

D R A F T

SUMMARY

Increases maximum amounts of corporate excise tax credits allowed for qualified research activities. Extends period of carryforward of credits. Applies to tax years beginning on or after January 1, 2013.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax credits allowed for qualified research activities; creating new
3 provisions; amending ORS 317.152 and 317.154; and prescribing an effec-
4 tive date.

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

6 **SECTION 1.** ORS 317.152 is amended to read:

7 317.152. (1) A credit against taxes otherwise due under this chapter shall
8 be allowed to eligible taxpayers for increases in qualified research expenses
9 and basic research payments. The credit shall be determined in accordance
10 with section 41 of the Internal Revenue Code, except as follows:

11 (a) The applicable percentage specified in section 41(a) of the Internal
12 Revenue Code shall be five percent.

13 (b) “Qualified research” and “basic research” shall consist only of re-
14 search conducted in Oregon.

15 (c) The following do not apply to the credit allowable under this section:

16 (A) Section 41(c)(4) of the Internal Revenue Code (relating to the alter-
17 native incremental credit).

18 (B) Section 41(h) of the Internal Revenue Code (relating to termination
19 of the federal credit).

20 (2) For purposes of this section, “eligible taxpayer” means a corporation,

1 other than a corporation excluded under Internal Revenue Code section
2 41(e)(7)(E).

3 (3) The Income Tax Regulations as prescribed by the Secretary of the
4 Treasury under authority of section 41 of the Internal Revenue Code apply
5 for purposes of this section, except as modified by this section or as provided
6 in rules adopted by the Department of Revenue.

7 (4) The maximum credit under this section may not exceed [*\$1 million*]
8 **\$2 million.**

9 (5) A deduction may not be taken for the portion of expenses or payments,
10 otherwise allowable as a deduction, that is equal to the amount of the credit
11 claimed under this section.

12 (6) Any tax credit that is otherwise allowable under this section and that
13 is not used by the taxpayer in that year may be carried forward and offset
14 against the taxpayer's tax liability for the next succeeding tax year. Any
15 credit remaining unused in such next succeeding tax year may be carried
16 forward and used in the second succeeding tax year, and likewise any credit
17 not used in that second succeeding tax year may be carried forward and used
18 in the third succeeding tax year, and any credit not used in that third suc-
19 ceeding tax year may be carried forward and used in the fourth succeeding
20 tax year, and any credit not used in that fourth succeeding tax year may be
21 carried forward and used in the fifth succeeding tax year, **and any credit**
22 **not used in that fifth succeeding tax year may be carried forward and**
23 **used in the sixth succeeding tax year, and any credit not used in that**
24 **sixth succeeding tax year may be carried forward and used in the**
25 **seventh succeeding tax year, and any credit not used in that seventh**
26 **succeeding tax year may be carried forward and used in the eighth**
27 **succeeding tax year, and any credit not used in that eighth succeeding**
28 **tax year may be carried forward and used in the ninth succeeding tax**
29 **year, and any credit not used in that ninth succeeding tax year may**
30 **be carried forward and used in the 10th succeeding tax year, but may**
31 not be carried forward for any tax year thereafter.

1 **SECTION 2.** ORS 317.154 is amended to read:

2 317.154. (1) A credit against taxes otherwise due under this chapter shall
3 be allowed for qualified research expenses that exceed 10 percent of Oregon
4 sales.

5 (2) For purposes of this section:

6 (a) “Oregon sales” shall be computed using the laws and administrative
7 rules for calculating the numerator of the Oregon sales factor under ORS
8 314.665.

9 (b) “Qualified research” has the meaning given the term under section
10 41(d) of the Internal Revenue Code and shall consist only of research con-
11 ducted in Oregon.

12 (3) The credit under this section is equal to five percent of the amount
13 by which the qualified research expenses exceed 10 percent of Oregon sales.

14 (4) The credit under this section shall not exceed \$10,000 times the num-
15 ber of percentage points by which the qualifying research expenses exceed
16 10 percent of Oregon sales.

17 (5) The maximum credit under this section may not exceed [*\$1 million*]
18 **\$2 million.**

19 (6) Any tax credit that is otherwise allowable under this section and that
20 is not used by the taxpayer in that year may be carried forward and offset
21 against the taxpayer’s tax liability for the next succeeding tax year. Any
22 credit remaining unused in such next succeeding tax year may be carried
23 forward and used in the second succeeding tax year, and likewise any credit
24 not used in that second succeeding tax year may be carried forward and used
25 in the third succeeding tax year, and any credit not used in that third suc-
26 ceeding tax year may be carried forward and used in the fourth succeeding
27 tax year, and any credit not used in that fourth succeeding tax year may be
28 carried forward and used in the fifth succeeding tax year, **and any credit**
29 **not used in that fifth succeeding tax year may be carried forward and**
30 **used in the sixth succeeding tax year, and any credit not used in that**
31 **sixth succeeding tax year may be carried forward and used in the**

1 seventh succeeding tax year, and any credit not used in that seventh
2 succeeding tax year may be carried forward and used in the eighth
3 succeeding tax year, and any credit not used in that eighth succeeding
4 tax year may be carried forward and used in the ninth succeeding tax
5 year, and any credit not used in that ninth succeeding tax year may
6 be carried forward and used in the 10th succeeding tax year, but may
7 not be carried forward for any tax year thereafter.

8 **SECTION 3.** The amendments to ORS 317.152 and 317.154 by sections
9 1 and 2 of this 2013 Act apply to tax years beginning on or after Jan-
10 uary 1, 2013.

11 **SECTION 4.** This 2013 Act takes effect on the 91st day after the date
12 on which the 2013 regular session of the Seventy-seventh Legislative
13 Assembly adjourns sine die.

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