

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number: SB 43
Revenue Area: Income Taxes
Economist: Kyle Easton
Date: 3/3/2021

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Extends sunset of the Greenlight Oregon Labor Rebate program from January 1, 2024 to January 1, 2030. Extends sunset of tax credit for certified film production development contributions from January 1, 2024 to January 1, 2030.

Revenue Impact (in \$Millions):

	Biennium		
	2021-23	2023-25	2025-27
Greenlight Labor Rebate		-\$4.8	-\$9.8
Labor Rebate Subtraction		-\$0.4	-\$0.8
OPIF Auction Credit		-\$13.5	-\$27.5
Total General Fund		-\$18.8	-\$38.2
Fund Receipts			
Greenlight Oregon Labor Rebate (GOLR)*		\$4.8	\$9.8
Oregon Production Investment Fund (OPIF)*		\$12.7	\$25.4

*Receipts subsequently distributed to qualifying film and video productions

Impact Explanation:

The impact reflects estimates of three provisions related to measure. Both the Greenlight Labor Rebate and the OPIF auction credit function as respective funding sources for the Greenlight Oregon Labor Rebate (GOLR) fund and Oregon Production Investment Fund (OPIF). Both funds subsequently distribute dollars to qualifying film and video productions in Oregon.

Greenlight Labor Rebate displays estimated impact of the redirection of withholding tax dollars from the General Fund to the GOLR fund with amounts subsequently distributed to qualifying film and video productions in Oregon. GOLR distributions are considered taxable under federal income tax laws. Oregon law allows the recipients to subtract such distributions for Oregon income tax purposes.

Estimate for OPIF auction credit reflects income tax credits available to individuals or corporations that purchase tax credits at an auction conducted by the Department of Revenue. Proceeds of the tax credit auction go to the OPIF. OPIF funds are used to reimburse qualified expenses of qualified film and video productions in Oregon. The maximum annual amount of credits that may be auctioned is \$14 million. In recent auctions, full allotment of tax credits have been successfully sold at an average price of 91% of credit face value. As credits are auctioned in \$500

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increments, this converts into an average purchase price of \$454 for a \$500 credit (minimum allowed purchase price is \$450). Estimates assume auction success continuing in 2023-25 and 2025-27 biennia.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of the subtraction is to maximize the value of the Greenlight Oregon Labor Rebate Fund.

The policy purpose of the credit is to provide a financial return for qualified contributions to the Oregon Production Investment Fund thereby encouraging film and video production in Oregon and strengthening Oregon's film and video industry infrastructure by bringing in more production spending.