

# HB 2009-4: Economic Development Legislation

## 1. Research & Development Tax Credit

- a. Qualified semiconductor business are eligible for an income tax credit equal to 25% of their “excess” qualified expenses (defined in federal law) for research conducted in Oregon
- b. The maximum credit per taxpayer is \$5M for companies with fewer than 150 Oregon employees and \$10M otherwise
- c. The credit is fully refundable for taxpayers with fewer than 150 Oregon employees; 50% refundable if they have between 150 and 499 employees, and 25% refundable if they have between 501 and 2,999 Oregon employees.
- d. Taxpayers must receive certification from OBDD and there is a biennial cap of \$\_\_M

## 2. Enterprise Zone Programs

- a. Both the Enterprise Zone (EZ) and Long-term Rural Enterprise Zone (LTREZ) programs are extended through 2032, though ‘fulfillment centers’ are no longer eligible for the program.
- b. Certain transparency provisions are being added, such as providing public notice of an impending agreement 21 days prior to its effective date and posting the terms of the agreement, excluding the name of the firm and confidential or proprietary information. OBDD would be required to produce a report on program transparency.
- c. For years 4 & 5 of the EZ program and years 6 and later for the LTREZ program, participants must pay a fee to their local school district; the fee is set following negotiations.
- d. Aligns provisions between the LTREZ and EZ programs to ensure that any active agreements are fully honored should an EZ sunset.
- e. Other changes include the requirements that zone sponsors provide notice to neighboring local governments if an impending project may adversely affect local infrastructure and that OBDD provide technical assistance to local governments upon request.

## 3. Strategic Investment Program

- a. Eligibility thresholds are being increased from \$100M (urban) and \$25M (rural) to \$150M and \$40M, respectively.
- b. The taxation thresholds for rural projects are being increased from \$25M, \$50M, and \$100M to \$40M, \$75M, and \$150M, respectively.
- c. The community service fee is being increased from \$2.5M to \$3M plus annual adjustments for inflation thereafter.
- d. Adds ports to agreement language (along with cities/counties) and establishes a sunset date of 2034 (for program review purposes).
- e. Other changes include the requirement that employers hold a job fair using WorkSource Oregon, a prohibition on the creation of any more Strategic Investment Zones, requiring OBDD to make negotiation training materials available to zone sponsors, ensuring that providers of emergency services are including in the agreement-making process.