

Oregon Film Office

Frequently Asked Questions Regarding Incentives

Program Summary: Oregon has two incentive programs that can be combined for an effective rebate of 20% of goods and services paid to Oregon vendors and 16.2% of Oregon-based payroll (these combined rebate figures apply to projects spending a minimum of \$1M in Oregon).

- 1) Oregon Production Investment Fund (OPIF) – rebates 20% of goods/services and 10% of Oregon-based payroll (including fringe benefits). Applies to projects spending a minimum of \$750,000 in Oregon for any single project or season of a series.
- 2) Greenlight Oregon Labor Rebate – rebates 6.2% of payroll for which Oregon withholding applies. Applies to single projects or season of a series spending a minimum of \$1M in Oregon, as well as commercial production companies with an aggregate Oregon spend of \$1M or more per calendar year.

Q: *Is the incentive a tax credit?*

A: No, Oregon issues a **cash rebate** as opposed to a tax credit.

Q: *Is the incentive fund limited? If so, how much is available per year?*

A: Only the OPIF rebate (20% goods/services & 10% payroll) is limited. The total available for rebates is \$5M per fiscal year (July to July). The Greenlight rebate is a pass-back of the Oregon state withholding tax (up to a maximum of 6.2%) applicable to production payroll and thus is not limited.

Q: *Do I have to withhold 6.2% from each of my employees for the Greenlight rebate?*

A: No, the *aggregate* withholding must be 6.2% or more. Individual employee payroll is handled no differently than normal, with the employee indicating number of dependents and exclusions. If a project's aggregate withholding is less than 6.2%, then the Greenlight rebate would not exceed the aggregate withholding. To date, no project has withheld less than an aggregate of 6.2%.

Q: *What qualifies as "Oregon-based payroll"? Does it apply only to Oregon-resident crew?*

A: Any production-related payroll, regardless of employee state of residence, is rebateable as long as Oregon state withholding tax applies to the wages.

Q: What about loan-out companies?

A: Provided that the loan-out company has registered with the Oregon Secretary of State to do business in Oregon as a foreign corporation, then payments to loan-outs making *less* than \$1M per project are included as part of the 20% goods/services rebate. Proof of registration must be provided with final accounting paperwork. Loan-out companies paid more than \$1M per project are ineligible under the OPIF program rules.

Q: How does the loan-out registration process work? How much does it cost?

A: Forms can be found at <http://www.filinginoregon.com/forms/business.htm> The registration fee and confirmation copy is \$55. Foreign corporations are also required to have a registered agent in Oregon to whom tax documents can be mailed. A list of registered agents can also be found on the Secretary of State's website. Most registered agents charge between \$75-\$150 for this service.

Q: What about the LLC or production company, does it need to be an Oregon corporation?

A: No, the production company does not need to be an Oregon corporation. Foreign corporations do need to register to do business in Oregon, and provide proof of registration with their final accounting paperwork. This process is the same as the above information for loan-outs.

Q: Are payroll taxes or fringe benefits covered under the rebates?

A: Employee benefits such as vacation, health and pension are included *only* in the 10% portion of the OPIF rebate. Only *employee* benefits are covered (loan-out benefits are not covered). Benefits are not included in the 6.2% Greenlight rebate, as it only applies to wages. Payroll taxes (FICA, FUI, SUI, etc.) are not covered under either rebate program.

Q: Are there any restrictions on what is considered an Oregon goods/service expense?

A: The only requirement is that the payment is made to an Oregon-resident company (foreign companies registered to do business in Oregon do not count). ANY item or service that is purchased for the production and paid to an Oregon company can be included as an Oregon expense.

Q: What about box rentals and per diem?

A: If paid on payroll, then they are covered under the payroll rebates. Per diem paid out of petty cash is included under the good/services rebate, as are box rentals paid off of an invoice to an Oregon company.

Q: *How long does it take to receive a rebate check?*

A: Once the production company has submitted all of the required paperwork to the Oregon Film Office, the initial review process takes approximately two weeks. If there are no questions or additional back-up paperwork needed, then the check for the OPIF portion of the rebate (20% of goods/services and 10% of payroll) takes approximately 2-3 additional weeks to be issued.

The Greenlight Labor Rebate (an additional 6.2% of payroll) is issued approximately 2-3 weeks after the Oregon Department of Revenue has verified that the final quarterly tax payment and report that is applicable to the project has been received. Payroll processing companies normally make their quarterly payments within 30 days after the end of previous quarter. Thus, for a project the wraps in May the final quarterly report is typically filed by July 31st.