

HB 2009 Section Summaries

(black text: introduced bill; red text: change from introduced; green text: difference between amendments)

Section	-13 (Replaces Bill)	Section	-15 (Replaces Bill)
Research & Development Tax Credit			
	Defines "Qualified Semiconductor Company" (QSC); creates an income or Corporate excise tax credit based on the federal research income tax credit. Defines "qualified research" and "basic research" as limited to research conducted in Oregon by a QSC. Disallows deductions equal to the tax credit. Removes Chapter 318 reference and Cleans up federal IRC references.		Defines "Qualified Semiconductor Company" (QSC); creates an income or Corporate excise tax credit based on the federal research income tax credit. Defines "qualified research" and "basic research" as limited to research conducted in Oregon by a QSC. Disallows deductions equal to the tax credit. Removes Chapter 318 reference and Cleans up federal IRC references.
	The tax credit is 25% 15%		The tax credit is 25% 15%
1-2	The maximum tax credit is \$4M	1-2	The maximum tax credit is \$4M
	The firm must obtain a certification from OBDD (detail in §4)		The firm must obtain a certification from OBDD (detail in §4)
	Grants authority to the Department of Revenue Oregon Business Development Department to suspend or revoke a tax credit		Grants authority to the Department of Revenue Oregon Business Development Department to suspend or revoke a tax credit
	Creates a 5-year carryforward for non-refundable portions of tax credits. Clarifies the credit may be used against the C-corporation minimum tax.		Creates a 5-year carryforward for non-refundable portions of tax credits. Clarifies the credit may be used against the C-corporation minimum tax.
3	Allows refundability based on Oregon employees as follows: if fewer than 150 then 75% if between 150 and 499 then 50% if between 500 and 2,999 then 25%	3	Allows refundability based on Oregon employees as follows: if fewer than 150 then 75% if between 150 and 499 then 50% if between 500 and 2,999 then 25%
4	To claim the tax credit, taxpayers must file an application for certification with OBDD. Information required includes how the taxpayer meets the definition of a QSC, how the research conducted supports the semiconductor industry; allows OBDD to establish a cost-based fee. Requires OBDD to process applications chronologically and, if the department deems appropriate , issue a certification if they determine the firm is a QSC and the firm attests to conducting qualified research. Requires all information to be treated as confidential and exempt from public disclosure.	4	To claim the tax credit, taxpayers must file an application for certification with OBDD. Information required includes how the taxpayer meets the definition of a QSC, how the research conducted supports the semiconductor industry; allows OBDD to establish a cost-based fee. Requires OBDD to process applications chronologically and, if the department deems appropriate , issue a certification if they determine the firm is a QSC and the firm attests to conducting qualified research. Requires all information to be treated as confidential and exempt from public disclosure.

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5-7	For tax year 2024 only, taxpayers must file a registration with OBBDD by 12.1.23, providing the 3-year average of qualified research expenses and a projection of 2024 expenses. By 12.31.23 OBDD shall provide taxpayers with a preliminary confirmation of their eligibility. Taxpayers must file the application to claim the tax credit in tax year 2024. This process does not apply to subsequent tax years. LRO shall prepare a report of aggregated data for the 2024 Legislature on the potential use of the tax credit. Prescribes that the 2024 Revenue Committees shall review the report and consider options for modifying the tax credit certification process.	5-7	For tax year 2024 only, taxpayers must file a registration with OBBDD by 12.1.23, providing the 3-year average of qualified research expenses and a projection of 2024 expenses. By 12.31.23 OBDD shall provide taxpayers with a preliminary confirmation of their eligibility. Taxpayers must file the application to claim the tax credit in tax year 2024. This process does not apply to subsequent tax years. LRO shall prepare a report of aggregated data for the 2024 Legislature on the potential use of the tax credit. Prescribes that the 2024 Revenue Committees shall review the report and consider options for modifying the tax credit certification process.
8	Establishes the following caps for potential tax credits: \$35M for 2023-25 \$80M for 2025-27 \$90M for 2027-29 \$50M for FY29-30	8	Establishes the following caps for potential tax credits: \$35M for 2023-25 \$80M for 2025-27 \$90M for 2027-29 \$50M for FY29-30
9-11	Conforming changes	9-11	Conforming changes
12	The R&D tax credit applies to tax years 2024-2029	12	The R&D tax credit applies to tax years 2024-2029

Enterprise Zone Changes

13-14	Moves the sunset for the Enterprise Zone and Long-term Rural Enterprise Zone programs from 2025 to 2032	13-14	Moves the sunset for the Enterprise Zone and Long-term Rural Enterprise Zone programs from 2025 to 2032
15-18	Requires an agreement between the firm and zone sponsor to be posted on the zone sponsor's website 30 21 days before taking effect. Requires OBDD to provide technical assistance to zone sponsors when requested; Prohibits the firm name and any confidential or proprietary information from being posted. Grants OBDD specific rule-making authority	15-18	Requires an agreement between the firm and zone sponsor to be posted on the zone sponsor's website 30 21 days before taking effect. Requires OBDD to provide technical assistance to zone sponsors when requested; Prohibits the firm name and any confidential or proprietary information from being posted. Grants OBDD specific rule-making authority
19	Adds the LTREZ program to those required to post information on the state's Transparency Website	19	Adds the LTREZ program to those required to post information on the state's Transparency Website

Section	-13 (Replaces Bill)	Section	-15 (Replaces Bill)
20-22	Requires OBDD, in consultation with LRO, to produce a report on transparency. Requires the report to include comparisons between statutory requirements and those practiced, current practices across enterprise zones, differences between the EZ and LTREZ programs, information reported on the state's transparency website. Due date for the report is September 15, 2024.	20-22	Requires OBDD, in consultation with LRO, to produce a report on transparency. Requires the report to include comparisons between statutory requirements and those practiced, current practices across enterprise zones, differences between the EZ and LTREZ programs, information reported on the state's transparency website. Due date for the report is September 15, 2024.
23-26	Requires zone sponsors to notify adjacent local governments of the intent to enter into an agreement that may affect the demand on local infrastructure.	23-26	Requires zone sponsors to notify adjacent local governments of the intent to enter into an agreement that may affect the demand on local infrastructure.
27-28	Excludes fulfillment centers from the EZ program. Applies to eligibility determinations made after the effective date of the Act	27-28	Excludes fulfillment centers from the EZ program. Applies to eligibility determinations made on or after the effective date of the Act
29	Clarifies statute regarding the continuation of exemptions should an EZ terminate; aligns LTREZ with EZ	29	Clarifies statute regarding the continuation of exemptions should an EZ terminate; aligns LTREZ with EZ
30-34	Conforming changes	30-34	Conforming changes
35	Transparency provisions (§14, §16, §21, §23) (§16, §18, §24, §26) apply to agreements entered into on or after the effective date of the Act	35	Transparency provisions (§14, §16, §21, §23) (§16, §18, §24, §26) apply to agreements entered into on or after the effective date of the Act
45-51	Establishes a school support fee calculated as 25% of the property taxes that would otherwise have been paid but for the EZ or LTREZ exemption. It applies to years 4 & 5 for the EZ program and years 6 and later for the LTREZ program. Excludes fulfillment centers from the LTREZ program.	45-55	Establishes a school support fee calculated as 25% negotiated between 15% and 30% of the property taxes that would otherwise have been paid but for the EZ or LTREZ exemption. It applies to years 4 & 5 for the EZ program and years 6 and later for the LTREZ program. Excludes fulfillment centers from the LTREZ program.

Strategic Investment Program

36	Increases the eligibility thresholds for urban and rural investments from \$100M & \$25M to \$150M & \$40M, respectively; adjusts future levels for inflation. Requires firm to hold a job fair and advertise through WorkSource Oregon; Rounds the inflation adjusted amount to the nearest \$100,000	36	Increases the eligibility thresholds for urban and rural investments from \$100M & \$25M to \$150M & \$40M, respectively; adjusts future levels for inflation. Requires firm to hold a job fair and advertise through WorkSource Oregon; Rounds the inflation adjusted amount to the nearest \$100,000
37	Prohibits the creation of additional Strategic Investment Zones. Adds ports to cities and counties as local governments entering into agreements.	37	Prohibits the creation of additional Strategic Investment Zones. Adds ports to cities and counties as local governments entering into agreements.

Section	-13 (Replaces Bill)	Section	-15 (Replaces Bill)
38	<p>Changes the training provision to one that requires the OBDD to make negotiation training materials available to local governments. Adds ports to cities and counties to local governments entering into agreements.</p> <p>Increases the Community Services Fee from \$2.5M to \$5M \$3M. Adds inflation adjustment and rounds the calculation to the nearest \$1,000.</p> <p>Requires emergency services to be included in the agreement process.</p>	38	<p>Changes the training provision to one that requires the OBDD to make negotiation training materials available to local governments. Adds ports to cities and counties to local governments entering into agreements.</p> <p>Increases the Community Services Fee from \$2.5M to \$5M \$3M. Adds inflation adjustment and rounds the calculation to the nearest \$1,000.</p> <p>Requires emergency services to be included in the agreement process.</p>
39-40	<p>Maintians the urban tax threshold to \$100M + an inflation adjustment factor; Increases the tax threshold on rural projects from \$25M, \$50M, and \$100M to \$40M, \$60M \$75M, and \$150M; Adds a definition for CPI-U West Region</p>	39-40	<p>Maintians the urban tax threshold to \$100M + an inflation adjustment factor; Increases the tax threshold on rural projects from \$25M, \$50M, and \$100M to \$40M, \$60M \$75M, and \$150M; Adds a definition for CPI-U West Region</p>
41	<p>SIP changes apply to property determined to be eligible and agreements made after the effective date of the Act for property tax years 24-25 and later</p>	41	<p>SIP changes apply to property determined to be eligible and agreements made on or after the effective date of the Act for property tax years 24-25 and later</p>
42	The inclusion of ports applies to property tax years 24-25 and later	42	The inclusion of ports applies to property tax years 24-25 and later
43	<p>Removes the SIP sunset (created in the introduced version) and instead requires LRO to conduct a program review and provide the Legislature with a report by October 1, 2034</p>	43	<p>Removes the SIP sunset (created in the introduced version) and instead requires LRO to conduct a program review and provide the Legislature with a report by October 1, 2034</p>
44	Moves the sunset on Gain Share from 2025 to 2030	44	Moves the sunset on Gain Share from 2025 to 2030
Other			
52	Captions	56	Captions
53	The Act is effective on the 91st day following sine die	57	The Act is effective on the 91st day following sine die