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Music industry to state: Show us the money, too

By Jeff Miers, Pop Music Critic



Audio Engineer Justin Rose works in the control room, Tuesday, June 28, 2016. (Sharon Cantillon/Buffalo News)

From heroes in the half-shell to one of the great legal minds of the 20th century, Hollywood – with a big assist from state-provided tax incentives – seems to have discovered Buffalo.

Now the men and women who make a living from recorded music are hoping the state’s highest elected official will see what those incentives can do for another segment of the entertainment industry.

With appropriately vocal prodding from the state's musicians, the state Legislature last month approved the Empire State Music Production Tax Credit. If Gov. Andrew M. Cuomo signs it, the credit would provide a 35 percent tax credit for music produced upstate, 25 percent downstate. Everyone from the person playing the guitar to the tech running the sound board would benefit from the credit.

"It's about jobs, jobs, jobs," said New York Is Music co-founder and music studio owner William Harvey.

It's also about fairness, which is why one of the state's leading taxpayer watchdogs said the idea should be called what it really is: a subsidy that will have to be covered by a tax increase or spending cuts somewhere else.

"Every single argument used in favor of this giveaway could apply with equal force to virtually any industry, from newspapers to bakeries," said E.J. McMahon, president of the Empire Center for Public Policy.

But proponents like Justin Rose, head engineer and producer at GCR Recording Studios in Buffalo, said whatever the law is called, it should help keep more music and more musicians in New York and should keep his studio in business.

"Our studio is both a revolving door for world-class artists and the ideal studio for new musicians," he said. "Its quality rivals any of the great studios of Los Angeles or Nashville. Serious local, indie and national artists really understand the value of this great resource, but they're often forced to make other arrangements because of budget. The tax credit would allow us the flexibility to make all budgets work – local, indie and national budgets."

Broken records

The story of the music business in the 21st century is a familiar one: Declining album sales. Closing record stores. The dwindling of radio's influence. The arrival of a generation of music consumers accustomed to getting their music for free, or something close to it. The ease of accessibility to high-grade digital recording technology that can fit on a desktop.

What's left of the traditional music business is looking for solutions to a question of economics. People seeking to make their living as music production professionals in Buffalo – musicians, studio engineers and technicians, producers – are trying to find a way to make money. And industry professionals living in other markets need to have incentive to kick business this way.

If they do, they will find the people here who can do the work. Among the regional recording studios and businesses operating here today are Sonic Farm Studios in Colden, Mark Custom Recording in Clarence, Tarbox Road Studios in Cassadaga, as well as Select Sound, Starfileds Productions, Loft Recording Studios, Audio Magic and Outer Limit Studios, all in Buffalo.

The people employed there note that the playing field is not even. Other states, including Tennessee and Louisiana, have tax incentive programs, and have used them to lure business their way.

But proponents of the credit note that in addition to trying to build something economically, they are protecting a legacy in Buffalo dating back nearly 50 years.

Just as Buffalo once was a must-visit city for major touring artists in the world of jazz and popular music, so too was it a destination for recording projects of both the local and national variety. Studios like Select Sound and Trackmaster formed the hub of the recorded music scene locally. The studio was opened by engineers Alan Baumgardner and Kim Ferullo in 1976, and remained open until 2000, during which it was home to recording sessions for Rick James, the Goo Goo Dolls, Ani DiFranco, and the Flaming Lips, among many others.

Robby Takac, one of the founding members of the Goo Goo Dolls, wanted to reclaim Trackmaster's legacy, which is why he led the rebuilding effort of the facility at the corner of Franklin and North streets, and its eventual reopening as GCR Studios in 2007.

"With all the musical talent in Western New York, it's obvious the creative community would benefit from this tax credit," Takac said.

Harvey said a vibrant music production community is more than a self-contained universe.

"In economic terms, when a studio is in use there are economic benefits for the area where it is located," he said. "Engineers get work, cleaning services are hired, instruments and equipment are repaired and rented, motel rooms are occupied, restaurants are patronized, musicians are hired – it goes on and on. Then there are the intangibles, like having the energy of creative people in your town keeping the lights on. Undoubtedly, we see the cultural and economic benefits of recording studios going hand in hand."

The movie argument

It's hard to put a price tag on the feeling of seeing the Kensington Expressway get a star turn during the film "Teenage Mutant Ninja Turtles: Out of the Shadows."

Unless you are Buffalo Niagara Film Commissioner Tim Clarke. Then it's easy: \$9 million.

"If our state didn't have competitive incentives, that movie never would have been shot here, which means Buffalo would not have had the estimated \$9 million windfall and the job creation and retention that we experienced," he said.

Clarke said filmmakers make decisions based on finances. The producers of "Marshall," the story of Supreme Court Justice Thurgood Marshall who won the landmark *Brown v. Board of Education* case in 1954, said they shot scenes here because they love the region's architecture, but noted that if they couldn't justify it on their bottom line, they would have looked elsewhere. The same is true of the chase scenes on the Kensington Expressway for the *Turtles*.

Clarke said he can document what the tax credit has done for this region by noting what didn't get made here, starting with the film "Draft Day," which was supposed to be about the Buffalo Bills.

"At the time, a better incentive and financial deal was available in Ohio, so the studio changed the script and settled on shooting in Cleveland," he said.

At what cost?

McMahon does not dispute the idea that tax incentives for industry lead to hiring and more business.

"When you actually pay businesses to do something, they will do more of it," he said. "But that will by no means be proof that this policy was worth doing, any more than the boosterism surrounding the Film Credit is evidence of its wonderfulness as a matter of policy."

The problem, McMahon said, is that by their nature, tax credits target only certain industries while ignoring the others that also would dearly love to have state money to fall back on when times are rough.

"Manufacturing plants have a larger multiplier effect in the long run than a film or music producers. And while the state is now in the process of zeroing out its corporate net income tax on incorporated (but not closely held) manufacturing companies, that preference doesn't begin to equal what we're about to do for music producers and digital gamers – what we've already done for film and TV production, which is actually underwrite, with what amounts to a cash grant, an average of 25 to 35 percent of production costs.

“It’s not as if we don’t have \$50 million worth of need in other areas, ranging from broad-based tax cuts to infrastructure investment to education choice credits for poor families, to support for psychiatric treatment of the severely mental ill, or for community residences for the developmentally disabled, to name just a few programs.”

But Harvey noted that as long as those incentives exist, the music industry makes a compelling case to get its share.

“One problem has been that as creative people, musicians, engineers, songwriters and yes, even labels that make up the music ecology haven’t self-identified – we haven’t had a sense of the scale of our collective economic impact, particularly in New York,” Harvey said.

He cited a recent study that found that 150,000 people are employed by the music business in New York City alone.

“And yet, we think of ourselves as subculture,” he said. “It’s not a story that holds up, when we really look at the numbers.”

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