

**PROPOSED AMENDMENTS TO  
HOUSE BILL 4005**

1 On page 1 of the printed bill, line 2, delete “314.752 and 318.031” and in-  
2 sert “285C.095, 317.152 and 317.154 and section 3, chapter 474, Oregon Laws  
3 2011”.

4 Delete lines 5 through 28 and delete pages 2 through 7 and insert:

5 **“SECTION 1. ORS 285C.095 is amended to read:**

6 “285C.095. (1) A sponsor of an existing enterprise zone may seek to have  
7 the zone designated for electronic commerce under this section.

8 “(2) The sponsor shall file an application to have the zone designated for  
9 electronic commerce with the Oregon Business Development Department.  
10 The application shall be in the form and contain the information that the  
11 department by rule may require.

12 “(3) The application shall be accompanied by a copy of a resolution,  
13 adopted by the governing body of the sponsor, requesting that the zone be  
14 designated for electronic commerce.

15 “(4) The department shall review applications for electronic commerce  
16 designation and shall approve no more than [10] **13** zones for electronic  
17 commerce designation.

18 “(5) The sponsor may by resolution revoke an electronic commerce desig-  
19 nation made under this section. If an election is revoked, the sponsor may  
20 not subsequently seek reinstatement of electronic commerce designation.

21 **“SECTION 2. Section 3, chapter 474, Oregon Laws 2011, is amended to  
22 read:**

1       “**Sec. 3.** A taxpayer may not be allowed a credit under [section 2 of this  
2 2011 Act] **ORS 315.341** unless the taxpayer receives preliminary certification  
3 under [section 10 of this 2011 Act] **ORS 285C.551** before January 1, [2014]  
4 **2016.**

5       “**SECTION 3.** ORS 317.152 is amended to read:

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

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

12       “(b) ‘Qualified research’ and ‘basic research’ shall consist only of research  
13 conducted in Oregon.

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

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

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

19       “(2) For purposes of this section, ‘eligible taxpayer’ means a corporation,  
20 other than a corporation excluded under Internal Revenue Code section  
21 41(e)(7)(E).

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

26       “(4) The maximum credit under this section may not exceed [*\$1 million*]  
27 **\$2 million.**

28       “(5) A deduction may not be taken for the portion of expenses or pay-  
29 ments, otherwise allowable as a deduction, that is equal to the amount of the  
30 credit claimed under this section.

1 “(6) Any tax credit that is otherwise allowable under this section and that  
2 is not used by the taxpayer in that year may be carried forward and offset  
3 against the taxpayer’s tax liability for the next succeeding tax year. Any  
4 credit remaining unused in such next succeeding tax year may be carried  
5 forward and used in the second succeeding tax year, and likewise any credit  
6 not used in that second succeeding tax year may be carried forward and used  
7 in the third succeeding tax year, and any credit not used in that third suc-  
8 ceeding tax year may be carried forward and used in the fourth succeeding  
9 tax year, and any credit not used in that fourth succeeding tax year may be  
10 carried forward and used in the fifth succeeding tax year, but may not be  
11 carried forward for any tax year thereafter.

12 **“SECTION 4.** ORS 317.154 is amended to read:

13 “317.154. (1) A credit against taxes otherwise due under this chapter shall  
14 be allowed for qualified research expenses that exceed 10 percent of Oregon  
15 sales.

16 “(2) For purposes of this section:

17 “(a) ‘Oregon sales’ shall be computed using the laws and administrative  
18 rules for calculating the numerator of the Oregon sales factor under ORS  
19 314.665.

20 “(b) ‘Qualified research’ has the meaning given the term under section  
21 41(d) of the Internal Revenue Code and shall consist only of research con-  
22 ducted in Oregon.

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

25 “(4) The credit under this section shall not exceed \$10,000 times the  
26 number of percentage points by which the qualifying research expenses ex-  
27 ceed 10 percent of Oregon sales.

28 “(5) The maximum credit under this section may not exceed [*\$1 million*]  
29 **\$2 million.**

30 “(6) A deduction may not be taken for the portion of expenses or pay-

1 ments, otherwise allowable as a deduction, that is equal to the amount of the  
2 credit claimed under this section.

3 “(7) Any tax credit that is otherwise allowable under this section and that  
4 is not used by the taxpayer in that year may be carried forward and offset  
5 against the taxpayer’s tax liability for the next succeeding tax year. Any  
6 credit remaining unused in such next succeeding tax year may be carried  
7 forward and used in the second succeeding tax year, and likewise any credit  
8 not used in that second succeeding tax year may be carried forward and used  
9 in the third succeeding tax year, and any credit not used in that third suc-  
10 ceeding tax year may be carried forward and used in the fourth succeeding  
11 tax year, and any credit not used in that fourth succeeding tax year may be  
12 carried forward and used in the fifth succeeding tax year, but may not be  
13 carried forward for any tax year thereafter.

14 **“SECTION 5. The amendments to ORS 317.152 and 317.154 by**  
15 **sections 3 and 4 of this 2014 Act apply to tax years beginning on or**  
16 **after January 1, 2013.**

17 **“SECTION 6. This 2014 Act takes effect on the 91st day after the**  
18 **date on which the 2014 regular session of the Seventy-seventh Legis-**  
19 **lative Assembly adjourns sine die.”.**

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