



HB 3244 - Tax Fairness Oregon opposes an increase in tax credits

Testimony for the House Committee on Revenue – John Calhoun – 3.22.2021

Tax Fairness Oregon understands that the film industry forces states to compete for subsidies. The question for the legislature is how we do it and for how much? The request today is for an increase in this tax credit subsidy. This raises three questions:

- Why should we increase a subsidy for this industry while other needs like homelessness are more vital at this time?
- Why should we issue tax credits for sale when they are now likely to be sold at a discount from the value of the credit? That means the cost to the Oregon treasury is greater than the funds going to the industry. The last tax credit auction in December by the Department of Revenue began bidding at 90% of the credit value.
- Given the limitations in the American Rescue Plan regarding net revenue reductions, will this increase in tax credits result in an offsetting reduction in federal funds?

The answers to these questions should be that if the legislature decides to increase subsidies to this specific industry, then it should use grants, not tax credits, for this purpose.