

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office

Bill Number:	HB 2093
Revenue Area:	Personal Income & Corp. Income/Excise Taxes
Economist:	Kyle Easton
Date:	2/22/2023

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

Measure Description:

Aligns applicability period for statutory provisions of tax credit for certified film production development contributions with the sunset date of the tax credit.

Revenue Impact: See impact explanation

Impact Explanation:

While the sunset for the film production development tax credit is January 1, 2030, two component pieces (auction timing, auction reserve price) of the tax credit are scheduled to sunset as of January 1, 2024.

The first piece relates to the timing of the tax credit auction where credit auctions are allowed to occur no later than April 15 and taxpayers are allowed to use the tax credit in the immediate prior tax year if the taxpayer has not already filed their tax return for that year. The three most recent tax credit auctions for the film tax credit have each successfully sold all available tax credits at their fall auction. Extending the sunset continues the option for holding a tax credit auction up to April 15 and for taxpayers to possibly claim such tax credits on their prior year tax return.

The second tax credit auction component piece being extended relates to the auction reserve price for the tax credits. The reserve price is the minimum amount a credit may be purchased for at auction and is 90 percent of the face value of the tax credit. Absent sunset extension, the reserve price will increase to 95 percent for tax years beginning on or after January 1, 2024. In the most recent tax credit auction held in the fall of 2022, about 65% of credits were purchased at a price less than 95 percent. In the 2019 through 2021 auctions, more than 90% of credits sold were sold at a price below 95 percent. Based on the results of these most recent auctions, not maintaining the reserve price at 90 percent may reduce the total amount of tax credits sold thereby reducing transfers to the Oregon Production Investment Fund and increasing General Fund revenue.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to align statutory provisions of the film production development contributions tax credit with the underlying sunset of the tax credit.