

Lawmakers may decide to continue film subsidies

The Associated Press

April 3, 2011

A state House committee on Friday advanced a plan to extend tax incentives credited with luring Hollywood producers to Oregon.

The tax credits will expire Jan. 1 unless lawmakers vote to extend them. The Transportation and Economic Development Committee voted 6-9 to support an extension and sent the bill to a joint tax-credit review committee, which will iron out key details including how much the program will cost.

The 8-year-old Oregon Production Investment Fund reimburses film and television producers for up to 10 percent of wages and benefits for Oregon-based workers, and 20 percent of other expenses incurred in Oregon.

Money in the fund comes largely from donations from individuals and corporations, who get a tax credit to offset their gift, plus an additional 5 percent to 11 percent.

For donors to the fund, HB 2167 would extend the tax credits through 2017. Proponents initially proposed increasing the total available funding from \$7.5 million per year to \$20 million per year, but the committee on Friday stripped the maximum cost from the bill for a future decision.

Supporters say the film subsidies create jobs on film crews and draw Hollywood visitors to local hotels and restaurants.

"This is going to be the biggest year ever for Oregon film, and it's 100 percent thanks to the film incentives," said Lana Veenker, a Portland casting firm owner who has done work for TNT drama "Leverage" and the NBC pilot "Grimm," among other productions.

Veenker says her 11-year-old company would not be in business without the film subsidies because the economic downturn severely cut into her revenue from casting for television commercials.

Officials credit the fund for \$62 million in film, television and commercial production spending in 2009.

Rep. Jefferson Smith, D-Portland, said the film subsidy tax credits seem to do a good job encouraging investments that wouldn't otherwise come to Oregon.

But critics contend any new jobs are mostly temporary. And, they say, the tax credits that pay for film subsidies disproportionately help wealthy taxpayers who can make thousands in profits from the state because their donations are refunded at a higher level. In the 2008 tax year, about 250 individuals and businesses made contributions to the film production fund for an average savings of \$15,000 in Oregon taxes, according to a state analysis of tax credits.

Chuck Sheketoff, executive director of the left-leaning Oregon Center for Public Policy, told lawmakers in a February hearing that the state's investment would be better spent attracting companies that build facilities here and create lasting jobs.

"There's no long-term commitment," Sheketoff said. "Hollywood isn't coming here saying, 'Give us money today and we will stay future years and not ask for more money.'"

Gov. John Kitzhaber has signaled his support for continuing the tax credit program.

Bill would extend tax incentives to lure filmmakers to state