

SB 43 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Action Date: 03/04/21

Action: Do pass and requesting referral to Tax Expenditures.

Vote: 5-0-0-0

Yeas: 5 - Boquist, Burdick, Findley, Riley, Wagner

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 1/28, 3/4

WHAT THE MEASURE DOES:

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.

ISSUES DISCUSSED:

- Economic spending that occurs relating to film and video productions locating in Oregon
- Credit is not transferable or able to be sold on a secondary market
- General discussion of credit transfers
- Recent credit sales, ability to auction full allotment of credits
- Oregon's ability to attract film and video productions
- Other states with film and video production incentives, Oregon in competition with such states in attracting such productions
- Existing and potential demand for Oregon film and video production incentives.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Greenlight Oregon Labor Rebate (GOLR) program is a rebate of up to 6.2% of payroll for businesses with at least \$1 million of production expenses in Oregon. The program was established in 2005 and is administered by the Oregon Film and Video Office. Businesses remit withholding taxes to the Oregon Department of Revenue (DOR) during production. The DOR then transfers eligible funds to the GOLR account. Under current law, the Film & Video Office may not issue any rebates on or after January 1, 2024.

Income tax credits are available to individuals or corporations that purchase tax credits at an auction conducted by the Department of Revenue (DOR). DOR administers the auctions in cooperation with the Oregon Film and Video Office. Proceeds of the tax credit auction go to the Oregon Production Investment Fund (OPIF). The maximum annual amount of credits that may be auctioned is \$14 million. Credit certificates are distributed in order of highest bid received as a percentage of credit value. A reserve bid price is announced prior to the auction and is required by statute to be at least 90% of the total amount of the tax credit. Under current law, a taxpayer is not eligible for an OPIF auctioned tax credit for tax years beginning on or after January 1, 2024.