

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass and Be Referred to the Committee on Tax Credits by prior reference
Vote:	5 - 1 - 0
Yeas:	Atkinson, Burdick, Edwards, Girod, Starr
Nays:	Beyer
Exc.:	0
Prepared By:	Richard Berger, Administrator
Meeting Dates:	3/22, 3/24, 4/18, 4/19, 4/21

WHAT THE MEASURE DOES: Creates Oregon Low Income Community Jobs Initiative. Creates an income and corporate excise tax credit for qualified equity investments in businesses located in low-income communities. The tax credit equals 39 percent of the qualified equity investment taken over seven years; no credit is allowed in the first two years after the initial investment, seven percent is allowed in the third year, and eight percent is allowed in each of the subsequent four years. The credit is non-refundable but may be carried-forward to any succeeding tax year. Specifies conditions that must be met for a taxpayer to be eligible for the credit and requires a nonrefundable application fee of \$5,000. Limits the amount of qualified investments in a qualified business to \$3 million. Limits the total amount of certified credits to \$16 million per tax year. Requires the qualified community development entity to annually report the number of jobs created or retained by the investments, the average annual salary of those jobs, and the number that provide health benefits. Establishes a certification process with the Economic and Community Development Department. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Competitive environment for federal funds
- Other states giving tax credits to entice Federal New Markets Tax Credits
- Promotion of construction jobs verses other jobs
- Oregon receives a larger then proportional share of Federal New Markets Tax Credits

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: This program is modeled after Federal New Markets Tax Credits, which are designed to stimulate investment in low-to-moderate income rural and urban communities. Eligible users will be able to apply for both the state credit and the federal credit. The federal credit also equals 39 percent of the investment and is taken over seven years, five percent in the first three years and six percent thereafter.