

Famous actress sees win for Hudson Valley, NY

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Elizabeth MacBride

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Key Points

- Media production in Georgia is a \$9.5 billion industry, thanks to tax credits, but now big Hollywood production companies, including Disney and Netflix, are threatening to leave the state because of a controversial abortion bill.
- New York's Hudson Valley offers a 45% tax credit for post-production costs.
- Actress Mary Stuart Masterson, known for "Some Kind of Wonderful" and "Fried Green Tomatoes," has been working for the past three years to start a film business in the region.



Mary Stuart Masterson, actress

Michael Yarish | CBS | Getty Images

When Hollywood companies started threatening to boycott Georgia in response to the state's new "heartbeat" abortion law, it was no mean threat. Media production in Georgia is a \$9.5 billion industry, thanks to super-generous tax credits that can wipe out state tax liability for production companies.

But there is one place that is off-the-beaten track that competes in terms of the richness of the credit: New York's Hudson Valley, which offers a 45% tax credit for post-production costs, meaning that almost half the money a film project spends on local labor and other costs comes straight off its state income tax bill.

The tax credit exists due in part due to efforts by an unlikely and strategic entrepreneur, film actress Mary Stuart Masterson. Masterson, 52, of "Some Kind of Wonderful" and "Fried Green Tomatoes," among many others, has been working for the past three years to start a \$4.5 million studio, training program, soundstage and post-production complex in the region of Kingston and Rhinebeck, New York. The first order of business was lobbying the New York legislature for a bigger tax break to make the area competitive with Georgia. The first year it was in effect was 2017.

Since 2000, there have been about 500 productions in the Valley, according to the Hudson Valley Film Commission, helping to create thousands of jobs and more than \$200 million for the local economy. There's already been a surge in productions filmed in the Valley since the tax credit, with 30 produced there in 2018, including a large one: Mark Ruffalo's "I Know This Much Is True," for HBO.

Eventually, Masterson hopes her small business will employ about 200 people and train many more for the wider industry.

"Originally, the idea was how do I work where I live?" says Masterson, who has four children under the age of eight with her third husband, actor Jeremy Davidson. She's sitting in a bright, trendy restaurant in Rhinebeck, a historic town in an area that's home to other A-list actors, including Paul Rudd and Liam Neeson, which came to fame a few years ago when Chelsea Clinton married here.

"Since Georgia passed its draconian abortion law, there has been a lot of press around pulling out of Georgia. The current governor campaigned on (the law), so I wonder if he will succumb to Hollywood pressure or not," said Masterson. "We would be happy to have even a fraction of what Georgia has."

She is referring to the fact that Disney, Netflix, WarnerMedia and NBCUniversal, among others, have said they will steer productions away from Georgia. States including Illinois and California are reportedly racing to lure the productions. New York City is a perennial powerhouse, but historically the Hudson Valley has gotten only a share of the business.

The 'creative economy'

Film is a golden business in terms of economic development because it brings money from outside a region — but it's only one segment of what's known as the creative economy, comprising film, fashion, music, games, online media and the arts. The creative economy's growth raises big questions about the jobs of the future, and the definition of a good job.

First, a little about the creative economy, a relatively new concept: The sector grew twice as fast as the U.S. economy from 2016 to 2018. A big part of the economic growth is being driven by the power of the cloud, which is allowing more distribution of creative work, including onto subscription platforms like Netflix.

There are more than 500 TV shows in production in the United States a year, a 20% increase in two years, according to Upriver Studios. TV shows generate \$25 million–\$60 million local spending per season.

The creative economy sparks lots of jobs, but there's not a clear window into what that means for the future. About 27 million people are employed in the creative economy, estimated the National Endowment for the Arts.

Masterson and her partner, former documentary film producer Beth Davenport, helped to attract Ruffalo's HBO production, "I Know This Much Is True," to the area this spring (before the abortion law). It's a family drama based on the Wally Lamb novel by the same name. It will be shooting in the area through September.

Part of Masterson's plan to build a film industry in the Hudson Valley includes job training — so far, she and Davenport have trained 70 people through a nonprofit they also founded, Stockade Works. They aim to train 100 more in the coming year.

The jobs in at least the film portion of the creative economy have relatively low pay. Three people who went through the training program and found jobs in film or other creative endeavors said the work was piecemeal and paid about \$200 a day after taxes. But in a relatively low-cost-of-living area like the Hudson Valley, where rents and mortgages are often less than \$1,000 a month, it's enough.

Brian Barney was a programmer for a hedge fund in New York City before he moved upriver. He downsized and went simple: "It's about not having your stuff own you," he said. He's worked on feature films and campaign ads and moved up to be a second assistant camera.

"I'm happy," he said.

Creative economy jobs are also relatively immune to the threat of artificial intelligence, research has found.

They also come with a certain glamour and the power — witness the potential boycott in Georgia — of being able to shape the public conversation.

"I think a lot about who tells their stories, who calls the shots, who gets the jobs and who sees themselves on screen. These are some of the media levers that can make impact happen," said Laura Callanan, a former senior deputy chairman of the National Endowment for the Arts, who co-founded Upstart CoLab to foster investment in the creative economy.

Other communities, including Lancaster, Pennsylvania, have invested in sparking creative economies, too. The small city about an hour and a half east of Philadelphia has received widespread recognition for its revival, started a policy of attracting creative, eventually landing more than 70 galleries, jewelry stores, “makers” spaces and entertainment industry businesses. A decade ago a study found that the arts supported nearly 1,100 jobs, according to Lancaster Mayor Danene Sorace.

“Arts open a window to conversations and connections that brings our community together,” says Sorace. “I’m especially excited about the way arts makes these kinds of connections in our neighborhoods.”

Investing in community redevelopment

Masterson’s venture is a case study in why the creative economy has been growing — and the forces present today that are likely to make it an increasingly important part of the U.S. economy.

One reason is the increase in impact investment funds: The [Global Impact Investing Network](#) estimates the size of the global impact investing market at \$502 billion. They are increasingly interested in creative economy projects because of their potential to drive economic growth in struggling communities.

Kingston, New York, one of the towns Mary Stuart Masterson is pitching as ideal for film productions.

A recent report identified 107 funds investing in the creative economy, including New Media Ventures, bMuse and Designer Fund, a number that is likely ballooning with the recent passage of Opportunity Zone tax credits. Passed during the Trump administration, the credits offer tax breaks during the life of an investment and wipe out capital gains taxes on investments in distressed census tracts.

Masterson and Davenport are raising about \$1 million to renovate a former furniture factory in a distressed census tract in Kingston, a community that never quite recovered when IBM closed its facility here in the 1990s. They plan to turn it into a small post-production facility and co-working space, in addition to a soundstage they are working on in a nearby warehouse.

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Mary Stuart Masterson

actress and entrepreneur

Masterson's project offers a portfolio of investment options, from debt, to equity, to tax credits, to tax write-offs through philanthropic donations. So far, Masterson said, the venture has raised about 60% of the \$3 million needed to build out the soundstage. The duo says investors can expect a 17% to 18% return on equity investment, total, over 10 years — but they've also set their sights higher, structuring the return as a capped dividend with security expiring after three times the investment return.

But Masterson's project is mostly all about the jobs, and making sure that when a production comes to town, there are people who live locally who are employed in it. That's important to avoid some of the tension between people who have lived in the Hudson Valley for decades and New York City transplants. There's a low murmur of "carpetbagger" that hangs over the celebrities who have moved to the Hudson Valley.

Masterson started Upriver, as she said, so she could work near her home. She lists two reasons she's stuck with her entrepreneurial project. The Hudson Valley is beautiful, but starting an industry from scratch is — well, maybe not as hard as having four children under the age of eight when you're in your early 50s.

"I like puzzles," she says with a laugh. She also likes the idea of creating jobs that help fulfill people and make them part of a team. "If you bring people together and centralize and facilitate the work, you can pull talent out of people that they didn't know they had," she says.

She and Davenport also know they're playing a role in setting standards at the birth of a new and rapidly growing part of the economy. The economic rewards have tended to fall with the big companies that control distribution, like Netflix, on the TV side, or Walt Disney. But it doesn't have to be that way if quality jobs become part of the conversation.

When she was in her early 20s, Masterson said, she was dismayed by the way the crew was treated on one of her productions, with long hours, no meals and no overtime. Sometimes, people will volunteer to work for free on productions.

Working to make sure the industry that is evolving in the Hudson Valley means helping people like Dame Lavie acquire skills and giving them the sense that they have allies at their back.

In an interview, Lavie, 28, says he's loved clothes since he was young. "I had to iron my clothes when I was 10," he says.

He got his start in the business at the only opportunity he had, working at H&M. When he heard about a regional press event for the corporation, he insisted on being sent and landed a gig as a fashion PR intern at Vera Wang; later, he moved to Los Angeles. But three years ago, he moved back to the Hudson Valley. When he heard about Stockade Works, it was like a door had opened.

He's working in the wardrobe department of Ruffalo's production. "It's still surreal," he said. "I can't believe something so large is in my backyard."