

Requested by Representative RESCHKE

**PROPOSED AMENDMENTS TO
HOUSE BILL 2009**

1 On page 1 of the printed bill, line 2, after “amending” delete the rest of
2 the line.

3 Delete lines 3 through 5 and insert “ORS 276A.256, 285C.255, 285C.406,
4 285C.600, 285C.609, 285C.635, 314.772, 316.502, 317.152, 317.154, 317.850 and
5 318.031 and section 6, chapter 911, Oregon Laws 1989, and section 6, chapter
6 905, Oregon Laws 2007; and prescribing an effective date.”.

7 Delete lines 7 through 21 and delete pages 2 through 24 and insert:
8

9 **“RESEARCH AND DEVELOPMENT TAX CREDIT**
10 **FOR SEMICONDUCTORS**

11
12 **“SECTION 1. Sections 2 to 4 of this 2023 Act are added to and made**
13 **a part of ORS chapter 315.**

14 **“SECTION 2. (1) As used in this section, ‘qualified semiconductor**
15 **company’ means an entity whose primary business is the research,**
16 **design, development, fabrication, assembly, testing, packaging or val-**
17 **idation of semiconductors, or an entity whose primary business is the**
18 **creation of semiconductor manufacturing equipment, semiconductor**
19 **core intellectual property or electronic design automation software**
20 **that is primarily intended for use in the semiconductor industry.**

21 **“(2) A credit against taxes otherwise due under ORS chapter 316 or,**

1 if the taxpayer is a corporation, under ORS chapter 317 or 318 shall
2 be allowed to eligible taxpayers for increases in qualified research ex-
3 penses and basic research payments. The credit shall be determined in
4 accordance with section 41 of the Internal Revenue Code, except as
5 follows:

6 “(a) The applicable percentage specified in section 41(a) of the
7 Internal Revenue Code shall be 25 percent.

8 “(b) ‘Qualified research’ and ‘basic research’ shall consist only of
9 research conducted in Oregon by a qualified semiconductor company,
10 in support of a trade or business directly related to semiconductors.

11 “(c) The following do not apply to the credit allowable under this
12 section:

13 “(A) Section 41(c)(4) of the Internal Revenue Code (relating to the
14 alternative incremental credit).

15 “(B) Section 41(h) of the Internal Revenue Code (relating to termi-
16 nation of the federal credit).

17 “(3) The Income Tax Regulations as prescribed by the Secretary of
18 the Treasury under authority of section 41 of the Internal Revenue
19 Code apply for purposes of this section, except as modified by this
20 section or as provided in rules adopted by the Department of Revenue.

21 “(4) The maximum credit under this section may not exceed \$5
22 million, if the taxpayer employs fewer than 150 employees, or \$10
23 million for all other taxpayers.

24 “(5) Prior to claiming a credit under this section, a taxpayer must
25 obtain from the Oregon Business Development Department certifica-
26 tion as provided in section 4 of this 2023 Act.

27 “(6) The Oregon Business Development Department shall provide
28 information to the Department of Revenue about all certifications is-
29 sued under section 4 of this 2023 Act, if required by ORS 315.058.

30 “(7) The Director of the Department of Revenue may order the

1 suspension or revocation of a credit allowed under this section, as
2 provided in ORS 315.061.

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

6 “(9) Any tax credit that is otherwise allowable under this section
7 and that is not used by the taxpayer in that year may be carried for-
8 ward and offset against the taxpayer’s tax liability for the next suc-
9 ceeding tax year. Any credit remaining unused in such next succeeding
10 tax year may be carried forward and used in the second succeeding tax
11 year, and likewise any credit not used in that second succeeding tax
12 year may be carried forward and used in the third succeeding tax year,
13 and any credit not used in that third succeeding tax year may be car-
14 ried forward and used in the fourth succeeding tax year, and any
15 credit not used in that fourth succeeding tax year may be carried
16 forward and used in the fifth succeeding tax year, but may not be
17 carried forward for any tax year thereafter.

18 **“SECTION 3. (1)(a) If the amount allowable as a credit under sec-**
19 **tion 2 of this 2023 Act, after any reduction applicable under subsection**
20 **(2) of this section, when added to the sum of the amount of estimated**
21 **tax paid under ORS 314.515 and any other tax prepayment amounts,**
22 **exceeds the taxes imposed by ORS chapters 314 and 317 for the tax year**
23 **after application of any nonrefundable credits allowable for purposes**
24 **of ORS chapter 317 for the tax year, the amount of the excess deter-**
25 **mined under this subsection shall be refunded to the taxpayer as pro-**
26 **vided in ORS 314.415.**

27 **“(b) If the amount allowable as a credit under section 2 of this 2023**
28 **Act, after any reduction applicable under subsection (2) of this section,**
29 **when added to the sum of the amounts allowable as payment of tax**
30 **under ORS 316.187 or 316.583, other tax prepayment amounts and other**

1 refundable credit amounts, exceeds the taxes imposed by ORS chapters
2 314 and 316 for the tax year after application of any nonrefundable
3 credits allowable for purposes of ORS chapter 316 for the tax year, the
4 amount of the excess shall be refunded to the taxpayer as provided in
5 ORS 316.502.

6 “(2) If the taxpayer employs, in Oregon, at least 500 employees but
7 fewer than 2,000 employees at the close of the tax year, the amount
8 of credit used in the calculation in subsection (1) of this section shall
9 be reduced by 50 percent.

10 “(3) This section applies only to taxpayers with fewer than 2,000
11 employees, wherever located, at the close of the tax year.

12 **“SECTION 4. (1) A taxpayer seeking to claim the credit provided**
13 **under section 2 of this 2023 Act shall file a written application for**
14 **certification with the Oregon Business Development Department. The**
15 **application must include:**

16 “(a) A description of how the taxpayer meets the definition of a
17 qualified semiconductor company under section 2 of this 2023 Act;

18 “(b) A description of how proposed research and development ac-
19 tivities for which the taxpayer seeks a tax credit under section 2 of
20 this 2023 Act will support the taxpayer in conducting a business or
21 trade directly related to semiconductors; and

22 “(c) Any other information that is required by the department by
23 rule.

24 “(2) An application for certification under this section must be ac-
25 companied by a payment of any fee established by the department by
26 rule under subsection (4) of this section.

27 “(3) The department shall consider applications for certification
28 under this section in the chronological order in which the applications
29 are filed with the department. If the department determines that an
30 applicant taxpayer is a qualified semiconductor company as that term

1 **is defined under section 2 of this 2023 Act, and that the proposed re-**
2 **search and development activities of the taxpayer for which the tax-**
3 **payer seeks the credit under section 2 of this 2023 Act will support the**
4 **taxpayer in conducting a trade or business directly related to semi-**
5 **conductors, the department shall issue a certification to the taxpayer.**

6 **“(4) The department shall establish by rule a fee for filing a written**
7 **application for certification under this section. The fee shall be ade-**
8 **quate to recover the costs incurred by the department in reviewing the**
9 **applications under this section.**

10 **“SECTION 5. The total amount of potential tax credits for all**
11 **qualified semiconductor companies in this state may not, at the time**
12 **of preliminary certification under section 4 of this 2023 Act, exceed \$**
13 **_____ million for any biennium.**

14 **“SECTION 6. ORS 316.502, as amended by section 13, chapter 115, Oregon**
15 **Laws 2022, is amended to read:**

16 **“316.502. (1) The net revenue from the tax imposed by this chapter, after**
17 **deducting refunds and amounts described in ORS 285B.630 and 285C.635, shall**
18 **be paid over to the State Treasurer and held in the General Fund as mis-**
19 **cellaneous receipts available generally to meet any expense or obligation of**
20 **the State of Oregon lawfully incurred.**

21 **“(2) A working balance of unreceipted revenue from the tax imposed by**
22 **this chapter may be retained for the payment of refunds, but such working**
23 **balance shall not at the close of any fiscal year exceed the sum of \$1 million.**

24 **“(3) Moneys are continuously appropriated to the Department of Revenue**
25 **to make:**

26 **“(a) The refunds authorized under subsection (2) of this section; and**

27 **“(b) The refund payments in excess of tax liability authorized under ORS**
28 **315.174, 315.262, 315.264, 315.266 and 316.090 and section 3, chapter 589,**
29 **Oregon Laws 2021, and section 8, chapter 115, Oregon Laws 2022, and sec-**
30 **tion 3 of this 2023 Act.**

1 **“SECTION 7.** ORS 317.850, as amended by section 14, chapter 115, Oregon
2 Laws 2022, is amended to read:

3 “317.850. (1) The net revenue from the tax imposed by this chapter, after
4 deduction of refunds, shall be paid over to the State Treasurer and held in
5 the General Fund as miscellaneous receipts available generally to meet any
6 expense or obligation of the State of Oregon lawfully incurred.

7 “(2) A working balance of unreceipted revenue from the tax imposed by
8 this chapter may be retained for the payment of refunds, but such working
9 balance [*shall*] **may** not at the close of any fiscal year exceed the sum of
10 \$500,000.

11 “(3) Moneys are continuously appropriated to the Department of Revenue
12 to make:

13 “(a) The refunds authorized under subsection (2) of this section; [*and*]

14 “(b) The refund payments in excess of tax liability authorized under sec-
15 tion 8, chapter 115, Oregon Laws 2022[.]; **and**

16 **“(c) The refund payments in excess of tax liability authorized under**
17 **section 3 of this 2023 Act.**

18 **“SECTION 8.** ORS 314.772, as amended by section 11, chapter 34, Oregon
19 Laws 2022, and section 15, chapter 115, Oregon Laws 2022, is amended to
20 read:

21 “314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-
22 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
23 318 shall not be allowed to an S corporation. The business tax credits al-
24 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
25 allowable to the shareholders of the S corporation.

26 “(2) In determining the tax imposed under ORS chapter 316, as provided
27 under ORS 314.763, on income of the shareholder of an S corporation, there
28 shall be taken into account the shareholder’s pro rata share of business tax
29 credit (or item thereof) that would be allowed to the corporation (but for
30 subsection (1) of this section) or recapture or recovery thereof. The credit (or

1 item thereof), recapture or recovery shall be passed through to shareholders
2 in pro rata shares as determined in the manner prescribed under section
3 1377(a) of the Internal Revenue Code.

4 “(3) The character of any item included in a shareholder’s pro rata share
5 under subsection (2) of this section shall be determined as if such item were
6 realized directly from the source from which realized by the corporation, or
7 incurred in the same manner as incurred by the corporation.

8 “(4) If the shareholder is a nonresident and there is a requirement appli-
9 cable for the business tax credit that in the case of a nonresident the credit
10 be allowed in the proportion provided in ORS 316.117, then that provision
11 shall apply to the nonresident shareholder.

12 “(5) As used in this section, ‘business tax credit’ means the following
13 credits: ORS 315.104 (forestation and reforestation), ORS 315.138 (fish
14 screening, by-pass devices, fishways), ORS 315.141 (biomass production for
15 biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
16 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent
17 care assistance), ORS 315.208 (dependent care facilities), ORS 315.213 (con-
18 tributions for child care), ORS 315.237 (employee and dependent scholar-
19 ships), ORS 315.271 (individual development accounts), ORS 315.304
20 (pollution control facility), ORS 315.326 (renewable energy development con-
21 tributions), ORS 315.331 (energy conservation projects), ORS 315.336 (trans-
22 portation projects), ORS 315.341 (renewable energy resource equipment
23 manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation fa-
24 cilities), ORS 315.506 (tribal taxes on reservation enterprise zones and res-
25 ervation partnership zones), ORS 315.507 (electronic commerce), ORS 315.514
26 (film production development contributions), ORS 315.523 (employee training
27 programs), ORS 315.533 (low income community jobs initiative), ORS 315.593
28 (short line railroads), ORS 315.640 (university venture development funds),
29 ORS 315.643 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for
30 Cultural Development Account contributions), ORS 317.097 (loans for af-

1 fordable housing), ORS 317.124 (long term enterprise zone facilities), ORS
2 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified re-
3 search expenses) and ORS 317.154 (alternative qualified research expenses)
4 and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle con-
5 tributions), section 2, chapter 34, Oregon Laws 2022 (small forest option), and
6 section 8, chapter 115, Oregon Laws 2022 (agricultural overtime pay), **and**
7 **section 2 of this 2023 Act (semiconductors).**

8 **“SECTION 9.** ORS 318.031, as amended by section 12, chapter 34, Oregon
9 Laws 2022, and section 16, chapter 115, Oregon Laws 2022, is amended to
10 read:

11 “318.031. It being the intention of the Legislative Assembly that this
12 chapter and ORS chapter 317 shall be administered as uniformly as possible
13 (allowance being made for the difference in imposition of the taxes), ORS
14 305.140 and 305.150, ORS chapter 314 and the following sections are incor-
15 porated into and made a part of this chapter: ORS 315.104, 315.141, 315.156,
16 315.176, 315.204, 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506,
17 315.507, 315.523, 315.533, 315.593 and 315.643 and section 2, chapter 34, Oregon
18 Laws 2022, and section 8, chapter 115, Oregon Laws 2022, **and section 2 of**
19 **this 2023 Act** (all only to the extent applicable to a corporation) and ORS
20 chapter 317.

21

22

**“RESEARCH EXPENSES
TAX CREDIT**

23

24

25 **“SECTION 9a.** ORS 317.152 is amended to read:

26 “317.152. (1) A credit against taxes otherwise due under this chapter shall
27 be allowed to eligible taxpayers for increases in qualified research expenses
28 and basic research payments. The credit shall be determined in accordance
29 with section 41 of the Internal Revenue Code, except as follows:

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

1 Revenue Code shall be five percent.

2 “(b) ‘Qualified research’ and ‘basic research’ shall consist only of research
3 conducted in Oregon.

4 “(c) The following do not apply to the credit allowable under this section:

5 “(A) Section 41(c)(4) of the Internal Revenue Code (relating to the alter-
6 native incremental credit).

7 “(B) Section 41(h) of the Internal Revenue Code (relating to termination
8 of the federal credit).

9 “(2) For purposes of this section, ‘eligible taxpayer’ means a corporation,
10 other than a corporation excluded under Internal Revenue Code section
11 41(e)(7)(E).

12 “(3) The Income Tax Regulations as prescribed by the Secretary of the
13 Treasury under authority of section 41 of the Internal Revenue Code apply
14 for purposes of this section, except as modified by this section or as provided
15 in rules adopted by the Department of Revenue.

16 “(4) The maximum credit under this section may not exceed [*\$1 million*]
17 **\$3 million.**

18 “(5) A deduction may not be taken for the portion of expenses or pay-
19 ments, otherwise allowable as a deduction, that is equal to the amount of the
20 credit claimed under this section.

21 “(6) Any tax credit that is otherwise allowable under this section and that
22 is not used by the taxpayer in that year may be carried forward and offset
23 against the taxpayer’s tax liability for the next succeeding tax year. Any
24 credit remaining unused in such next succeeding tax year may be carried
25 forward and used in the second succeeding tax year, and likewise any credit
26 not used in that second succeeding tax year may be carried forward and used
27 in the third succeeding tax year, and any credit not used in that third suc-
28 ceeding tax year may be carried forward and used in the fourth succeeding
29 tax year, and any credit not used in that fourth succeeding tax year may be
30 carried forward and used in the fifth succeeding tax year, but may not be

1 carried forward for any tax year thereafter.

2 **“SECTION 9b.** ORS 317.154 is amended to read:

3 “317.154. (1) A credit against taxes otherwise due under this chapter shall
4 be allowed for qualified research expenses that exceed 10 percent of Oregon
5 sales.

6 “(2) For purposes of this section:

7 “(a) ‘Oregon sales’ shall be computed using the laws and administrative
8 rules for calculating the numerator of the Oregon sales factor under ORS
9 314.665.

10 “(b) ‘Qualified research’ has the meaning given the term under section
11 41(d) of the Internal Revenue Code and shall consist only of research con-
12 ducted in Oregon.

13 “(3) The credit under this section is equal to five percent of the amount
14 by which the qualified research expenses exceed 10 percent of Oregon sales.

15 “(4) The credit under this section [*shall*] **may** not exceed \$10,000 times the
16 number of percentage points by which the qualifying research expenses ex-
17 ceed 10 percent of Oregon sales.

18 “(5) The maximum credit under this section may not exceed [*\$1 million*]
19 **\$3 million.**

20 “(6) A deduction may not be taken for the portion of expenses or pay-
21 ments, otherwise allowable as a deduction, that is equal to the amount of the
22 credit claimed under this section.

23 “(7) Any tax credit that is otherwise allowable under this section and that
24 is not used by the taxpayer in that year may be carried forward and offset
25 against the taxpayer’s tax liability for the next succeeding tax year. Any
26 credit remaining unused in such next succeeding tax year may be carried
27 forward and used in the second succeeding tax year, and likewise any credit
28 not used in that second succeeding tax year may be carried forward and used
29 in the third succeeding tax year, and any credit not used in that third suc-
30 ceeding tax year may be carried forward and used in the fourth succeeding

1 tax year, and any credit not used in that fourth succeeding tax year may be
2 carried forward and used in the fifth succeeding tax year, but may not be
3 carried forward for any tax year thereafter.

4 **“SECTION 9c.** Section 6, chapter 911, Oregon Laws 1989, as amended by
5 section 14, chapter 746, Oregon Laws 1995, section 1, chapter 548, Oregon
6 Laws 2001, section 15, chapter 739, Oregon Laws 2003, section 86, chapter 94,
7 Oregon Laws 2005, and section 7, chapter 730, Oregon Laws 2011, is amended
8 to read:

9 **“Sec. 6.** ORS 317.152 [*to*], **317.153 and 317.154** apply to amounts paid or
10 incurred in tax years beginning on or after January 1, 1989, and before Jan-
11 uary 1, 2018, **or in tax years beginning on or after January 1, 2023, and**
12 **before January 1, 2030.**

13

14 **“APPLICABILITY CLAUSE**

15

16 **“SECTION 10.** Sections 2 to 4 of this 2023 Act apply to tax years
17 **beginning on or after January 1, 2024, and before January 1, 2030.**

18

19 **“ENTERPRISE ZONE SUNSET EXTENSIONS**

20

21 **“SECTION 11.** ORS 285C.255 is amended to read:

22 **“285C.255.** (1) Notwithstanding any other provision of ORS 285C.050 to
23 285C.250:

24 **“(a)** An area may not be designated as an enterprise zone after June 30,
25 **[2025] 2030;**

26 **“(b)** A business firm may not obtain authorization under ORS 285C.140
27 after June 30, **[2025] 2030;** and

28 **“(c)** An enterprise zone, except for a reservation enterprise zone or a
29 reservation partnership zone, that is in existence on June 29, **[2025] 2030,** is
30 terminated on June 30, **[2025] 2030.**

1 “(2) Notwithstanding subsection (1) of this section:

2 “(a) A reservation enterprise zone may be designated, and a reservation
3 partnership zone may be cosponsored, under ORS 285C.306 after June 30,
4 [2025] **2030**; and

5 “(b) A business firm may obtain authorization under ORS 285C.140 after
6 June 30, [2025] **2030**:

7 “(A) If located in a reservation enterprise zone or a reservation partner-
8 ship zone; or

9 “(B) As allowed under ORS 285C.245 [(1)(b)] **(6)**.

10 **“SECTION 12.** ORS 285C.406 is amended to read:

11 “285C.406. In order for a taxpayer to claim the property tax exemption
12 under ORS 285C.409 or a corporate excise or income tax credit under ORS
13 317.124:

14 “(1) The written agreement between the business firm and the rural en-
15 terprise zone sponsor that is required under ORS 285C.403 (3)(c) must be
16 entered into prior to the termination of the enterprise zone under ORS
17 285C.245 **or 285C.255 (1)(c)**; and

18 “(2)(a) For the purpose of the property tax exemption, the business firm
19 must obtain certification under ORS 285C.403 on or before June 30, [2025]
20 **2030**; or

21 “(b) For the purpose of the corporate excise or income tax credit, the
22 business firm must obtain certification under ORS 285C.403 on or before June
23 30, 2018.

24

25 **“ENTERPRISE ZONE TRANSPARENCY**

26

27 **“SECTION 13.** Section 14 of this 2023 Act is added to and made a
28 **part of ORS 285C.050 to 285C.250.**

29 **“SECTION 14.** (1) **An agreement between a zone sponsor and a**
30 **business firm seeking exemption within the enterprise zone of the**

1 sponsor, including, but not limited to, an agreement entered into un-
2 der ORS 285C.160, may not become effective before the day that is 30
3 days following the date on which the zone sponsor makes the terms
4 of the agreement public by posting them on the zone sponsor's
5 website.

6 “(2) Upon request, the Oregon Business Development Department
7 shall provide technical assistance to a zone sponsor intending to enter
8 into an agreement with a business firm.

9 “SECTION 15. Section 16 of this 2023 Act is added to and made a
10 part of ORS 285C.400 to 285C.420.

11 “SECTION 16. (1) An agreement between a zone sponsor and a
12 business firm seeking exemption within the rural enterprise zone of
13 the sponsor, including, but not limited to, a written agreement entered
14 into under ORS 285C.403, may not become effective before the day that
15 is 30 days following the date on which the zone sponsor makes the
16 terms of the agreement public by posting them on the zone sponsor's
17 website.

18 “(2) Upon request, the Oregon Business Development Department
19 shall provide technical assistance to a zone sponsor intending to enter
20 into an agreement with a business firm.

21 “SECTION 17. Section 18 of this 2023 Act is added to and made a
22 part of ORS 285C.050 to 285C.250.

23 “SECTION 18. (1) The Oregon Business Development Department,
24 in consultation with the Legislative Revenue Officer, shall conduct a
25 study of the transparency of enterprise zone programs.

26 “(2) With respect to agreements related to enterprise zone programs
27 entered into between zone sponsors and business firms, the study shall
28 compare:

29 “(a) The transparency required under statute and the transparency
30 of the processes by which such agreements have actually been entered

1 **into.**

2 **“(b) The differences in actual transparency among the various en-**
3 **terprise zones.**

4 **“(c) The differences in actual transparency between enterprise**
5 **zones under ORS 285C.050 to 285C.250 and rural enterprise zones under**
6 **ORS 285C.400 to 285C.420.**

7 **“(3) With respect to the outcomes under the enterprise zone pro-**
8 **grams, the department shall study the information that should be in-**
9 **cluded in the reports published pursuant to ORS 276A.256 to enable**
10 **evaluation of the outcomes.**

11 **“(4) Not later than September 15, 2024, the department shall submit**
12 **a report of the findings of the study, in the manner provided by ORS**
13 **192.245, to the interim committees of the Legislative Assembly related**
14 **to revenue, and may include recommendations for legislation in the**
15 **report.**

16 **“SECTION 19. Section 18 of this 2023 Act is repealed on January 2,**
17 **2025.**

18 **“SECTION 20. ORS 276A.256 is amended to read:**

19 **“276A.256. (1) For each statute that authorizes a tax expenditure with a**
20 **purpose connected to economic development and that is listed in subsection**
21 **(2) of this section, the state agency charged with certifying or otherwise**
22 **administering the tax expenditure shall submit a report to the State Chief**
23 **Information Officer. If a statute does not exist to authorize a state agency**
24 **to certify or otherwise administer the tax expenditure, or if a statute does**
25 **not provide for certification or administration of the tax expenditure, the**
26 **Department of Revenue shall submit the report.**

27 **“(2) This section applies to:**

28 **“(a) ORS 285C.175, 285C.362, **285C.409**, 307.123, 307.455, 315.141, 315.331,**
29 **315.336, 315.341, 315.506, 315.507, 315.514, 315.533, 316.698, 316.778, 317.124,**
30 **317.391 and 317.394 and sections 1 to 5, chapter 112, Oregon Laws 2016.**

1 “(b) Grants awarded under ORS 469B.256 in any tax year in which certi-
2 fied renewable energy contributions are received as provided in ORS 315.326.

3 “(c) ORS 315.354 except as applicable in ORS 469B.145 (2)(a)(L) or (N).

4 “(d) ORS 316.116, if the allowed credit exceeds \$2,000.

5 “(3) The following information, if the information is already available in
6 an existing database the state agency maintains, must be included in the
7 report required under this section:

8 “(a) The name of each taxpayer or applicant approved for the allowance
9 of a tax expenditure or a grant award under ORS 469B.256.

10 “(b) The address of each taxpayer or applicant.

11 “(c) The total amount of credit against tax liability, reduction in taxable
12 income or exemption from property taxation granted to each taxpayer or
13 applicant.

14 “(d) Specific outcomes or results required by the tax expenditure program
15 and information about whether the taxpayer or applicant meets those re-
16 quirements. This information must be based on data the state agency has
17 already collected and analyzed in the course of administering the tax ex-
18 penditure. Statistics must be accompanied by a description of the methodol-
19 ogy employed in the statistics.

20 “(e) An explanation of the state agency’s certification decision for each
21 taxpayer or applicant, if applicable.

22 “(f) Any additional information that the taxpayer or applicant submits
23 and that the state agency relies on in certifying the determination.

24 “(g) Any other information that state agency personnel deem valuable as
25 providing context for the information described in this subsection.

26 “(4) The information reported under subsection (3) of this section may not
27 include proprietary information or information that is exempt from disclo-
28 sure under ORS 192.311 to 192.478 or 314.835.

29 “(5) No later than September 30 of each year, a state agency described in
30 subsection (1) of this section shall submit to the State Chief Information

1 Officer the information required under subsection (3) of this section as ap-
2 plicable to applications for allowance of tax expenditures the state agency
3 approved during the agency fiscal year ending during the current calendar
4 year. The information must then be posted on the Oregon transparency
5 website described in ORS 276A.253 no later than December 31 of the same
6 year.

7 “(6)(a) In addition to the information described in subsection (3) of this
8 section, the State Chief Information Officer shall post on the Oregon trans-
9 parency website:

10 “(A) Copies of all reports that the State Chief Information Officer, the
11 Department of Revenue or the Oregon Business Development Department
12 receives from counties and other local governments relating to properties in
13 enterprise zones that have received tax exemptions under ORS 285C.170,
14 285C.175 or 285C.409, or that are eligible for tax exemptions under ORS
15 315.506, 315.507 or 317.124 by reason of being in an enterprise zone; and

16 “(B) Copies of any annual reports that agencies described in subsection
17 (1) of this section are required by law to produce regarding the adminis-
18 tration of statutes listed in subsection (2) of this section.

19 “(b) The reports must be submitted to the State Chief Information Officer
20 in a manner and format that the State Chief Information Officer prescribes.

21 “(7) The information described in this section that is available on the
22 Oregon transparency website must be accessible in the format and manner
23 required by the State Chief Information Officer.

24 “(8) The information described in this section must be provided to the
25 Oregon transparency website by posting reports and providing links to ex-
26 isting information systems applications in accordance with standards estab-
27 lished by the State Chief Information Officer.

28

29

“STRATEGIC INVESTMENTS

30

1 **“SECTION 21.** ORS 285C.609 is amended to read:

2 “285C.609. (1) A determination under ORS 285C.606 (1) by the Oregon
3 Business Development Commission that a project shall be exempt from
4 property taxation under ORS 307.123 must be requested by official action of
5 the governing body of the county taken at a regular or duly called special
6 meeting thereof by the affirmative vote of a majority of its members.

7 “(2) The governing body of any Oregon county shall forward appropriate
8 prospective eligible projects to the Oregon Business Development Depart-
9 ment for processing.

10 “(3) For purposes of this section, for projects located on a federally re-
11 cognized Oregon Indian reservation, the governing body of a county shall be
12 considered to be the governing body of the federally recognized Oregon In-
13 dian tribe.

14 “(4) The county may not make the request under subsection (1) of this
15 section unless, after a public hearing:

16 “(a)(A) The county and, if the proposed eligible project will be located
17 within a city, the city have entered into an agreement with the business firm,
18 as described in this subsection.

19 **“(B) At least one individual negotiating the agreement on behalf**
20 **of the county or city must have completed a training program pre-**
21 **scribed by the Oregon Business Development Department that in-**
22 **cludes, but is not limited to, applicable negotiation techniques.**

23 “(b) The agreement provides for the payment of a fee by the business firm,
24 as follows:

25 “(A) The fee shall be for community services support that relates to the
26 direct impact of the eligible project on public services.

27 “(B) The fee shall be in an amount equal to 25 percent of the property
28 taxes that would, but for the exemption, be due on the exempt property in
29 each assessment year, but not exceeding \$2.5 million in any year.

30 “(C) The fee shall be paid annually during the tax exemption period, as

1 of a date set forth in the agreement.

2 “(c) The agreement provides for the refunding or crediting of overpay-
3 ments, for interest on late payments or underpayments and for the manner
4 in which the appeal of the assessed value of the property included in the
5 project will affect the fee.

6 “(5) The agreement described in subsection (4) of this section may provide
7 for any other requirements related to the project.

8 “(6)(a) The fee collected under subsection (4)(b) of this section shall be
9 distributed by the county based on an agreement. The agreement is effective
10 only if:

11 “(A) The county and the city, if any, in which the eligible project is lo-
12 cated have entered into the agreement; and

13 “(B) Local taxing districts listed in ORS 198.010 or 198.180 that constitute
14 at least 75 percent of the property tax authority of all local taxing districts
15 listed in ORS 198.010 or 198.180 in the code area in which the eligible project
16 is located have entered into the agreement.

17 “(b) If an effective agreement is not entered into under paragraph (a) of
18 this subsection within three months after the date of the determination by
19 the commission under ORS 285C.606 (1), the commission shall, by official
20 action, establish a formula for distributing the fee collected under subsection
21 (4)(b) of this section.

22 **“SECTION 22. The amendments to ORS 285C.609 by section 21 of**
23 **this 2023 Act apply to agreements negotiated by counties and cities on**
24 **or after the effective date of this 2023 Act and to property tax years**
25 **beginning on or after July 1, 2024.**

26 **“SECTION 23.** Section 6, chapter 905, Oregon Laws 2007, as amended by
27 section 5, chapter 757, Oregon Laws 2015, and section 11, chapter 82, Oregon
28 Laws 2022, is amended to read:

29 **“Sec. 6.** (1) ORS 285C.615 and 285C.635 apply to:

30 “(a) Tax years beginning on or after January 1, 2009.

1 “(b) Income taxes attributable to eligible projects that first become ex-
2 empt from property taxation under ORS 307.123 on or after January 1, 2008.

3 “(2) Distributions under ORS 285C.635 (3) may not be made after July 15,
4 [2025] **2030**.

5 **“SECTION 24.** ORS 285C.635 is amended to read:

6 “285C.635. (1)(a) Upon receipt of information compiled under ORS
7 285C.615, the Oregon Department of Administrative Services shall determine
8 the annual amount of personal income tax revenue attributable to retained
9 jobs and newly created jobs for each eligible project for which an eligible
10 business firm received a property tax exemption under ORS 307.123.

11 “(b) The amount of personal income tax revenue attributable to each eli-
12 gible project under this subsection may not include personal income tax
13 revenue attributable to the estimated incremental income tax revenues gen-
14 erated by an eligible employer in connection with a tax reimbursement ar-
15 rangement or loan agreement that has been entered into under the Oregon
16 Industrial Site Readiness Program established by ORS 285B.627.

17 “(c) In determining the amount of personal income tax revenue attribut-
18 able to each eligible project, the Oregon Department of Administrative Ser-
19 vices may rely on reasonable techniques of estimation, if appropriate.

20 “(2) Not later than May 15 of each fiscal year, the Oregon Department
21 of Administrative Services shall certify to the Department of Revenue, the
22 Legislative Revenue Officer and the Legislative Fiscal Officer the amounts
23 determined under subsection (1) of this section and the amounts described in
24 subsection (3) of this section to be distributed by the Department of Revenue.

25 “(3)(a) Not sooner than July 10 and not later than July 15 of the fiscal
26 year immediately following the fiscal year in which the certification under
27 subsection (2) of this section is made, the Department of Revenue shall dis-
28 tribute to each county in which an eligible project is located an amount
29 equal to the total of:

30 “(A) Twenty percent of the total annual amount of personal income tax

1 revenue attributable to retained jobs for all eligible projects in the county
2 as determined under subsection (1) of this section; and

3 “(B) Fifty percent of the total annual amount of personal income tax
4 revenue attributable to newly created jobs for all eligible projects in the
5 county as determined under subsection (1) of this section.

6 “(b) Notwithstanding paragraph (a) of this subsection, a county may not
7 receive a distribution under this section in an amount greater than \$16
8 million for any year.

9 “(c) The county shall distribute the amounts received under paragraphs
10 (a) and (b) of this subsection to the taxing districts in the county in which
11 an eligible project is located in a manner consistent with the distribution
12 of the community services fee under ORS 285C.609 for the project.

13 “(d) **The maximum distribution amount allowed under paragraph**
14 **(b) of this subsection shall be adjusted each calendar year by multi-**
15 **plying \$16 million by the ratio of the increase, if any, in the monthly**
16 **averaged Consumer Price Index for All Urban Consumers, West Re-**
17 **gion, for the 12 consecutive months ending December 31 of the prior**
18 **calendar year over the monthly averaged index for the 12 consecutive**
19 **months ending December 31, 2023. The amount of any increase deter-**
20 **mined under this paragraph shall be rounded to the nearest multiple**
21 **of \$100,000.**

22 “(4) The Department of Revenue shall retain unreceipted revenue from the
23 tax imposed under ORS chapter 316 in an amount necessary to make the
24 distributions required under subsection (3) of this section. The department
25 shall make the distributions out of the unreceipted revenue in lieu of paying
26 the revenue over to the State Treasurer for deposit in the General Fund.

27 “(5) The Oregon Department of Administrative Services shall adopt rules
28 necessary to administer this section.

29 “**SECTION 25.** ORS 285C.600 is amended to read:

30 “285C.600. As used in ORS 285C.600 to 285C.635:

1 “(1) ‘Business firm’ has the meaning given that term in ORS 285C.050.

2 “(2) ‘Consumer Price Index for All Urban Consumers, West
3 Region’ means the Consumer Price Index for All Urban Consumers,
4 West Region (All Items), as published by the Bureau of Labor Statis-
5 tics of the United States Department of Labor.

6 “[2] (3) ‘Eligible project’ means a project that meets criteria established
7 by the Oregon Business Development Commission to be exempt from property
8 taxation under ORS 307.123.

9 “[3] (4) ‘First-source hiring agreement’ has the meaning given that term
10 in ORS 285C.050.

11 “[4] (5) ‘Newly created jobs’ means, for an eligible project, total jobs less
12 retained jobs.

13 “[5] (6) ‘Publicly funded job training provider’ has the meaning given
14 that term in ORS 285C.050.

15 “[6] (7) ‘Rural area’ means an area located entirely outside of the urban
16 growth boundary of a city with a population of 40,000 or more, as the urban
17 growth boundary is acknowledged on the date on which an applicant submits
18 an application, pursuant to rules adopted by the Oregon Business Develop-
19 ment Department, for property tax exemption under ORS 307.123.

20 “[7] (8) ‘Strategic investment zone’ means a geographic area established
21 under ORS 285C.623, within which the property of eligible projects may be
22 exempt from property taxation under ORS 307.123.

23 **“SECTION 26. The amendments to ORS 285C.635 by section 24 of
24 this 2023 Act apply to distributions made for calendar years beginning
25 on or after January 1, 2025.**

26

27 **“AMORTIZATION OF RESEARCH
28 EXPENDITURES**

29

30 **“SECTION 27. Section 28 of this 2023 Act is added to and made a**

1 part of ORS chapter 317.

2 **“SECTION 28. (1) There may be subtracted from federal taxable in-**
3 **come for Oregon tax purposes the difference between the amount al-**
4 **lowable as a deduction under section 174 of the Internal Revenue Code**
5 **as applicable to the tax year of the taxpayer and the amount allowable**
6 **as a deduction under section 174 of the Internal Revenue Code as**
7 **amended and in effect on December 20, 2017, and applicable to tax**
8 **years beginning before January 1, 2022.**

9 **“(2) Amounts subtracted from federal taxable income for Oregon**
10 **tax purposes under subsection (1) of this section shall thereafter be**
11 **added to federal taxable income for Oregon tax purposes in the tax**
12 **year for which the amounts would have been allowed as a deduction**
13 **on the taxpayer’s federal income tax return under section 174 of the**
14 **Internal Revenue Code as amended and in effect on December 31, 2017,**
15 **and applicable to tax years beginning on or after January 1, 2022.**

16 **“SECTION 29. Section 28 of this 2023 Act applies to all tax years**
17 **beginning on or after January 1, 2023.**

18

19

“CAPTIONS

20

21 **“SECTION 30. The unit captions used in this 2023 Act are provided**
22 **only for the convenience of the reader and do not become part of the**
23 **statutory law of this state or express any legislative intent in the**
24 **enactment of this 2023 Act.**

25

26

“EFFECTIVE DATE

27

28 **“SECTION 31. This 2023 Act takes effect on the 91st day after the**
29 **date on which the 2023 regular session of the Eighty-second Legislative**
30 **Assembly adjourns sine die.”.**

