

**STAFF MEASURE SUMMARY**

**House Committee On Rural Communities, Land Use, and Water**

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

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**Action Date:** 04/21/15

**Action:** Without Recommendation As To Passage, Refer To Revenue By Prior Reference.

**Meeting Dates:** 04/07, 04/21

**Vote:**

Yeas: 7 - Clem, Gilliam, Gomberg, Helm, McLane, Post, Witt

**Prepared By:** Ian Davidson, Committee Administrator

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**WHAT THE MEASURE DOES:**

Creates income tax credit for investment in businesses that hire employees in rural areas. To be eligible for tax credit requires tax payer to add five net full-time positions that must receive wage that meets or exceeds median wage for county in which taxpayer is doing business and must remain filled for at least 12 consecutive months. Permits nonresident to be given tax credit. Requires Oregon Business Development Department to adopt rules for tax credit. Applies to tax years beginning on or after January 1, 2016 and before January 1, 2022. Takes effect on 91<sup>st</sup> day after sine die.

**ISSUES DISCUSSED:**

- Need for job growth in rural Oregon
- Prevalence of small and seasonal companies in rural Oregon

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Many of Oregon's rural areas are not recovering from the Great Recession at the same rate as more urban areas. The regions that continue to experience slow gains are the smaller, more rural counties of the state, particularly in Southern and Eastern Oregon.

House Bill 3457 would create an income tax credit for investment in businesses that hire employees in rural areas for the tax years beginning on or after January 1, 2016 and before January 1, 2022.