

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 459 - A

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Decreases reserve amounts in auctions for tax credits for certified Opportunity Grant contributions and certified film production development contributions.

Government Unit(s) Affected:

Department of Revenue (DOR), Higher Education Coordinating Commission (HECC), Oregon Film Office

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:

Under current law, tax credits are available to individuals or corporations that purchase them at an auction. The Department of Revenue (DOR) conducts these auctions, in cooperation with the Oregon Film and Video Office and the Higher Education Coordinating Commission. Proceeds from the auction(s), which are not to exceed \$14 million individually (\$28 million together), go to either the Oregon Production Investment Fund or the Oregon Opportunity Grant Fund.

The measure would reduce the reserve bidding amount (i.e., the minimum purchase price) for the auction of tax credits from at least 95 percent to 90 percent. The reduction would apply to any auction occurring on or after January 1, 2019. Auctions would need to be held each year no later than April 15. The measure would take effect 91 days after the 2019 Legislature adjourns *sine die*.

Department of Revenue

DOR expects to hold no more than two auctions per year, one for each credit type. DOR is to be reimbursed 0.25 percent of the proceeds from each auction. DOR would need to sell \$10 million in credits in each auction to cover the cost of administering the auction (\$25,200). Because the measure would reduce the reserve bidding amount, it could theoretically reduce the auction's net proceeds, which would in turn reduce the percentage of the proceeds that DOR would be reimbursed. Assuming DOR holds only two auctions per year and they both reach the \$10 million threshold, the measure would have no fiscal impact on DOR. However, if these assumptions do not hold true, DOR might have a fiscal impact that exceeds the DOR limitation found in statute. Although the fiscal impact of the measure would largely depend on how many credits are sold at auction, the measure is expected to have a minimal fiscal on DOR.

Higher Education Coordinating Commission

The reduction in reserve amounts from 95 percent to 90 percent would not directly affect the administration of the Oregon Opportunity Grant by the Higher Education Coordinating Commission (HECC). However, the measure could reduce the total funds the Oregon Opportunity Grant Fund receives in future auctions. Though unknown at this time, the measure is expected to have a minimal fiscal on HECC.

Oregon Film and Video Office

The reduction in reserve amounts from 95 percent to 90 percent would not directly affect the administration of the Oregon Film and Video Office (OFVO). However, the measure could reduce the total funds the Oregon

Production Investment Fund receives in future auctions. Though unknown at this time, the measure is expected to have a minimal fiscal on OFVO.