

**HB 2243 STAFF MEASURE SUMMARY**

**House Committee On Revenue**

---

**Prepared By:** Chris Allanach, Senior Economist

**Meeting Dates:** 4/5

---

**WHAT THE MEASURE DOES:**

Uniformly increases the number of electronic commerce zones allowed from 15 to 21 over three years, 2017-2019. Requires potential claimants to report information on prior credit use. Allows the zone sponsor, the county assessor, Oregon Business Development Department, or the Department of Revenue to publicly report the required information, in aggregate form if necessary to eliminate the risk of disclosure. Provides the taxpayer with the option of receiving 80 percent of the excess tax credit as a refund instead of receiving any unused tax credits as a carryforward in subsequent tax years, effective with tax year 2019. Moves the sunset date for the tax credit from January 1, 2018 to January 1, 2024. Takes effect 91 days following sine die.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

**BACKGROUND:**

Businesses that engage in electronic commerce within a designated “electronic commerce zone” are allowed an income tax credit equal to 25 percent of certain capital investments. To be eligible, the qualifying investments must be within an e-commerce zone and used in e-commerce operations related to e-commerce sales, customer service, order fulfillment, or broadband infrastructure. Also, the business must be locally authorized and qualified for an exemption from property taxes through the state’s broader Enterprise Zone program. The maximum amount that may be claimed each year is \$2 million (plus any carryforward) per taxpayer.

In tax year 2014, roughly 45 taxpayers claimed \$17.5 million in tax credits and were able to reduce their tax liability by \$2 million.