

HB 2073 STAFF MEASURE SUMMARY

House Committee On Economic Development and Trade

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Sub-Referral To: Joint Committee On Tax Credits

Meeting Dates: 2/13

WHAT THE MEASURE DOES:

Extends sunset for tax credit for electronic commerce in enterprise zone or city designated for electronic commerce from January 1, 2018 until January 1, 2024.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

Qualified businesses may claim a tax credit based on capitol assets used in electronic commerce (e-commerce) operations so long as the business is engaged or preparing to engage in e-commerce in a specially designated e-commerce enterprise zone or the one e-commerce city, the City of North Plains. Also, the business must be exempt from property taxes through the state's broader Enterprise Zone program. The tax credit equals 25 percent of the investments made by the firm during the tax year in e-commerce operations, specifically related to e-commerce sales, customer service, order fulfillment, or broadband infrastructure. The maximum credit allowed is the lesser of either \$2 million or the tax liability of the taxpayer for that year. A business may carry unused credits forward for up to five years. According to the the Legislative Revenue Office's *Tax Credit Review: 2017 Session* publication, this tax credit program cost \$5.7 million in the 2015-17 biennium.

House Bill 2073 extends the sunset of the electronic commerce tax credit program from January 1, 2018 until January 1, 2024.