

HB 2072A and HB 2898A Increasing Incentives for Oregon's Film and Video Industry

House Revenue Committee 4/27/2015 David R. Roth



These two bills double the annual tax credits allotted to this industry from \$10 million to \$20 million and double the allowable payment per project from \$1 million to \$2 million. They also extend their current sunset dates from 2018 to 2024.

In 2011 the tax credit limit was \$1.7 million. It jumped to \$5.6 million in 2012, and now it's \$10 million. The policy of sunsetting tax credits and other business incentives was established precisely to prevent runaway increases like this. The Joint Tax Credit Committee was created for the same reason.

The proponents of this bill would have the desires of their industry supersede the intentions of the Legislature. But this committee has to weigh the interests of this industry with other interests, including the interests of homeless children and the schools they need.

Industry proponents complain that the current tax expenditure is clearly insufficient because the credits are being used up within just a few months. Being only concerned with themselves, they offer only one solution: double the total expenditure and double the total payment allowed for each project.

Here's another way to look at this supposed problem. Perhaps the amount of the subsidy (up to \$1 million) is too rich. A million dollar limit allows for as few as 10 projects. If we want to double the number of projects, why not cut the limit from \$1 million to \$500,000 and see what happens? It might very well bring substantially more projects than before. It would certainly save the state \$10 million that could be spent for something else. If this Committee did that this session, the next legislature would have a lot more useful information for its sunset review.

TFO understands how appealing the publicity value of film and video seems to Oregonians who hope that it will increase tourism enough to compensate for fluctuations in our economy. But we also know that the best way to increase prosperity is to increase investment in year-round industries. Over and over businesses who have considered Oregon as a place to move have said that they were most interested in the health of the state's schools and universities. By some measures, Oregon's public education is near the bottom. We're not going to escape that trap by giving money to the film and video industry, no matter how much they get.

We read the bills and follow the money