

**REVENUE:** Revenue statement issued  
**FISCAL:** Minimal fiscal impact, no statement issued

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**Action:** Do Pass With Different Amendments and Be Printed Engrossed  
**Signers of the Report:** Baertschiger, George  
**Prepared By:** Channa Newell, Administrator  
**Meeting Dates:** 5/17, 5/22, 5/29

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**WHAT THE MEASURE DOES:** Modifies requirements of qualifying investment contracts. Modifies definition of “qualified investment.” Removes requirement that actual cost of qualifying investment expenditures exceed \$150 million within five-year period. Removes requirement that taxpayer employ at least 500 more full-time equivalent employees in state than taxpayer employed when qualifying investment was commenced. Requires Governor, Director of Department of Revenue, and taxpayer to negotiate minimum dollar amount, stated time period, and minimum number of full-time equivalent employees for qualifying investment. Removes January 1, 2014, sunset date for qualifying investment contracts.

**ISSUES DISCUSSED:**

- Effects of measure

**EFFECT OF COMMITTEE AMENDMENT:** Replaces measure.

**BACKGROUND:** House Bill 2059-A (Minority) modifies Chapter 1, Oregon Laws 2012 (Special Session) as enacted by House Bill 4200. The 2012 measure specifies that the Governor, in consultation with the Director of Oregon Business Development Department and the Director of the Department of Revenue may enter into a qualifying investment contract with any taxpayer meeting the specified criteria. Those criteria include investments with capital expenditures with actual costs exceeding \$150 million within a five-year period starting at the commencement of the term of the contract and that results in the taxpayer employing at least 500 more full-time employees than it did at the start of the contract. The intent of House Bill 4200 is to allow qualifying businesses to rely upon the single sales factor method of apportionment for business income during the terms of the qualified investment contract. House Bill 4200 specifies that qualifying investment contracts may only be entered into between December 14, 2012, and January 1, 2014.

House Bill 2059-A (Minority) removes the \$150 million requirement and the 500 full-time equivalent employee requirement from the definition of “qualified investment.” Instead, the measure requires the Governor, the Director of the Department of Revenue, and the taxpayer to negotiate on a minimum dollar amount spent and a minimum number of full-time employees that the taxpayer will employ within the stated time period. The measure also removes the sunset date for qualifying investment contracts, allowing the state and taxpayers to enter into contracts after January 1, 2014.