77TH OREGON LEGISLATIVE ASSEMBLY **MEASURE: SB 315**
2013 REGULAR SESSION **CARRIER:**
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact, no statement issued

Action: Do Pass and Refer to Tax Credits by Prior Reference
Vote: 5-0-0
Yeas: Boquist, George, Hass, Rosenbaum, Burdick
Nays: 0
Exc.: 0

Prepared By: Chris Allanach, Economist
Meeting Dates: 3/6; 4/3

WHAT THE BILL DOES: Ignores the Qualified Equity Investment tax credit when applying the amount of corporate taxes used in the calculation of the retaliatory tax. Applies to tax years beginning on or after January 1, 2013.

ISSUES DISCUSSED:
- Technical fix to SB 817 from 2011
- Role of insurance companies in providing source of funds
- Focus on small business investments

EFFECT OF COMMITTEE AMENDMENTS: No amendments

BACKGROUND: The income tax credit for Qualified Low-Income Community Investments was created by the 2011 Legislature and is 39 percent of the cost of the qualifying investment. This bill addresses an issue related to the ability of certain insurance companies to utilize the tax credit. All insurance companies are subject to the corporation excise tax and foreign (non-Oregon) insurance companies are subject to the retaliatory tax. Basically, if a foreign state imposes taxes on an Oregon insurer that are larger than those imposed in Oregon, then the difference is imposed on the foreign insurer. This difference is known as the retaliatory tax. For those companies affected by the retaliatory tax, a reduction in Oregon corporate taxes through the use of this credit simply results in an increase their retaliatory taxes. This offset nullifies the incentive effect of the tax credit.

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