

HOUSE REVENUE COMMITTEE
MAY 27, 2003 8:30 AM STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson
Representative Max Williams

Witness Present: Veronica Rinard, Oregon Film and Video Office
Debbie Williamson-Smith, Mid-Oregon Production Arts Network
Donna Jennison, Oregon Media Production Association
Debra Buchanan, Oregon Department of Revenue

Staff Present: Paul Warner, Legislative Revenue Officer
Kathy Tooley, Committee Assistant

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004 Chair Shetterly Calls meeting to order at 8:40 a.m.

OPENED PUBLIC HEARING ON SB 313-A

010 Paul Warner Provided background and described SB 313-A, (Exhibit 1). Discussed issue, same as for HB 3184, concerning Internal Revenue Service ruling on donations by firms in exchange for tax credit and ability to deduct donations from federal taxes. If a federal deduction could not be taken, it would be difficult to sell the credits. If allowable the program is feasible and marketable.

039 Warner Described –A5 amendments, (Exhibit 2), as technical reviewing language and how the credit program would work. Substantive change moves the program forward from July 1 to January 1, increasing the revenue impact (Exhibit 3). Provided Fiscal Impact Statement (Exhibit 4).

051 Chair Shetterly The –A5 amendments appear to address the relationship between predictability for federal tax purposes and the credit?

055 Warner Answered affirmatively, it prevents double-dipping; and is the same language as in HB 3184.

057 Chair Shetterly It's the same fix. If they get the credit, the federal deduction is added back into Oregon taxable income?

059 Warner Answered affirmatively. They do not get a subtraction on Oregon taxable income.

063 Veronica Rinard Spoke in support of SB 313-A. Discussed opportunities for creating jobs and new revenues for Oregon. Governor has said the film and video industry is part of his economic development policy. Paraphrased written testimony, (Exhibit 5).

184	Rinard		Discussed recent success of Gus Van Sant's film award at Cannes and spotlight on Oregon.
229	Rep. Barnhart		How did you come up with 1.5 to 1 return on these kinds of tax credits?
245	Rinard		Cited information sent to Committee Members' offices prior. Explained ECONorthwest's methodology.
255	Debbie Smith	Williamson-	Spoke in support of SB 313-A. Paraphrased written testimony (Exhibit 6).
308	Dottie Jennison		Spoke in support of SB 313-A, as it supports small business and freelance businesses. Concurred with Rinard on loss of Oregon infrastructure for film-making.
351	Jennison		Discussed quality of Oregon infrastructure as high in comparison to Los Angeles and Vancouver.
361	Jennison		Described SB 313-A as an economic driver, discussed positive ripple effect on businesses.
371	Rep. Verger		Discussed movie made on Rogue River in which there was trouble with environmental regulations, and film company's disenchantment with Oregon.
398	Rinard		Believed the reference was to the movie "River Wild", described it as an isolated case of environmental obstacles. Described problems as a learning experience and since have worked closely with permitting entities. During filming of "Postman", worked with Clackamas River watcher environmental group from the beginning.
410	Rep. Berger		Discussed perception of film industry as not steady and dependable, asked for assurance the industry is dependable.
441	Rinard		Cited aforementioned economic study, which shows that the industry is dependable. Infrastructure, crew and support services dependent on industry and work together to keep industry growing. Recent feature films have been hit and miss; but described other productions that go on all the time, but do not get attention because stars are not here.

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025	Rep. Farr		Spoke in support of SB 313-A, but as an Oregon business person hoped that people who bring business to the state could be encouraged to do their business within the state as much as possible.
035	Chair Shetterly		Asked Debra Buchanan if she had reviewed the -A5, and did they work for her?
036	Debra Buchanan		Answered affirmatively.
040			Questions and discussion regarding rescinding referral to Ways and Means Committee.
064	Chair Shetterly		Closed Public Hearing on SB 313-A.
067	Warner		Discussed Gary Weeks written testimony-regarding "Selected Other Funds Revenues: May 15, 2003 Forecast".

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Chair Shetterly

Meeting adjourned at 9:15 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Warner, "Staff Measure Summary SB 313-A", 1 page
2. Warner, "SB 313-A5 Amendment", 1 page
3. Warner, "Revenue Impact SB 313-A", 1 page
4. Warner, "Fiscal Analysis SB 313", 1 page
5. Rinard, "Testimony SB 313-A", 4 pages
6. Williamson-Smith, "Testimony SB 313", 1 page
7. Warner, "Gary Weeks Memo: Selected Other Funds Revenues: May 15, 2003 Forecast", 6 pages