

**A-Engrossed**  
**Senate Bill 872**

Ordered by the Senate April 28  
Including Senate Amendments dated April 28

Sponsored by Senator BURDICK, Representatives WILLIAMSON, READ; Senators BATES, ROSENBAUM, STEINER HAYWARD

**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.

Increases amount of maximum total tax credits for certified film production development contributions for fiscal year. **Allows for reimbursement for local media production projects from principal portion of Oregon Production Investment Fund.** Limits amount of expense reimbursement from principal portion of fund for filmmakers other than local filmmakers **and for local media production projects.** Increases limit on reimbursement for local filmmaker or media production services company.

Applies to fiscal years beginning on or after July 1, 2015.  
Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to certified film production development contributions; creating new provisions; amending  
3 ORS 284.367, 284.368 and 315.514; and prescribing an effective date.

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

5 **SECTION 1.** ORS 284.367 is amended to read:

6 284.367. (1) The Oregon Production Investment Fund is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Production Investment Fund  
7 shall be credited to the fund.  
8

9 (2) Moneys in the Oregon Production Investment Fund shall consist of:

10 (a) Amounts donated to the fund;

11 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative Assembly;

12 (c) Other amounts deposited in the fund from any source; and

13 (d) Interest earned by the fund.

14 (3) [*Ninety-five*] **Ninety-two and one-half** percent of moneys in the fund are continuously appropriated to the Oregon Business Development Department for the purposes of making:  
15

16 (a) Reimbursements to filmmakers **or local media production services companies** under ORS  
17 284.368;

18 (b) Payments to a tax credit marketer for marketing services provided by the marketer as described in ORS 284.369; and  
19

20 (c) Refunds described in ORS 315.514 (5).

21 (4) [*Five*] **Seven and one-half** percent of moneys in the fund are continuously appropriated to  
22 the department for the purpose of making reimbursements to local filmmakers or local media production services companies under ORS 284.368 (3). Total annual reimbursements to local media  
23 production services companies **under this subsection** may not exceed [*five*] **seven and one-half**  
24

**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 percent of the moneys deposited annually in the fund. On July 1 of each fiscal year, any moneys that  
2 remain unexpended or unallocated from the previous fiscal year may be used by the department for  
3 the purpose of making reimbursements to filmmakers **or local media production services compa-**  
4 **nies** under ORS 284.368 (2).

5 (5) Expenditures from the fund are not subject to ORS 291.232 to 291.260.

6 **SECTION 2.** 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 a single interactive video game or a portion**  
19 **thereof, or postproduction services for a single film.**

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

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

25 [(g)] (h) "Media production services company" means a person who is engaged in media pro-  
26 duction services.

27 [(h)] (i) "Resident of this state" has the meaning given that term in ORS 316.027.

28 (2)(a) The Oregon Business Development Department may reimburse a filmmaker **or local media**  
29 **production services company** for a portion of the actual Oregon expenses, **up to \$5.5 million,**  
30 incurred by the filmmaker **or local media production services company.**

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

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

35 (B) 20 percent of all other actual Oregon expenses.

36 (c) To qualify for reimbursement under this subsection, total actual Oregon expenses for the film  
37 **or local media production project** must equal or exceed \$1 million.

38 (3)(a) The department may reimburse a local filmmaker or local media production services  
39 company for all or a portion of the actual Oregon expenses, up to [*\$1 million*] **\$5.5 million,** incurred  
40 by the local filmmaker or local media production services company.

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

42 (A) Total actual Oregon expenses paid for the film or media production services must be at least  
43 \$75,000;

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

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

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

8 (5)(a) Total actual Oregon expenses supporting a claim for reimbursement under this section  
9 must be verified by the Oregon Film and Video Office. The filmmaker or local media production  
10 services company must submit to the office proof of the actual Oregon expenses. The proof must  
11 include any documentation that may be required by the office in its discretion to verify the actual  
12 Oregon expenses.

13 (b) The office may charge the filmmaker or local media production services company for costs  
14 reasonably incurred to verify the actual Oregon expenses, including but not limited to the cost for  
15 a review or audit of the supporting documentation by an accountant or auditor. The office may re-  
16 quire the department to deduct the costs incurred by the office in performing its review or audit  
17 from any reimbursement made to the filmmaker or local media production services company under  
18 this section.

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

21 **SECTION 3.** ORS 315.514 is amended to read:

22 315.514. (1) A credit against the taxes that are otherwise due under ORS chapter 316 or, if the  
23 taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified film  
24 production development contributions made by the taxpayer during the tax year to the Oregon  
25 Production Investment Fund established under ORS 284.367.

26 (2)(a) The Department of Revenue shall, in cooperation with the Oregon Film and Video Office,  
27 conduct an auction of tax credits under this section. The department may conduct the auction in the  
28 manner that it determines is best suited to maximize the return to the state on the sale of tax credit  
29 certifications and shall announce a reserve bid prior to conducting the auction. The reserve amount  
30 shall be at least 95 percent of the total amount of the tax credit. Moneys necessary to reimburse  
31 the department for the actual costs incurred by the department in administering an auction, not to  
32 exceed 0.25 percent of auction proceeds, are continuously appropriated to the department. The de-  
33 partment shall deposit net receipts from the auction required under this section in the Oregon Pro-  
34 duction Investment Fund.

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

36 (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of  
37 [~~\$10~~] **\$14** million are certified for each fiscal year;

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

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

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

44 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided  
45 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit

1 under this section to the extent the amount certified for tax credit, when added to all amounts  
2 previously certified for tax credit under this section, does not exceed [~~\$10~~] **\$14** million for the fiscal  
3 year in which certification is made.

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

7 (5) To the extent the Oregon Film and Video Office does not certify contributed amounts as el-  
8 igible for a tax credit under this section, the taxpayer may request a refund of the amount the tax-  
9 payer contributed, and the office shall refund that amount.

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

13 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a  
14 particular tax year may be carried forward and offset against the taxpayer's tax liability for the next  
15 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried  
16 forward and used in the second succeeding tax year, and likewise, any credit not used in that second  
17 succeeding tax year may be carried forward and used in the third succeeding tax year but may not  
18 be carried forward for any tax year thereafter.

19 (c) A taxpayer is not eligible for a tax credit under this section if the first tax year for which  
20 the credit would otherwise be allowed begins on or after January 1, 2018.

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

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

26 **SECTION 4. The amendments to ORS 284.367, 284.368 and 315.514 by sections 1 to 3 of this**  
27 **2015 Act apply to fiscal years beginning on or after July 1, 2015.**

28 **SECTION 5. This 2015 Act takes effect on the 91st day after the date on which the 2015**  
29 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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