

REVENUE: Revenue statement issued

FISCAL: No fiscal impact

Action:	Do Pass with Amendments to the A-Engrossed Measure. (Printed B-Engrossed)
Vote:	6 - 0 - 0
Yeas:	Edwards, Girod, Monroe, Starr, Thomsen, Beyer
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	5/23

WHAT THE MEASURE DOES: Specifies that corporations qualifying for tax credit on qualified equity investments may elect to collect less than full amount of credit allowed. Increases from \$4 million to \$10 million the maximum amount of qualified low-income community investments that may be made with proceeds of qualified equity investments certified under ORS 285C.650. Outlines requirements for using qualified equity investments described in ORS 285C.653 (2). Applies to tax years beginning on or after January 1, 2013. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Background on the New Markets Tax Credit program
- Increases flexibility of program

EFFECT OF COMMITTEE AMENDMENT: Replaces original measure.

BACKGROUND: The Oregon Low Income Community Jobs Initiative, commonly referred to as the Oregon New Markets Tax Credit (NMTC) program, is a financing tool that can provide incentives for qualifying business projects in low-income areas with the goal of stimulating investments in low-to-moderate income communities. The Oregon program is modeled after the federal New Markets Tax Credit, which allows certified community development entities to apply for authority to allocate federal tax credits to investors in qualifying projects. Entities that receive tax credit allocation authority from the U.S. Treasury Department are eligible to allocate credits through Oregon's NMTC program.

Investors earn tax credits by making qualified equity investments. Under the current program, only \$4 million in qualified equity investments may be used for a single project; House Bill 2763-B increases the maximum to \$10 million for qualifying projects. The measure also outlines additional clarifications regarding the program, including clarification that qualifying community development entities must receive cash investments and issue qualified equity investments on or before the 60th day following receipt of a certification notice.