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**LA Auditions at a Glance**

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Photo by: ABC

*Analysis*

**Tax Breaks Flourish; So Do Regional Film Markets**

May 21, 2008

By **Andrew Salomon**

In summer 2002, Chuck Slavin moved to Los Angeles to work as an actor. He lasted six months. "I couldn't make it out there," said the Massachusetts native, who returned home and now lives in Weymouth, a town about 15 miles from Boston. "I didn't have a car; I wasn't set up; I couldn't make any money."

The setback, however, might prove to be the turning point of his career. Because of state tax incentives enacted in New England and New York, film and television production is booming in the region, and Slavin is benefiting. "I've pretty much landed on every movie that's come to Boston" since early last year, he said. "If I haven't worked on one, it's only because I've been working so steadily on the others."

Several of his jobs were background work, but he has also earned speaking parts and featured-extra roles in projects such as *The Lonely Maiden*, *Pink Panther 2*, and *The Bronx Is Burning*. No matter the quality of the jobs, they were good enough for Slavin to quit working as a waiter 18 months ago. He is also close to qualifying for health insurance from the Screen Actors Guild for the first time.

Tax credits have changed other actors' lives substantially. Beth Campbell of Old Lyme, Conn., has been working as a full-time actor for the past two years, a period that roughly coincides with the start of tax rebates for production in her state. She said she hopes to have her SAG card by the end of the month.

Ellen Becker-Gray and her husband, Rob Gray, are also working exclusively as actors. Four years ago they sold their house in Massachusetts and moved to Rhode Island, which at the time had the most generous tax incentives in New England. "We're so busy, we haven't had time to go to a movie," Becker-Gray said. "And when we do go, we're so distracted by our friends up on the screen that we have to watch it again to remember what the film was about."

**Follow the Money**

Tax incentives targeted at film and television production have been enacted in 40 states and Washington, D.C. -- nearly half of them within the past three years, largely in response to the incentives offered in Canada and overseas. New York City and New York state started incentive programs in 2005; the state tax credit was recently tripled and, partially as a result, *Gotham* lured the series *Ugly Betty* from Los Angeles and picked up two new shows as well: *Fringe* and *Life on Mars*.

The tax breaks are politically popular because they offer states a return on their investment, one of the best examples being New York's. In the first two years of its state and city tax incentives, \$42.5 million in credits were issued and \$2.45 billion in direct economic activity resulted, said Julianne Cho, associate commissioner of the Mayor's Office of Film,



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**BACKSTAGE BULLETINS**

**Bulletin: Actors and the 'De Facto Strike'**

May 22, 2008

Even though talks between the producers and the Screen Actors Guild are scheduled to resume next week, there is talk around Hollywood of a "de facto strike."

Theatre & Broadcasting.

The incentives are not without their problems. Mark Smith, former Louisiana film commissioner, pleaded guilty last year to accepting bribes from an unidentified person who stood to benefit from the program. In Rhode Island, regulations were tightened May 12 after The Providence Journal reported that *Hard Luck*, a straight-to-video movie starring Wesley Snipes and Cybill Shepherd, received a \$2.65 million credit on the \$11 million the production company reported spending in the state, though only \$1.9 million of that money went to Rhode Island vendors. (Most states require that companies purchase a majority of goods and services in-state.) Last November, Connecticut attorney general Richard Blumenthal began an investigation into the possible steering of film contracts to one company in Stamford.

However, incentives are here to stay, at least for a few more years. The growth has been so rapid, it is difficult to monitor. Two months after it was posted, the list of state incentive programs on the website of the Producers Guild of America's FilmUSA Committee ([www.filmusa.org](http://www.filmusa.org)) is obsolete: Georgia's and Michigan's tax incentives have more than doubled and New York's has tripled.

"It's an economic boom in so many ways," said Kathleen Courtney, chair of FilmUSA and a producer based in Los Angeles. "There's a big trickle-down effect. Not only is it employing more people in those individual states...the resources are being developed with every production that comes to town. The more people learn, the more people grow, and the infrastructure gets stronger."

And actors such as Becker-Gray and Slavin are trying to strengthen their states' film markets. Becker-Gray was one of 150 people who recently testified against a cap on incentives before Rhode Island lawmakers. Slavin, in addition to acting, auditioning, and making short films for the Internet, is lobbying a Massachusetts state lawmaker to ensure that sound stages planned for Weymouth and Plymouth get built.

#### **Fierce Competition**

Many of the state programs involve only hotel tax rebates for stays longer than 30 days and sales tax rebates on goods and services purchased in-state. But since 2002, when Louisiana began offering a dollar-for-dollar tax credit (up to 25 percent of a production's budget), other state governments have opened their wallets substantially to attract work. In 2005, New York's combined credits totaled 15 percent of a production's below-the-line budget if 75 percent of shooting took place in the city. In two years, the number of shooting days in the city jumped nearly 50 percent.

Last year, though, Connecticut countered with a 30 percent tax credit on all expenses, including some of the salaries of above-the-line talent: actors, writers, directors, and producers. More than 20 big-budget productions shot there in 2007, while New York production fell about 17 percent. Some of the decline is attributable to the writers strike, but according to a February report in *Crain's New York Business*, New York state lost \$400 million in feature film production to Connecticut last year and a combined \$350 million to Rhode Island and Massachusetts. To stem the losses, New York tripled its state tax incentive from 10 percent to 30 percent this spring.

#### **The State of California**

While states in the Northeast, as well as Louisiana, New Mexico, and Arizona, reap the benefits of incentive programs, Southern Californians are losing work as production migrates. The number of shooting days in Los Angeles has dropped by more than 40 percent in the past 10 years, according to FilmL.A., a nonprofit production coordination company, although TV shooting days have more than doubled in that time and commercial shooting has increased by 9 percent.

Gov. Arnold Schwarzenegger railed against California's diminishing production at a news conference May 9, shortly after the announcement that *Ugly Betty* would return to New York (its pilot was shot mostly at Silvercup Studios in Queens in 2006). Speaking of other states' incentive programs, he told reporters, "Their business is booming, they're making a lot of money, and they're putting everyone to work and we don't."

Though he has been criticized for lagging on the issue in the past, Schwarzenegger is again pushing for a tax-incentive program for California. Assembly Bill 1696 passed the lower house in 2007 but failed

in the Senate. While the measure enjoys bipartisan support in Sacramento, it also has opponents at each end of the political spectrum, said Assemblyman Paul Krekorian (D-Burbank). "The folks on the left will say, 'Don't give any kind of corporate subsidies at the same time that we're cutting services to the poor,' " he told Back Stage. "And then the folks on the right will say, 'Why should this be limited to the entertainment industry? It should apply to the oil industry as well.' "

Complicating the drive for tax incentives is the state's record budget deficit, which could reach as high as \$20 billion. But despite such a climate, Krekorian said a tax break for the film and television industry isn't impossible. "The governor gives me some hope," he said. "I wouldn't say cautious optimism, but I would say cautious hope."

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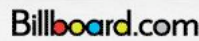
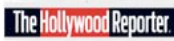



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