

January 24, 2024

To the Alliance of Community Media of New York:

In 2022, I co-authored a report (*Revenue Streams*) on your behalf that depicted the growth of streaming audio & video entertainment services (like Netflix & Spotify) and argued that these businesses represent an important opportunity funding opportunity for community media in New York. In the two years since *Revenue Streams* was completed, these companies have only grown bigger, producing ever-larger revenues as legacy media products and services (like DVDs and cable subscriptions) continue to wither. Consequently, the tax revenue opportunity for New York State offered by streaming entertainment is greater today than even two years ago.

For the 2022 report and this update, I rely primarily on SEC-required financial reports offered by major streaming providers to estimate the amount of revenue the companies capture from subscribers in New York. In 2022, I estimated that the entertainment services I analyzed were generating \$4.87 billion annually in New York. Today, I believe that these streaming services are collecting \$5.45 billion annually in New York.

Though streamers today are promoting lower-cost subscriptions that allow for advertising as a gambit to diversify their revenues, digital entertainment subscription revenue is still growing as monthly prices rise and premium content moves online. Access to live sports, perhaps the last stronghold of cable television, is now clearly transitioning to streaming. For example, the NFL Sunday Ticket moved to YouTube TV, Apple partnered with the MLS to stream all of its games (including those of Lionel Messi), Netflix signed a \$5 billion deal with WWE, and recently Amazon moved to bail out collapsing regional sports networks nationally. And, while the revenue for satellite TV providers is eroding quickly, my model suggests that their decline has been more than offset by the growth of streamers—and that DirecTV and Dish are, themselves, transitioning to streaming products.

In sum, I project that the proposed 5% tax on digital entertainment in the Community Media Reinvestment Act represents a revenue opportunity of more than \$275 million annually for New York. In the enclosure, I offer more detail to ground this estimate: just taxing the 17 services I depict would likely yield \$270+ million annually. This estimate omits potential revenue from extending the sales tax to downloads (vs. streams) of digital movies and songs as well as revenue from services like Apple TV+, Paramount+, and Amazon Prime Video that I cannot reliably model (but which are clearly substantial and already remit taxes in other locales). With this in mind, my estimates likely underestimate the total revenue produced by the streaming entertainment sector since my models only include the revenue generated by a subset of the many digital entertainment providers.

Community media are vital to the health and prosperity of our nation. I am pleased to support your legislative efforts and I would be happy to further discuss my methodology or results.



# Updated Community Media Reinvestment Act Annual Revenue Projections

Service	Streaming Revenue		5% Total Collected	2% for PEG	2% for Municipalities	1% NYS General Fund	...vs. Florida's CST of 15%
	USA	NYS					
Netflix	\$14,087,634,021	\$842,440,514	\$42,122,026	\$16,848,810	\$16,848,810	\$8,424,405	\$126,366,077
Disney+	\$3,749,897,812	\$224,243,889	\$11,212,194	\$4,484,878	\$4,484,878	\$2,242,439	\$33,636,583
Warner-Discover	\$8,716,000,000	\$521,216,800	\$26,060,840	\$10,424,336	\$10,424,336	\$5,212,168	\$78,182,520
Hulu	\$6,379,548,000	\$381,496,970	\$19,074,849	\$7,629,939	\$7,629,939	\$3,814,970	\$57,224,546
Hulu Live	\$4,972,416,000	\$297,350,477	\$14,867,524	\$5,947,010	\$5,947,010	\$2,973,505	\$44,602,572
YouTube TV	\$5,693,220,000	\$340,454,556	\$17,022,728	\$6,809,091	\$6,809,091	\$3,404,546	\$51,068,183
YouTube NFL Ticket	\$323,700,000	\$19,357,260	\$967,863	\$387,145	\$387,145	\$193,573	\$2,903,589
Sling TV	\$1,144,800,000	\$68,459,040	\$3,422,952	\$1,369,181	\$1,369,181	\$684,590	\$10,268,856
ESPN+	\$1,666,080,000	\$99,631,584	\$4,981,579	\$1,992,632	\$1,992,632	\$996,316	\$14,944,738
FuboTV	\$1,327,381,696	\$79,377,425	\$3,968,871	\$1,587,549	\$1,587,549	\$793,774	\$11,906,614
Peacock	\$3,360,000,000	\$200,928,000	\$10,046,400	\$4,018,560	\$4,018,560	\$2,009,280	\$30,139,200
Spotify	\$5,068,000,000	\$303,066,400	\$15,153,320	\$6,061,328	\$6,061,328	\$3,030,664	\$45,459,960
Apple Music	\$3,728,136,000	\$222,942,533	\$11,147,127	\$4,458,851	\$4,458,851	\$2,229,425	\$33,441,380
YouTube Music & Premium	\$3,524,400,000	\$210,759,120	\$10,537,956	\$4,215,182	\$4,215,182	\$2,107,591	\$31,613,868
Amazon Music	\$3,164,400,000	\$189,231,120	\$9,461,556	\$3,784,622	\$3,784,622	\$1,892,311	\$28,384,668
DirectTV	\$14,220,000,000	\$850,356,000	\$42,517,800	\$17,007,120	\$17,007,120	\$8,503,560	\$127,553,400
Dish	\$10,080,000,000	\$602,784,000	\$30,139,200	\$12,055,680	\$12,055,680	\$6,027,840	\$90,417,600
<b>Total</b>	<b>\$91,205,613,529</b>	<b>\$5,454,095,689</b>	<b>\$272,704,784</b>	<b>\$109,081,914</b>	<b>\$109,081,914</b>	<b>\$54,540,957</b>	<b>\$818,114,353</b>

Estimates drawn primarily from most recent corporate quarterly financial reports.