

SB 1084 A STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

Prepared By: Chris Allanach, Legislative Revenue Officer

Meeting Dates: 6/2

WHAT THE MEASURE DOES:

Reinstates and modifies Oregon's old Qualified Research Activities tax credits but with modifications. The primary tax credit percentage would be increased from 5 percent to 15 percent and the maximum credit per taxpayer would increase from \$1 million to \$15 million (for both tax credits). It would also make the credit 80 percent refundable for companies with fewer than 150 employees and make up to \$100 million transferable. Establishes a program cap of \$200 million in tax credits per biennium. Applies to tax years 2024 through 2029. Extends to 2035 the Enterprise Zone and Long-Term Rural Enterprise Zone programs but excludes “fulfillment centers”. Modifies the Strategic Investment Program by increasing the maximum participation fee from \$2.5M to \$3M while indexing it for inflation. Increases the SIP taxable thresholds as follows: for projects costing up to \$500M, the threshold is increased from \$25M to the lesser of the cost of the project or \$38M; for projects costing between \$500M and \$1B, from \$50M to \$75M; and for projects costing more than \$1B, from \$100M to \$150M. Gain Share is extended to 2035 and the maximum amount that any one county may receive is increased from \$16M to \$20M; this cap is then indexed to inflation. The Industrial Site Readiness program is extended to 2033. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

This bill represents an economic development omnibus bill based on recommendations from the Oregon Semiconductor Competitiveness Task Force. From 1989 through 2017 Oregon had two corporation income tax credits for Qualified Research Activities based on the federal research activities tax credit. This bill would reinstate those credits, with modifications. The Enterprise Zone and Long-Term Rural Enterprise Zone programs provide property tax abatements to qualifying companies and were established in 1985 and 1997, respectively. Industrial Site Readiness and Gain Share are programs that provide income tax reimbursements to qualifying local governments.