

OR S 1524 , Enacted

Oregon

SUMMARY: Modifies provisions of tax laws.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

01/25/2022 PREFILED

02/01/2022 INTRODUCED.

02/01/2022 To SENATE Committee on FINANCE AND REVENUE.

02/03/2022 Public Hearing and Work Session scheduled 02/07/2022.

02/07/2022 Public Hearing and Work Session held.

02/09/2022 Public Hearing and Work Session scheduled 02/14/2022.

02/14/2022 Public Hearing and Work Session held.

02/15/2022 Public Hearing and Work Session scheduled 02/16/2022.

02/16/2022 Public Hearing and Work Session held.

02/18/2022 Work Session scheduled 02/21/2022.

02/21/2022 Work Session scheduled 02/23/2022.

02/23/2022 Work Session held.

02/24/2022 From SENATE Committee on FINANCE AND REVENUE: Do pass with amendment.

02/24/2022 Printed A Engrossed Text.

02/25/2022 In SENATE: Second Reading.

02/28/2022 Passed SENATE. *****To HOUSE.

02/28/2022 To HOUSE Committee on REVENUE.

02/28/2022 Public Hearing Scheduled 03/01/2022.

02/28/2022 Work Session scheduled 03/02/2022.

03/01/2022 Public Hearing held.

03/02/2022 Work Session held.

03/02/2022 From HOUSE Committee on REVENUE: Do pass as amended.

03/02/2022 Printed B Engrossed Text.

03/02/2022 In HOUSE: Second Reading.

03/03/2022 Passed HOUSE.

03/03/2022 SENATE concurred in HOUSE amendments.

03/03/2022 Eligible for GOVERNOR'S desk.

03/24/2022 Signed by GOVERNOR.

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session: Oregon 81st Oregon Legislative Assembly - 2022 Regular Session

cite: 2022 OR S 1524

Enacted - Final

March 23, 2022

Senate Interim Committee on Finance and Revenue

81st OREGON LEGISLATIVE ASSEMBLY--2022 Regular Session

Enrolled

Senate Bill 1524

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

CHAPTER 82

AN ACT

Relating to taxation; creating new provisions; amending ORS 284.368, 305.685, 317A.100 and 317A.137 and section 6, chapter 905, Oregon Laws 2007, section 2, chapter 527, Oregon Laws 2021, and sections 3 and 5, chapter 589, Oregon Laws 2021; and prescribing an effective date.

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

SECTION 1. ORS 284.368 is amended to read:

284.368. (1) As used in this section:

(a) "Actual Oregon expenses" means the costs paid in Oregon for principal photography, production or postproduction in Oregon of a film, or for media production services, including but not limited to the purchase or rental cost of equipment, food, lodging, real property and permits and payments made for salaries, wages and benefits for work in Oregon.

(b) "Film" means a television movie or one or more episodes of a single television series, or a movie produced for release to theaters, video or the Internet. "Film" does not include the production of a commercial or one or more segments of a newscast or sporting event.

(c) "Filmmaker" means a person who owns a television or film production company.

(d) "Local filmmaker" means a person who owns a television or film production company that has its principal place of business in this state.

(e) "Local media production project" means, if made or performed by a local media production services company, a single interactive video game or a portion thereof, or postproduction services for a single film.

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

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

(h) "Media production services company" means a person who is engaged in media production services.

(i) "Portland metropolitan zone" means the area within a 30-mile radius of the center of the Burnside Bridge in Portland.

(j) "Resident of this state" has the meaning given that term in ORS 316.027.

(2)(a) The Oregon Business Development Department may reimburse a filmmaker or local media production services company for a portion of the actual Oregon expenses incurred by the filmmaker or local media production services company.

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

(A) ~~10~~ 20 percent of payments made for employee salaries, wages and benefits for work

done in Oregon; and

(B) ~~20~~ 25 percent of all other actual Oregon expenses.

(c) Notwithstanding paragraph (b) of this subsection, maximum reimbursement for a single film may not exceed 50 percent of total moneys received by the Oregon Production Investment Fund during the biennium in which the actual Oregon expenses are incurred.

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

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

(b) To qualify for reimbursement under this subsection:

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

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

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

(4) In combination with the reimbursements allowed under subsections (2) and (3) of this section, the department may make an additional payment to a filmmaker for one of the following:

(a) A travel and living expenses rebate of \$200 per employee per day, for any day that a film is shot entirely outside the Portland metropolitan zone, not to exceed \$10,000 per day or \$50,000 per film; or

(b) An increase of 10 percent of the amount otherwise allowable under subsections (2) and (3) of this section, if for at least six days and at least one day more than half of its total shoot days in Oregon the film is shot entirely outside the Portland metropolitan zone.

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

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

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

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

NOTE: Section 2 was deleted by amendment. Subsequent sections were not renumbered.

SECTION 3. Section 3, chapter 589, Oregon Laws 2021, is amended to read:

Sec. 3. (1) A pass-through entity may elect to be liable for and pay a pass-through business alternative income tax if all members of the pass-through entity are:

(a) Individuals subject to the personal income tax imposed under ORS chapter 316; or

(b) Entities that are pass-through entities owned entirely by individuals subject to the personal

income tax imposed under ORS chapter 316.

(2) The election to pay the pass-through business alternative income tax is available if consent is given by all members of the electing pass-through entity who are members at the time the election is filed or is made by any officer, manager or member of the electing pass-through entity who is authorized, under law or the entity's organizational documents, to make the election and who represents to having such authorization under penalties of perjury. The election shall be made annually on or before the due date, including extensions, of the pass-through entity's return, in the form and manner prescribed by the Department of Revenue. The election may not be made retroactively. The members of a pass-through entity may revoke an election under this section for a tax year only on or before the due date of the pass-through entity's return for that tax year, and only if the revocation is agreed to by all members who are members at the time of the revocation.

(3) (a) In determining the sum of distributive proceeds and computing the tax under this section, **a member of** a pass-through entity shall add back any amount of Oregon tax imposed under this chapter and deducted by the pass-through entity at the entity level for federal income tax purposes under section 164 of the Internal Revenue Code.

(b) Any amount that is added back under this subsection and that meets the conditions for the use of elective rates under ORS 316.043 may be treated as qualifying income under ORS 316.043, in a proportion determined by the department by rule.

(4) Each pass-through entity that makes an election for a tax year pursuant to this section shall annually report to each of its members, for the tax year, the member's share of distributive proceeds and share of tax paid under this section and eligible for the credit allowed under section 8 , **chapter 589, Oregon Laws 2021** ~~-of this 2021 Act-~~ .

(5) The tax imposed on a pass-through entity pursuant to this section shall be determined with respect to the sum of each member's share of distributive proceeds attributable to the pass-through entity for the tax year.

(6) The rate of the tax imposed by and computed under this section is:

(a) Nine percent of the first \$250,000, or fraction thereof, of the sum of distributive proceeds; and

(b) Nine and nine-tenths percent of any amount of distributive proceeds in excess of \$250,000.

(7) The amount of pass-through business alternative income tax due from a pass-through entity in a tax year shall be exclusive of any amount of tax due and paid by the pass-through entity under this chapter, except as otherwise provided in sections 2 to 6 , **chapter 589, Oregon Laws 2021** ~~-of this 2021 Act-~~ .

(8) Pass-through entities that have made an election under this section shall file an entity tax return. The return shall be accompanied by payment and shall be due on the date applicable to returns due under ORS chapter 316, as provided in ORS 314.385.

SECTION 4. Section 5, chapter 589, Oregon Laws 2021, is amended to read:

Sec. 5. (1) The Department of Revenue shall administer and enforce sections 2 to 6 , **chapter 589, Oregon Laws 2021** ~~-of this 2021 Act-~~ .

(2)(a) The department shall require that taxpayers make estimated payments.

(b) If a pass-through entity or its members have made sufficient estimated payments, the department shall by rule provide relief from penalty for any party that did not make estimated payments.

~~(2)-~~ (3) The department may adopt or establish rules and procedures that the department considers necessary or appropriate for the implementation, administration and enforcement of sections 2 to 6 , **chapter 589, Oregon Laws 2021**, ~~-of this 2021 Act-~~ and that are consistent with sections 2 to 6 , **chapter 589, Oregon Laws 2021** ~~-of this 2021 Act-~~ .

TEXT OMITTED, DOES NOT PERTAIN TO FILM

SECTION 16. *(1) The amendments to ORS 284.368 by section 1 of this 2022 Act apply to fiscal years beginning on or after July 1, 2022.*

(2) The amendments to sections 3 and 5, chapter 589, Oregon Laws 2021, by sections 3 and 4 of this 2022 Act apply to tax years beginning on or after January 1, 2022, and before January 1, 2024, and to estimated payments due on and after June 15, 2022.

(3) The amendments to section 2, chapter 527, Oregon Laws 2021, by section 8 of this 2022 Act apply to applications for precertification under section 4, chapter 527, Oregon Laws 2021, and applications for exemption under section 5, chapter 527, Oregon Laws 2021, without precertification, filed on or after the effective date of this 2022 Act.

(4) Section 10 of this 2022 Act applies to tax years beginning on or after January 1, 2022, and before January 1, 2026.

(5) Sections 13 and 15 of this 2022 Act apply to tax years beginning on or after January 1, 2023, and before January 1, 2029, and to any tax year to which a net operating loss arising in those tax years is carried back.

*****TEXT OMITTED, DOES NOT PERTAIN TO FILM*****

SECTION 19. *This 2022 Act takes effect on the 91st day after the date on which the 2022 regular session of the Eighty-first Legislative Assembly adjourns sine die.*