



SB 459 Tax Credit Sales at Increased Discounts

Testimony for Senate Finances and Revenue – Jody Wisner – 1.31.2019

We oppose this bill and offer a different solution.

What the bill attempts to do is respond to a change in Federal tax rules allowing the purchase of these tax credits to be treated as donations. That rule change makes the tax credit mechanism less viable without deep discounts.

The two tax credit programs currently are authorized to sell \$14 million each of state tax credits, with sales at 95% or more of value. The bill increases the discount to 90%. That is unlikely to be enough, few taxpayers have Federal tax rates as low as 5% or 10%.

At 90% we would basically be giving \$2,800,000 to a small number of wealthy tax credit investors, rather than the current \$1,400,000.

Instead of moving this measure forward, why don't we simply end the marketing of these two tax credits, and instead put \$12,500,000 directly into each of the two budgets?

That would eliminate all the government costs of marketing and tracking the tax credits, The cost to the General Fund would be similar. The benefit to the two programs would be equivalent and state government would become more efficient.

As this bill's relating clause is rather tight: *Relating to reserve amounts in tax credit auctions; creating new provisions; amending ORS 315.514 and section 2, chapter 108, Oregon Laws 2018; and prescribing an effective date*, the change would take a different set of bills, one ending the programs and another for budget requests.

Already most of the Opportunity Grant program is subject to appropriations, this was an effort to test a way of undoing the effects of the SALT limitations. It didn't work. Except for history, there is no logical reason why the film industry shouldn't also be a simple budget allocation. Tax credits happens to be the way the Film and Video subsidies got started in 2003, and it worked for a time. With the change in the Federal treatment of the marketable tax credits, it is not the way to go forward.

We read the bills and follow the money