

House Bill 2523

Sponsored by Representative EVANS (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act increases the amount of the tax credit allowed for people who make local films and extends the credit sunset. (Flesch Readability Score: 60.6).

Increases the amount of reimbursement from the Oregon Production Investment Fund that is available to a local filmmaker or media production services company. Applies to fiscal years beginning on or after July 1, 2025.

Extends the sunset on the tax credit for certified film production development contributions to Oregon Production Investment Fund.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to incentives for film production or media production; creating new provisions; amending
3 ORS 284.368 and 315.514 and section 77, chapter 736, Oregon Laws 2003; and prescribing an ef-
4 fective date.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1.** ORS 284.368 is amended to read:

7 284.368. (1) As used in this section:

8 (a) "Actual Oregon expenses" means the costs paid in Oregon for principal photography, pro-
9 duction or postproduction in Oregon of a film, or for media production services, including but not
10 limited to the purchase or rental cost of equipment, food, lodging, real property and permits and
11 payments made for salaries, wages and benefits for work in Oregon.

12 (b) "Film" means a television movie or one or more episodes of a single television series, or a
13 movie produced for release to theaters, video or the Internet. "Film" does not include the production
14 of a commercial or one or more segments of a newscast or sporting event.

15 (c) "Filmmaker" means a person who owns a television or film production company.

16 (d) "Local filmmaker" means a person who owns a television or film production company that
17 has its principal place of business in this state.

18 (e) "Local media production project" means, if made or performed by a local media production
19 services company, a single interactive video game or a portion thereof, or postproduction services
20 for a single film.

21 (f) "Local media production services company" means a media production services company that
22 has its principal place of business in this state.

23 (g) "Media production services" includes postproduction services and interactive video game
24 development. "Media production services" does not include the production of a commercial or one
25 or more segments of a newscast or sporting event.

26 (h) "Media production services company" means a person who is engaged in media production
27 services.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (i) "Portland metropolitan zone" means the area within a 30-mile radius of the center of the
2 Burnside Bridge in Portland.

3 (j) "Resident of this state" has the meaning given that term in ORS 316.027.

4 (2)(a) The Oregon Business Development Department may reimburse a filmmaker or local media
5 production services company for a portion of the actual Oregon expenses incurred by the filmmaker
6 or local media production services company.

7 (b) Maximum reimbursement for a single film or a single local media production project shall
8 be the total of:

9 (A) 20 percent of payments made for employee salaries, wages and benefits for work done in
10 Oregon; and

11 (B) 25 percent of all other actual Oregon expenses.

12 (c) Notwithstanding paragraph (b) of this subsection, maximum reimbursement for a single film
13 may not exceed 50 percent of total moneys received by the Oregon Production Investment Fund
14 during the biennium in which the actual Oregon expenses are incurred.

15 (d) To qualify for reimbursement under this subsection, total actual Oregon expenses for a film
16 or a local media production project must equal or exceed \$1 million.

17 (3)(a) The department may reimburse a local filmmaker or local media production services
18 company for all or a portion of the actual Oregon expenses, up to [*\$1 million*] **\$2 million**, incurred
19 by the local filmmaker or local media production services company.

20 (b) To qualify for reimbursement under this subsection:

21 (A) Total actual Oregon expenses paid for the film or media production services must be at least
22 \$75,000;

23 (B) The local filmmaker or local media production services company must have spent 80 percent
24 of the film's payroll on employees who are residents of this state; and

25 (C) The local filmmaker or local media production services company must have employed or
26 contracted with a public accountant certified under ORS 673.040 for the provision of payroll ser-
27 vices.

28 (4) In combination with the reimbursements allowed under subsections (2) and (3) of this section,
29 the department may make an additional payment to a filmmaker for one of the following:

30 (a) A travel and living expenses rebate of \$200 per employee per day, for any day that a film is
31 shot entirely outside the Portland metropolitan zone, not to exceed \$10,000 per day or \$50,000 per
32 film; or

33 (b) An increase of 10 percent of the amount otherwise allowable under subsections (2) and (3)
34 of this section, if for at least six days and at least one day more than half of its total shoot days in
35 Oregon the film is shot entirely outside the Portland metropolitan zone.

36 (5) Reimbursement under this section shall be made from moneys credited to or deposited in the
37 Oregon Production Investment Fund during the biennium in which the actual Oregon expenses were
38 paid or any prior biennium. A reimbursement may not be made to the extent funds are not available
39 in the fund to make the reimbursement.

40 (6)(a) Total actual Oregon expenses supporting a claim for reimbursement under this section
41 must be verified by the Oregon Film and Video Office. The filmmaker or local media production
42 services company must submit to the office proof of the actual Oregon expenses. The proof must
43 include any documentation that may be required by the office in its discretion to verify the actual
44 Oregon expenses.

45 (b) The office may charge the filmmaker or local media production services company for costs

1 reasonably incurred to verify the actual Oregon expenses, including but not limited to the cost for
2 a review or audit of the supporting documentation by an accountant or auditor. The office may re-
3 quire the department to deduct the costs incurred by the office in performing its review or audit
4 from any reimbursement made to the filmmaker or local media production services company under
5 this section.

6 (c) The office may adopt rules that establish a procedure for the submission and verification of
7 actual Oregon expenses.

8 **SECTION 2.** ORS 315.514 is amended to read:

9 315.514. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the
10 taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified film
11 production development contributions made by the taxpayer to the Oregon Production Investment
12 Fund established under ORS 284.367.

13 (2)(a) The Department of Revenue shall, in cooperation with the Oregon Film and Video Office,
14 conduct an auction of tax credits under this section. The auction may be conducted no later than
15 April 15 following December 31 of any tax year for which the credit is allowed. The department may
16 conduct the auction in the manner that it determines is best suited to maximize the return to the
17 state on the sale of tax credit certifications and shall announce a reserve bid prior to conducting
18 the auction. The reserve amount shall be at least 90 percent of the total amount of the tax credit.
19 Moneys necessary to reimburse the department for the actual costs incurred by the department in
20 administering an auction, not to exceed 0.25 percent of auction proceeds, are continuously appro-
21 priated to the department. The department shall deposit net receipts from the auction required un-
22 der this section in the Oregon Production Investment Fund.

23 (b) The Oregon Film and Video Office shall adopt rules in order to achieve the following goals:

24 (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of
25 \$20 million are certified for each fiscal year;

26 (B) Maximize income and excise tax revenues that are retained by the State of Oregon for state
27 operations; and

28 (C) Provide the necessary financial incentives for taxpayers to make contributions, taking into
29 consideration the impact of granting a credit upon a taxpayer's federal income tax liability.

30 (3) Contributions made under this section shall be deposited in the Oregon Production Invest-
31 ment Fund.

32 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided
33 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit
34 under this section to the extent the amount certified for tax credit, when added to all amounts
35 previously certified for tax credit under this section, does not exceed \$20 million for the fiscal year
36 in which certification is made.

37 (b) The Oregon Film and Video Office may issue a certification for a credit under this section,
38 and a credit may be allowed, for the tax year in which a contribution is made, or for the tax year
39 immediately preceding the tax year in which a contribution is made and for auctions conducted no
40 later than April 15 following December 31 of any tax year for which the credit is allowed, if no re-
41 turn has yet been filed for the preceding tax year.

42 (c) The Oregon Film and Video Office and the department are not liable, and a refund of a
43 contributed amount need not be made, if a taxpayer who has received tax credit certification is
44 unable to use all or a portion of the tax credit to offset the tax liability of the taxpayer.

45 (5) To the extent the Oregon Film and Video Office does not certify contributed amounts as el-

1 eligible for a tax credit under this section, the taxpayer may request a refund of the amount the tax-
 2 payer contributed, and the office shall refund that amount.

3 (6)(a) Except as provided in paragraph (b) of this subsection, a tax credit claimed under this
 4 section may not exceed the tax liability of the taxpayer and may not be carried over to another tax
 5 year.

6 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
 7 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next
 8 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
 9 forward and used in the second succeeding tax year, and likewise, any credit not used in that second
 10 succeeding tax year may be carried forward and used in the third succeeding tax year but may not
 11 be carried forward for any tax year thereafter.

12 (c) A taxpayer is not eligible for a tax credit under this section if the first tax year for which
 13 the credit would otherwise be allowed begins on or after January 1, [2030] **2034**.

14 (7) If a tax credit is claimed under this section by a nonresident or part-year resident taxpayer,
 15 the amount shall be allowed without proration under ORS 316.117.

16 (8) If the amount of contribution for which a tax credit certification is made is allowed as a
 17 deduction for federal tax purposes, the amount of the contribution shall be added to federal taxable
 18 income for Oregon tax purposes.

19 **SECTION 3.** Section 77, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 913,
 20 Oregon Laws 2009, section 17, chapter 730, Oregon Laws 2011, section 42, chapter 701, Oregon Laws
 21 2015, and section 34, chapter 525, Oregon Laws 2021, is amended to read:

22 **Sec. 77.** ORS 315.514 applies to tax years beginning on or after January 1, 2005, and before
 23 January 1, [2030] **2034**, and to tax credit certifications issued by the Oregon Film and Video Office
 24 on or after July 1, 2005.

25 **SECTION 4. The amendments to ORS 284.368 and 315.514 by sections 1 and 2 of this 2025**
 26 **Act apply to fiscal years beginning on or after July 1, 2025.**

27 **SECTION 5. This 2025 Act takes effect on the 91st day after the date on which the 2025**
 28 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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