ric Pantale of Valley Cottage checks a camera attached to a car in May as he directs the filming of "Delilah Rose" in Piermont. The romantic comedy is being made by Piermont Pictures, the celebrated village video shop owned by Pantale.

Three years ago, Steven Spielberg came to Westchester County to shoot part of "War of the Worlds." This summer, the director was in Connecticut filming the latest Indiana Jones adventure.

Spielberg is just one in a parade of Hollywood directors, producers and movie stars turning their backs on New York and marching to the Nutmeg State to take advantage of a 30 percent tax credit that makes it the most generous state in the country for filmmakers.

Production companies have spent more than \$300 million to make movies, TV shows and commercials in Connecticut since the tax credit took effect in July 2006. That's up from just \$1 million in the first six months of 2006.

Among the stars in Connecticut this summer are Robin Williams, Leonardo DiCaprio, Kate Winslet and John Travolta, who last month posed in Redding with Gov. Jodi Rell to publicize new tax breaks to build soundstages in the state.

Signs are abundant that New York, the No. 2 state for film and TV production behind California, is starting to see a slowdown that's spilling over into the Lower Hudson Valley. Three major movies were filmed at locations in the Rockland County towns of Ramapo, Clarkstown and Orangetown last year. So far this year? None. In Westchester County, 13 major movies were filmed in 2006. Just two are on the radar this year.

Iris Stevens, director of the Westchester Film Office, said "Burn After Reading," which stars John Malkovich and George Clooney, is shooting for a handful of days in New Rochelle and Mamaroneck this month.

A scene from the Tim Allen movie, "The Six Wives of Henry Lefay," will be filmed at Westchester County Airport. The majority of the movie is being made in Connecticut.

"At the beginning of the year, I began to get phone calls from location managers I've dealt with for years, apologizing for bypassing me and moving to Connecticut," Stevens said. "It's a huge change."

Location manager Teddy Yoon, who was at Playland Amusement Park in Rye last month on the set of Nickelodeon's TV show "The Naked Brothers Band," said entertainment industry jobs are seeping over the border.

"All the location managers I know are up in Connecticut, and they are doing really well," he said.

New York does have its own incentives, including a 10 percent tax credit for film and TV production. New York City offers an extra 5 percent for projects there.

After the incentives became law in 2004, movie production in New York state boomed. That first year, 15 film projects qualified for the incentive. In 2005, there were 42. In 2006, there were 57. But the state Department of Taxation and Finance reported in June that film starts were "significantly down" in the first two months of this year, with eight projects eligible for the credit.

Nearly all of New York's neighboring states have recently passed laws that offer more lavish tax credits, including New Jersey (20 percent), Massachusetts and Pennsylvania (both 25 percent).

Larchmont resident Ernie Karpelis, a location scout for **movies** and TV commercials, said that while he likes **to** shoot in his home county, he's getting orders **to** find locations **with incentives**.

He recently picked New Milford, Conn., for an American Express commercial that needed a small-town setting, and Stamford for an Acura spot that called for a street lined **with** glass-and-steel office towers.

"Lately, they will say it has **to** be in New Jersey or Connecticut because of the **tax incentive**," he said.

#### **Incentives** have impact

Steven Gorelick, associate director of the Motion Picture and Television Commission of New Jersey, said **states** can't entice filmmakers without competitive **incentives** anymore.

"There's a reason all these companies have gone **to** Connecticut, and it wasn't the scenery. They've done a good job marketing," Gorelick said.

In the past, Gorelick heard from location managers seeking interesting or historic sites. Now the calls are coming from producers wanting **to** know about **tax** breaks.

"I'm really convinced that if the **tax** credit were 50 percent on the lunar surface, they would probably film there. That's the impression I get," Gorelick said.

Producers say they are just following the money.

Before Sandy Weiser, an independent **movie** producer from Chappaqua, starts a project, he plugs the labor costs, equipment rental, location fees and other numbers into his computer **to** figure out whether New York, Los Angeles, Toronto or another location offers the best package.

Weiser, who has been shooting the film "Driven" in New Rochelle, White Plains and Briarcliff Manor, is applying for a New York **state tax** credit for the production.

"A credit could have an impact on where the producer will shoot," he said.

Although **movies with** huge budgets are flocking **to** Connecticut, Weiser said it's still easier **to** shoot in Westchester for smaller projects like his because lighting and camera crews live in the five boroughs.

"You can have people go up **to** Stamford **to** shoot, but are you going **to** schlep a crew up **to** Hartford or even New Haven for a day? I don't think so. You're going **to** have **to** put people up in hotels. In this production, we had **to** make choices about where we were going **to** shoot, and one of the choices was were the locations close enough that we can travel back and forth," Weiser said.

Andrew van den Houten of Brooklyn, who owns the production company Modern Cine, was the first **to** take advantage of New Jersey's **incentive** program **to** make "The Girl Next Door," which will be released in the fall.

This summer, he's in Fairfield County shooting "Made for Each Other" **with** George Segal and Chris and Danny Masterson.

"I have had the great opportunity **to** be producing films in an era that I liken **to** the gold rush in filmmaking," van den Houten said.

#### Fighting foreign rivals

The **incentive** race started in 2002, when Louisiana became the first **state to** offer a **tax** credit.

That year, \$11.8 million was spent filming **movies** and TV shows in Louisiana. The next year, the total jumped **to** \$212 million. In 2005, the figure was \$514 million. Today, Louisiana is third in the country in film production.

Behind Louisiana's move was a desire **to** keep **movies** in the United **States** after seeing Canada and other countries siphon productions **with** a mix of financial **incentives** and cheap labor, said Stephen Katz, executive director of the Center for Entertainment Industry Data and Research.

Between 1998 - when Canada introduced a competitive **incentive** program - and 2005, feature film production in that country grew from \$430 million **to** \$1.2 billion.

Overall spending outside the United **States** rose from \$1.6 billion in 1998 **to** \$3.3 billion in 2005, while the number of theatrical releases filmed in the United **States** dropped from 127 **to** 99.

**Movies** such as "Hollywood Wives" were shot in Vancouver, British Columbia, **with** flatbed trucks hauling palm trees around town. The final straw that may have led New York **to** adopt an **incentive** program was when a biopic about former Mayor Rudy Giuliani was filmed in Montreal, Katz said.

"The producer will have no allegiance. As long as he can get what he wants and can get the quality and equipment and labor he wants, he'll go where he can get the budget **to** make the picture he wants," Katz said.

Steven Apkon, executive director of the Jacob Burns Film Center in Pleasantville, said that while the Lower Hudson Valley has a wealth of talented actors, directors and producers who would like **to** work close **to** home, the reality is you have **to** choose the best deal.

Pleasantville resident Terry George, the director of "Hotel Rwanda," filmed "Reservation Road" in Connecticut in the second half of 2006.

Rockland County's Jonathan Demme is heading **to** Connecticut this year **to** film his next feature, "Dancing **with** Shiva," Apkon said.

"It's very hard **to** get a film financed these days, and people are watching their budgets very carefully," he said. "If it makes sense **to** be in Bucharest or Vancouver or Greenwich, that's where people will end up."

#### Market for **tax** credits

Today, at least 35 **states** have targeted **tax incentives** for film and TV productions, according **to** the Motion Picture Association of America.

Most come **with** some strings attached. Some **states**, such as New York, require a certain percentage of production **to** take place in the **state**. Others, including Connecticut, set a minimum threshold for spending.

What makes some **states'** programs especially enticing is what you can do **with** the credits after you get them.

New York's credits can be used by an individual or a company that files a **state tax** return.

Connecticut, New Jersey and Pennsylvania offer "transferable" **tax** credits. That means that **movie** studios, many based in California and without an East Coast **tax** obligation, can sell the credits **to** businesses that do, including banks, telecommunications companies and utilities.

Turning **tax** credits into cash is a hot topic in the **movie** business, said Bruce Deichl, a placement specialist **with** Tax Credits LLC in New Jersey.

"**Tax incentives** now are the No. 1 game. You can go **to** Cannes, you can go **to** any film festival, that's all everyone talks about," he said.

Deichl has placed more than \$9 million in New Jersey film credits - including van den Houten's \$100,000 credit for "The Girl Next Door," which he sold **to** a local utility. The going rate in New Jersey is 88 cents on the dollar, so a producer who gets a \$1 million credit will get back \$880,000.

As much buzz as Connecticut is getting now, Deichl said the final judgment of its success will be when producers actually sell the credits and turn them into dollars.

Connecticut already has more than a dozen competing **tax** credits on everything from research and development **to** computer donations **to** relocation expenses **to** historic preservation, which could minimize demand, Deichl said.

"Connecticut will not get top dollar for their credits," he said.

#### Economic effects

Meanwhile, New York is losing not just the prestige of having films shot in the **state**, but the economic benefits.

Since the 2004 credit was enacted, 169 projects have spent \$2.7 billion in New York, according to the **state's tax** department. That included almost \$1.7 billion on costs eligible for the **tax** credit, such as labor, materials and facilities.

The permit fees for shooting on Westchester County property tell part of the local story. Last year, by Aug. 31, the county had collected \$229,000. This year the figure was just \$100,000.

The shortfall is almost entirely from the gap in feature film production, Stevens of the county film office said. TV shows are still coming to Westchester, including the new hit "Damages," starring Bedford's Glenn Close, which is shot in Harrison.

The same trend is developing across the Hudson, said Heather Duke, director of the Rockland County Office of Tourism, which oversees filming there.

Her office has been issuing permits for advertisements, commercials and TV shows that film on location, including "Law & Order."

"We have a lot of activity with day shoots, photographic shoots and TV. They translate into dollars. The economic impact into the community is very definitely there," Duke said.

Westchester's film office estimates that about \$3 million a year has been coming into the local economy through fees to the county, municipalities and to individuals who rent their homes. Plus, with expenses like hotels, restaurants and shopping for supplies and equipment, the total effect of TV and movie production on the local economy has been almost \$10 million a year.

These so-called multipliers have real effects. For instance, while the county collected \$8,000 in fees from the "Naked Brothers Band" shoot, revenues doubled at Playland the night the show gave a free concert. Weiser said he's been spending \$1,000 a day on lunch for his crew at local restaurants - plus another \$500 or so on snacks at grocery stores.

Karen Senich, acting executive director of the Film Division of the Connecticut Commission on Culture and Tourism, said that when portions of Route 8 in Beacon Falls were shut for "Revolutionary Road," restaurants saw a spike in business from gawkers seeking a peek at Leonardo DiCaprio.

"It's money being spent all over the **state**. It's money in other people's pockets. It's money in the **state's** pocket. It's jobs," she said.

Not everyone shares that enthusiasm. Nyack Mayor John Shields said no one in his village misses the hubbub of a major movie shoot.

"I get a lot of phone calls complaining when we have filming in the village," Shields said. "'I can't walk on the sidewalk.' 'They make too much noise.' 'They put the ladder against my building.' No one calls and says, 'We're happy this movie is being shot here.'"

Beyond the immediate economic effects, Connecticut is also hoping that moviemaking will translate to future tourism.

"It's the 'Mystic Pizza' effect," Senich said. "Mystic Pizza is an actual place in Mystic. After the movie, and to this day, people come there because of the movie. There is that intangible benefit that people want to come and see the place the movie was filmed."

#### Call to compete

The new competition for New York worries Bill Ryan of White Plains, the majority leader of the Westchester Board of Legislators.

The danger to New York's film industry was clear to him this July after actor Denzel Washington visited his hometown of Mount Vernon to help mayoral candidate Clinton Young - but then went to Boston the same week to appear with Gov. Deval Patrick to praise improvements in Massachusetts' film incentive program. Washington's new movie, "The Great Debaters," was shot in Boston this summer.

Ryan would rather have seen Washington posing with Gov. Eliot Spitzer announcing that New York was boosting its incentives.

"You have Jersey, Connecticut and Massachusetts offering more attractive packages than New York. Unless we act rather quickly, we are going to lose any remaining competitive edge we might have," Ryan said.

He explained the impact on Westchester in a letter to Pat Kaufman, executive director of the New York State Governor's Office for Motion Picture and Television Development.

In reply, Kaufman wrote: "It is clear that the new credits are providing a powerful draw to Connecticut and are putting New York State as a whole in a less competitive position."

In an interview, Kaufman said her office was still "watching and observing" other states' incentive programs, adding, "We have a ton of movies that are shooting in New York right now."

While last year was the best ever for New York City's film industry, with 276 movies shot in the city, Kaufman said she didn't have totals for this year so far.

Stevens said she doesn't think New York has a choice about matching Connecticut's deal.

"Once the powers that be are fully informed as to how this situation is jeopardizing the **state's** pre-eminent position in the entertainment industry, I don't think they can do anything less," Stevens said.

Reach Julie Moran Alterio at 914-666-6189 or jalterio@lohud.com.

#### Tax incentives by state

##### New York

Effective: August 2004, updated April 2006

Refundable **tax** credit: 10 percent

Restrictions: The production must spend 75 percent of soundstage expenses in New York or at least 75 percent of location days must be in the **state**.

Annual cap: \$60 million

Other incentives: Sales **tax** exemption for machinery, equipment and services. New York City also has a 5 percent refundable **tax** credit, with an annual cap of \$30 million. New York City also offers "Made in NY" 10 percent discount cards at more than 550 local vendors and a marketing credit of 1 percent of production costs for outdoor advertising on bus shelters, TV and radio.

##### Connecticut

Effective: July 2006, updated July 2007

Transferable **tax** credit: 30 percent

Restrictions: Minimum in-state spending \$50,000. Starting Jan. 1, the act excludes compensation over \$15 million.

Annual cap: None

Other **incentives**: Hotel **tax** waived for stays of 30 or more days.

Massachusetts

Effective: January 2006, updated July 2007

Transferable **tax** credit: 25 percent

Restrictions: 50 percent of total production costs or principal photography days must be in the **state**. Minimum in-**state** spending requirement of \$50,000.

Annual cap: None

Other **incentives**: Transferable employment credit equal to 25 percent of Massachusetts sourced income, excluding salaries of \$1 million or more.

New Jersey

Effective: January 2006

Transferable **tax** credit: 20 percent

Restrictions: 60 percent of total expenses must be in the **state**.

Annual cap: \$10 million

Other **incentives**: Sales **tax** exemption for all film- and video-related machinery, equipment and services. Loan guarantee program up to \$1.5 million, or 30 percent of a project, to companies if 70 percent of shooting days are in the **state** and 50 percent or more of expenses are in the **state**.

Vermont

Effective: 10 percent grant, expired summer 2007

Other **incentives**: Sales **tax** exemption. Hotel, meal **tax** waived for stays of 30 or more days. Income **tax** limitation for out-of-**state** performers.

Pennsylvania

Effective: June 2004, updated July 2007

Transferable **tax** credit: 25 percent

Restrictions: 60 percent of the total production expenses must be incurred in **state**.

Annual cap: \$75 million

Other **incentives**: Hotel **tax** waived for stays of 30 or more days.

Rhode Island

Effective: January 2005

Transferable **tax** credit: 25 percent

Restrictions: Minimum budget of \$300,000.

Annual cap: None

Other **incentives**: Non-transferable 15 percent investor **tax** credit for Rhode Island residents who invest in film/TV/commercials or video games filmed primarily in the **state**. The credit rises to 25 percent for productions with budgets over \$5 million.

New Mexico

Effective: January 2005

Refundable **tax** credit: 25 percent

Restrictions: None

Annual cap: None

Other **incentives**: No-interest loan, with back-end participation in lieu of interest, for up to \$15 million per project. Lodging **tax** waived for hotel stays of 30 or more days. Sales **tax** exemption.

Louisiana

Effective: July 2002, updated January 2006

Transferable **tax** credit: 25 percent

Restrictions: Credit applies to in-**state** spending over \$300,000.

Annual cap: None

Other **incentives**: Transferable employment **tax** credit up to 10 percent of salaries of **state** residents, excluding those with salaries over \$1 million.

Motion Picture Association of America, The Journal News research

---

Copyright (c) The Journal News. All rights reserved. Reproduced with the permission of Gannett Co., Inc. by NewsBank, inc.

- [Home](#) |
- [News](#) |
- [Weather](#) |
- [Obituaries](#) |
- [Your Voices](#) |
- [Things To Do](#) |
- [Photos & Videos](#) |
- [Buy, Sell & Shop](#) |
- [Communities](#) |

■ [Customer Service](#) |  
■ [Site Map](#)

Copyright ©2007 The Journal News, a Gannett Co. Inc. newspaper serving Westchester, Rockland and Putnam counties in New York.