

LOS ANGELES — Costly state incentives to lure film production and jobs may actually be paying off, at least in New York.

A study of New York's tax breaks for movie and television production suggested that a 30 percent credit offered by the state, along with an additional 5 percent offered by New York City, could be expected to keep or create about 19,500 jobs while yielding \$404 million in tax revenue, at a cost of \$215 million in credits.

But the benefits were heavily weighted toward New York City, which attracted by far the largest share of production with New York-based television series like "Ugly Betty" and "30 Rock" and movies like "Notorious," a rap music drama released by Fox Searchlight this month. The city collects about 6.4 times as much in taxes from film as it spends on incentives, the study said.

The study, completed last week, was conducted by the accounting firm Ernst & Young for both the Motion Picture Association of America and New York's state film office.

In recent years, states like New York, Michigan and Louisiana have used aggressive subsidies to compete for film jobs, though comprehensive reviews of their impact have been few and far between.

In 2005, a study by the chief economist of Louisiana's legislative fiscal office said that state's incentives, among the country's highest, created only a modest number of jobs and did not generate enough tax revenue to offset their costs.

New York's state subsidies were raised from 10 percent of qualified expenditures to the 30 percent level in April of 2008, in a move to stem the flow of productions to competing states, including Connecticut and Massachusetts.

In its assessment, Ernst & Young noted that New York's state film office received 100 applications for movie and television shoots between April 23, when the new subsidy became effective, and the end of the year. Spending on those projects was estimated total \$1.8 billion, up from \$940 million in all of 2007.

Applying the new 30 percent subsidy rate and current tax rates to the level of activity that occurred in 2007, Ernst & Young figured that the state would have spent \$184.4 million, while getting \$208.7 million back in taxes. New York City, meanwhile, would get \$195.3 million from a tax credit expenditure of only \$30.7 million.

Ernst & Young said it figured about 7,000 jobs were gained or retained in direct film employment, while another 12,500 came from related economic activity, not counting any boost to tourism spending.

If the subsidies are indeed working for New York, that can only be bad news for California, the film production capital that has seen jobs and income flee and which offers no major subsidies.

Last year, according to FilmLA, which tracks location shoots in Los Angeles, days of feature film production outside of studio walls fell 14 percent to 7,043 days, the lowest level since the count began in 1993.