

Senate Bill 43

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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**.

Extends sunsets for labor rebate for qualifying film production and tax credit for certified film production development contributions.

A BILL FOR AN ACT

1
2 Relating to economic incentives for film production; amending ORS 315.514 and section 77, chapter
3 736, Oregon Laws 2003, and section 1a, chapter 559, Oregon Laws 2005.

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

5 **SECTION 1.** Section 1a, chapter 559, Oregon Laws 2005, as amended by section 16, chapter 730,
6 Oregon Laws 2011, and section 2, chapter 38, Oregon Laws 2017, is amended to read:

7 **Sec. 1a.** The Oregon Film and Video Office may not issue a qualifying film production labor
8 rebate certificate under section 1, chapter 559, Oregon Laws 2005, on or after January 1, [2024]
9 **2030.**

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

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

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

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

26 (A) Subject to paragraph (a) of this subsection, generate contributions for which tax credits of
27 \$14 million are certified for each fiscal year;

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

30 (C) Provide the necessary financial incentives for taxpayers to make contributions, taking into

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 consideration the impact of granting a credit upon a taxpayer’s federal income tax liability.

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

4 (4)(a) Upon receipt of a contribution, the Oregon Film and Video Office shall, except as provided
5 in ORS 315.516, issue to the taxpayer written certification of the amount certified for tax credit
6 under this section to the extent the amount certified for tax credit, when added to all amounts
7 previously certified for tax credit under this section, does not exceed \$14 million for the fiscal year
8 in which certification is made.

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

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

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

18 (b) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
19 particular tax year may be carried forward and offset against the taxpayer’s tax liability for the next
20 succeeding tax year. Any credit remaining unused in the next succeeding tax year may be carried
21 forward and used in the second succeeding tax year, and likewise, any credit not used in that second
22 succeeding tax year may be carried forward and used in the third succeeding tax year but may not
23 be carried forward for any tax year thereafter.

24 (c) A taxpayer is not eligible for a tax credit under this section if the first tax year for which
25 the credit would otherwise be allowed begins on or after January 1, [2024] **2030**.

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

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

31 **SECTION 3.** Section 77, chapter 736, Oregon Laws 2003, as amended by section 1, chapter 913,
32 Oregon Laws 2009, section 17, chapter 730, Oregon Laws 2011, and section 42, chapter 701, Oregon
33 Laws 2015, is amended to read:

34 **Sec. 77.** ORS 315.514 applies to tax years beginning on or after January 1, 2005, and before
35 January 1, [2024] **2030**, and to tax credit certifications issued by the Oregon Film and Video Office
36 on or after July 1, 2005.

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