

HB 2155 A STAFF MEASURE SUMMARY

House Committee On Economic Development and Trade

Action Date: 04/12/17

Action: Do pass with amendments
and be referred to Revenue by prior reference. (Printed A-Eng.)

Vote: 8-0-1-0

Yeas: 8 - Clem, Gomberg, Helm, Lininger, Marsh, Post, Reschke, Smith DB

Exc: 1 - Lewis

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Adam Crawford, LPRO Analyst

WHAT THE MEASURE DOES:

Extends sunset for tax credit for qualified equity investment to January 1, 2023. Increases the maximum amount of qualified equity investments that Oregon Business Development Department (Business Oregon) may certify per tax year from \$16 million to \$24 million. Caps fees paid to qualified community development entities at three percent of the qualified equity investment. Exempts qualified active low-income community business from requirement that they may not have 15 percent or more of their annual gross revenues from the rental or sale of real estate if the income they receive is from sale or rental of affordable housing. Takes effect on the 91st day following sine die.

ISSUES DISCUSSED:

- Federal New Markets Tax Credits
- Geographic profile of investments
- Use of tax credits for nonprofit community facilities

EFFECT OF AMENDMENT:

Replaces measure.

BACKGROUND:

Taxpayers who make a qualified low-income community investment are eligible for a credit against personal or corporate excise taxes equal to 39 percent of the cost of the investment. A qualified low-income community investment is an equity investment in, or long-term debt security issued by, a qualified community development entity (CDE) which meets specified conditions and obtains certification from the Oregon Business Development Department. This credit is nonrefundable and has a carryforward of 5 years.

House Bill 2155 A would extend the sunset for qualified equity investments to January 1, 2023. The measure would also allow Business Oregon to issue up to \$24 million in tax credits, cap transaction costs, and allow the tax credit be used to create affordable housing.