

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office

Bill Number: HB 2441
Revenue Area: Income Taxes
Economist: Kyle Easton
Date: 4/5/2021

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Extends sunset, from January 1, 2022 to January 1, 2028, of tax credit available to taxpayers that make donations to Public University Venture Development Funds.

Revenue Impact (in \$Millions):

	Fiscal Year		Biennium		
	2021-22	2022-23	2021-23	2023-25	2025-27
General Fund		-\$0.3	-\$0.3	-\$0.5	-\$0.4

Impact Explanation:

Individuals and businesses that make donations to Public University Venture Development Funds (UVDF) are allowed a tax credit against personal or corporate income taxes. The tax credit is equal to 60 percent of the amount contributed but may not exceed \$600,000. Historically, the tax credit is used by about 70 taxpayers per year with very few corporations using the tax credit. On average, about \$500,000 in tax credits are claimed and used each year.

Donations made to a UVDF are subsequently distributed by the respective university through the university's Venture Grant Program to support the commercialization of university research and development. Twenty percent of subsequent income received by the UVDF from commercialization (royalties, license fee payments, sale of equity, etc.) is then transferred to the State General Fund (up to certified tax credit amounts). Once a UVDF reaches its tax credit certification limit, the UVDF may only continue to issue tax credit certificates in amounts equal to tax credits repaid to the General Fund.

Outside of University of Oregon, which has repaid previous credit allotments, about \$800,000 in credits remain to be issued without additional transfers to the General Fund being received. As such, potential revenue impact on General Fund is somewhat limited as additional credits (above the \$800,000 remaining) can only be issued following university repayments to the General Fund. If credit is allowed to sunset, no additional initial credits for donations received will be issued following sunset date. If credit is allowed to sunset, positive revenue to the General Fund is expected as university commercialization income is received, and previous credit amounts are repaid.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this credit is to encourage contributions to respective university venture development funds.