

# House Bill 3376

Sponsored by COMMITTEE ON REVENUE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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 provisions; amending  
3 ORS 317.152 and 317.154; and prescribing an effective date.

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

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

6 317.152. (1) A credit against taxes otherwise due under this chapter shall be allowed to eligible  
7 taxpayers for increases in qualified research expenses and basic research payments. The credit shall  
8 be determined in accordance with section 41 of the Internal Revenue Code, except as follows:

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

11 (b) "Qualified research" and "basic research" shall consist only of research conducted in  
12 Oregon.

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

14 (A) Section 41(c)(4) of the Internal Revenue Code (relating to the alternative incremental credit).

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

16 (2) For purposes of this section, "eligible taxpayer" means a corporation, other than a corpo-  
17 ration excluded under Internal Revenue Code section 41(e)(7)(E).

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

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

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

24 (6) Any tax credit that is otherwise allowable under this section and that is not used by the  
25 taxpayer in that year may be carried forward and offset against the taxpayer's tax liability for the  
26 next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be  
27 carried forward and used in the second succeeding tax year, and likewise any credit not used in that  
28 second succeeding tax year may be carried forward and used in the third succeeding tax year, and  
29 any credit not used in that third succeeding tax year may be carried forward and used in the fourth  
30 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

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

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

11 317.154. (1) A credit against taxes otherwise due under this chapter shall be allowed for quali-  
 12 fied research expenses that exceed 10 percent of Oregon sales.

13 (2) For purposes of this section:

14 (a) "Oregon sales" shall be computed using the laws and administrative rules for calculating the  
 15 numerator of the Oregon sales factor under ORS 314.665.

16 (b) "Qualified research" has the meaning given the term under section 41(d) of the Internal Re-  
 17 venue Code and shall consist only of research conducted in Oregon.

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

20 (4) The credit under this section shall not exceed \$10,000 times the number of percentage points  
 21 by which the qualifying research expenses exceed 10 percent of Oregon sales.

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

23 (6) Any tax credit that is otherwise allowable under this section and that is not used by the  
 24 taxpayer in that year may be carried forward and offset against the taxpayer's tax liability for the  
 25 next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be  
 26 carried forward and used in the second succeeding tax year, and likewise any credit not used in that  
 27 second succeeding tax year may be carried forward and used in the third succeeding tax year, and  
 28 any credit not used in that third succeeding tax year may be carried forward and used in the fourth  
 29 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried  
 30 forward and used in the fifth succeeding tax year, **and any credit not used in that fifth suc-**  
 31 **ceeding tax year may be carried forward and used in the sixth succeeding tax year, and any**  
 32 **credit not used in that sixth succeeding tax year may be carried forward and used in the**  
 33 **seventh succeeding tax year, and any credit not used in that seventh succeeding tax year**  
 34 **may be carried forward and used in the eighth succeeding tax year, and any credit not used**  
 35 **in that eighth succeeding tax year may be carried forward and used in the ninth succeeding**  
 36 **tax year, and any credit not used in that ninth succeeding tax year may be carried forward**  
 37 **and used in the 10th succeeding tax year, but may not be carried forward for any tax year**  
 38 thereafter.

39 **SECTION 3.** The amendments to ORS 317.152 and 317.154 by sections 1 and 2 of this 2013  
 40 Act apply to tax years beginning on or after January 1, 2013.

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