

D R A F T

SUMMARY

Digest: The Act makes a fix to the tax credit for semiconductor research. (Flesch Readability Score: 67.7).

Modifies the tax credit for research conducted by a semiconductor company. Omits an obsolete provision concerning the election of alternative incremental credit under related federal law.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to revenue; amending ORS 315.518; and prescribing an effective
3 date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 315.518 is amended to read:

6 315.518. (1) As used in this section, “qualified semiconductor company”
7 means an entity whose primary business is the research, design, development,
8 fabrication, assembly, testing, packaging or validation of semiconductors, or
9 an entity whose primary business is the creation of semiconductor manufac-
10 turing equipment, semiconductor core intellectual property or electronic de-
11 sign automation software that is primarily intended for use in the
12 semiconductor industry.

13 (2) A credit against taxes otherwise due under ORS chapter 316 or, if the
14 taxpayer is a corporation, under ORS chapter 317 shall be allowed to eligible
15 taxpayers for increases in qualified research expenses and basic research
16 payments. The credit shall be determined in accordance with section 41 of
17 the Internal Revenue Code, except as follows:

18 (a) The applicable percentage specified in section 41(a) of the Internal

1 Revenue Code shall be 15 percent.

2 (b) “Qualified research” and “basic research” shall consist only of re-
3 search conducted in Oregon by a qualified semiconductor company, in sup-
4 port of a trade or business directly related to semiconductors.

5 *[(c) Section 41(c)(4) of the Internal Revenue Code (relating to the alternative*
6 *incremental credit) does not apply to the credit allowable under this section.]*

7 (3) The Income Tax Regulations as prescribed by the Secretary of the
8 Treasury under authority of section 41 of the Internal Revenue Code apply
9 for purposes of this section, except as modified by this section or as provided
10 in rules adopted by the Department of Revenue.

11 (4) The maximum credit under this section may not exceed \$4 million for
12 any taxpayer.

13 (5) Prior to claiming a credit under this section, a taxpayer must obtain
14 from the Oregon Business Development Department:

15 (a) If applicable, approval from the Oregon Business Development De-
16 partment as provided in section 5, chapter 298, Oregon Laws 2023.

17 (b) Certification as provided in ORS 315.522.

18 (6) The Oregon Business Development Department shall provide informa-
19 tion to the Department of Revenue about all certifications issued under ORS
20 315.522, if required by ORS 315.058.

21 (7) The Director of the Oregon Business Development Department may
22 order the suspension or revocation of a credit allowed under this section, as
23 provided in ORS 315.061.

24 (8) A deduction may not be taken for the portion of expenses or payments,
25 otherwise allowable as a deduction, that is equal to the amount of the credit
26 claimed under this section.

27 (9) Notwithstanding ORS 317.090 (3), the refundable portion of a credit
28 under this section is allowed against the tax imposed under ORS 317.090 and
29 may reduce the tax imposed under ORS 317.090 to zero. Any remaining
30 amount of credit above the minimum shall be refunded as provided in ORS
31 315.519.

1 (10) Any tax credit that is otherwise allowable under this section and that
2 is not used by the taxpayer in that year may be carried forward and offset
3 against the taxpayer's tax liability for the next succeeding tax year. Any
4 credit remaining unused in such next succeeding tax year may be carried
5 forward and used in the second succeeding tax year, and likewise any credit
6 not used in that second succeeding tax year may be carried forward and used
7 in the third succeeding tax year, and any credit not used in that third suc-
8 ceeding tax year may be carried forward and used in the fourth succeeding
9 tax year, and any credit not used in that fourth succeeding tax year may be
10 carried forward and used in the fifth succeeding tax year, but may not be
11 carried forward for any tax year thereafter.

12 **SECTION 2. This 2025 Act takes effect on the 91st day after the date**
13 **on which the 2025 regular session of the Eighty-third Legislative As-**
14 **sembly adjourns sine die.**

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