

**STAFF MEASURE SUMMARY****Senate Committee On Education****Fiscal:** No Fiscal Impact**Revenue:** Revenue impact issued**Action Date:** 04/02/15**Action:** Do Pass With Amendments. Refer To Tax Credits By Prior Reference  
(Printed A-Eng).**Meeting Dates:** 02/12, 04/02**Vote:**

Yeas: 6 - Beyer, Gelser, Hass, Knopp, Kruse, Roblan

Exc: 1 - Baertschiger Jr

**Prepared By:** Gretchen Engbring, Committee Administrator**WHAT THE MEASURE DOES:**

Extends sunset for tax credits for university venture development fund (UVDF) contributions to 2024. Allows credit against taxes for amounts up to \$1 million per taxpayer per year for contributions made to UVDFs within the tax year. Provides that total amount of credit allowed to taxpayer shall equal 60 percent of amount stated on tax credit certificate, and may not exceed tax liability of taxpayer for tax year. Allows unused tax credits to be carried forward to next succeeding tax year. Limits tax credit certificates issued to amounts totaling no more than \$25 million. Requires universities that have elected to establish UVDFs to achieve annual agreement for allocation of contribution limit. Requires Higher Education Coordinating Commission report annually to Legislative Assembly regarding UVDFs. Takes effect on 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

- History of tax credits for UVDF contributions
- Start-ups supported by UVDF
- Transfer of technology from university labs to commercial products and start-up companies as potential revenue source for universities
- “Payback provision,” which returns portion of licensing revenue to Oregon’s Treasury

**EFFECT OF COMMITTEE AMENDMENT:**

Extends sunset for tax credits to 2024. Allows credit against taxes for amounts up to \$1 million per taxpayer per tax year for contributions made to UVDFs within the tax year. Provides that total amount of credit allowed to taxpayer shall equal 60 percent of amount stated on tax credit certificate, and may not exceed tax liability of taxpayer for tax year. Allows unused tax credits to be carried forward to next succeeding tax year. Limits tax credit certificates issued to amounts totaling no more than \$25 million. Requires universities that have elected to establish UVDFs to achieve annual agreement for allocation of contribution limit. Requires Higher Education Coordinating Commission report annually to Legislative Assembly regarding UVDFs. Takes effect on 91<sup>st</sup> day following adjournment sine die.

**BACKGROUND:**

SB 853 (2005) established a tax credit for donors who contribute to UVDFs at one or more of the seven Oregon University System (OUS) campuses and Oregon Health and Science University (OHSU). These funds “support the commercialization of university research and development” (ORS 351.697). The Legislative Revenue Office issued a research report entitled 2016 Expiring Tax Credits as of February, 2015. This report includes a brief analysis of public university venture development funds.

SB 44-A extends the sunset for tax credits for university venture development fund contributions from January 1, 2016 to January 1, 2024. Senate Bill 44-A additionally increases the maximum annual tax credit per taxpayer from \$50,000 to \$1 million, changes the structure of the tax credit from one that is claimed over three years to one that may be claimed in one year, and increases the program tax credit cap from \$8.4 million to \$25 million.