

Tax Credit Updates

Oregon's Child Tax Credit and Oregon's Semiconductor Research & Development Tax Credit



Oregon's Child Tax Credit

Overview – OR’s Child Tax Credit (OR CTC)

- Enacted by HB 3235 (2023)
- Applies tax years 2023 through 2028
- Will be included in 2027 tax credit report (to be reviewed by 2027 legislature)

What is the credit?

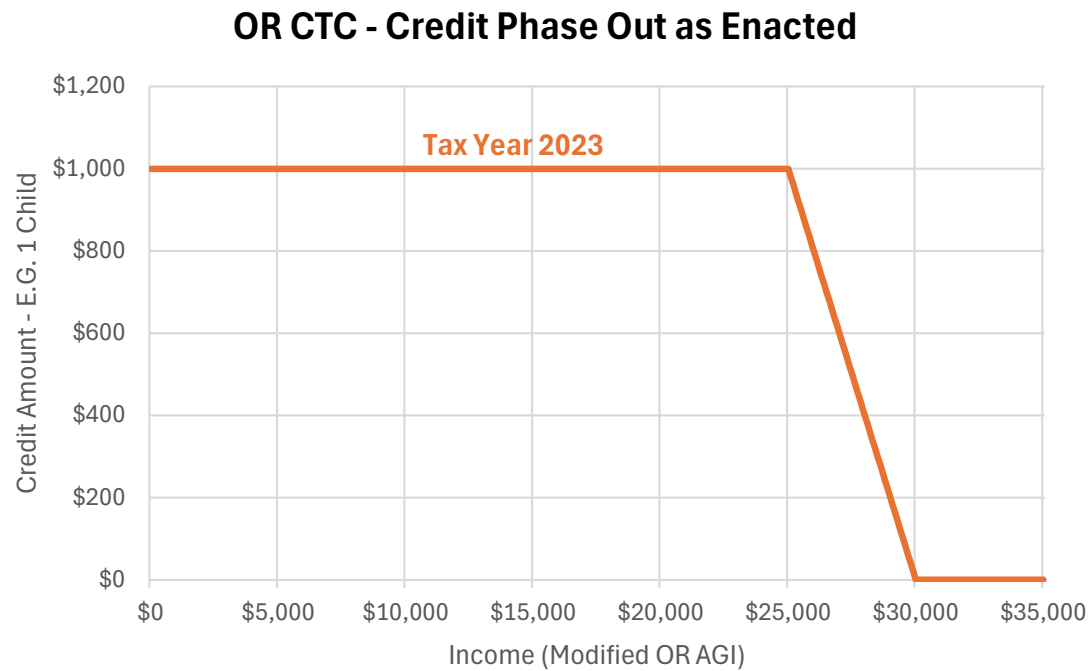
- Refundable personal income tax credit

$$\text{Credit} = \$1,000 * \text{number of qualifying children}$$

- Policy purpose: “to decrease childhood poverty in Oregon...”
- Qualifying children: Dependent child under the age of 6 (maximum of 5)
- Qualifying income: Oregon modified adjusted gross income

Oregon's CTC – Income Qualification and Phase Out

- As enacted, taxpayers with income below \$25,000 qualify for full credit amount
- Income \$25K – \$30K, credit is phased out
- No difference in credit parameters if single or jointly filing a tax return



Inflation Indexing

- Oregon Dept. of Revenue annually indexes using U.S. city average CPI
 - \$1,000 credit amount
 - \$25,000 phase out beginning (phase out width remains \$5K)
- 2024 amounts
 - \$1,000
 - \$25,750 - \$30,750

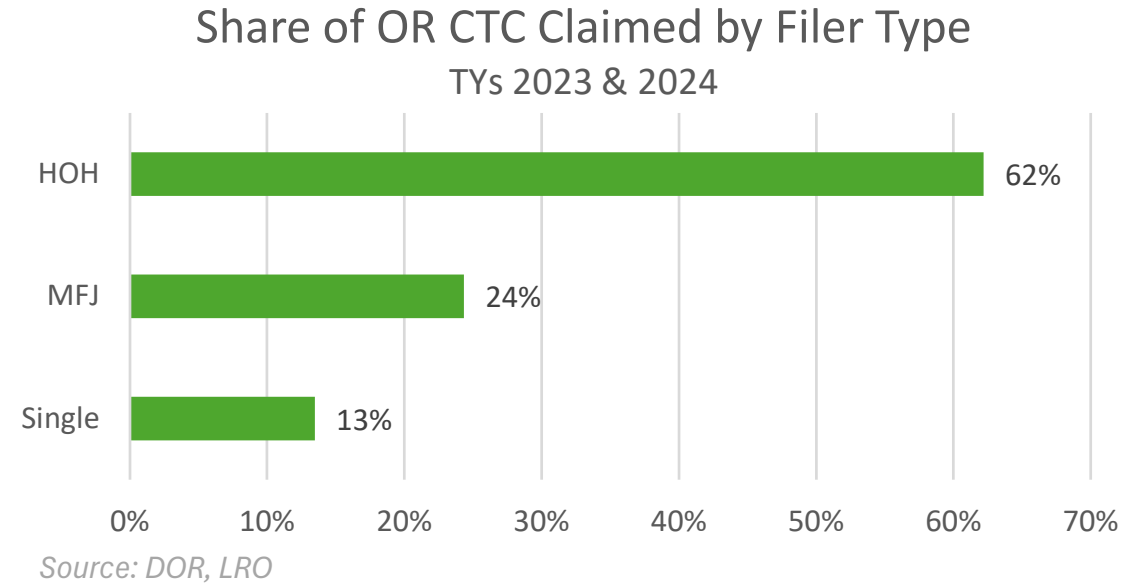
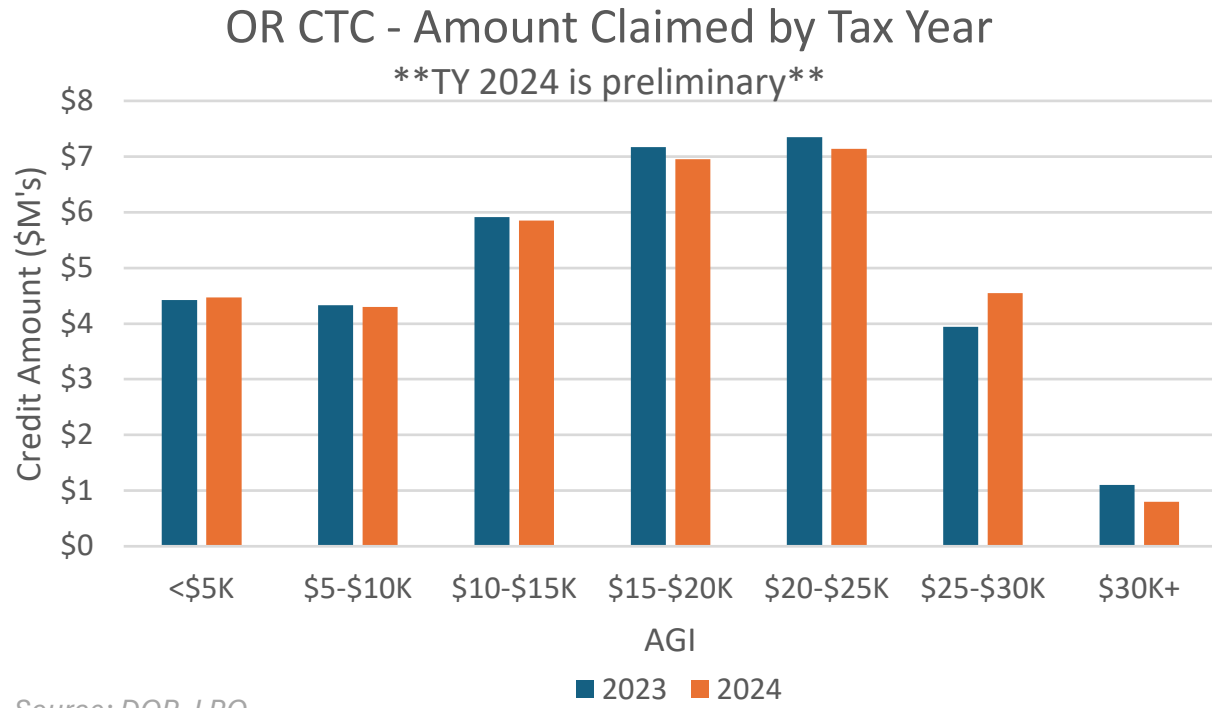
Cost of Oregon's Child Tax Credit

- Total cost of credit in tax years 2023 and 2024

Tax Year	Taxpayers Claiming Credit	Amount Claimed \$M's	HB 3235 (2023) Revenue Estimate
2023	32,960	\$36.4	
2024*	32,870	\$36.3	
2023-25 Biennium		\$72.7	\$71.5
Source: OR DOR, LRO *2024 data is preliminary (returns filed as of early November)			

Taxpayers Claiming Oregon's Child Tax Credit

- HOH: Head of household (unmarried and paid over 50% of costs to maintain a home and can claim a dependent)
- MFJ: Married filing jointly (category includes qualified surviving spouse)
- Single: Unmarried



Oregon's Semiconductor R&D Tax Credit

Overview of Oregon's Research & Development Tax Credit for Semiconductors

- Enacted in 2023 by HB 2009
- Applies to tax years 2024 through 2029
- Scheduled for inclusion in 2029 tax credit report for 2029 legislative review

What is the credit?

- Personal and Corporate income tax credit available to a “**qualified semiconductor company**” increasing “**qualified research**” and/or “**basic research**” conducted in Oregon
- Policy purpose “to increase Oregon’s employment base across firms that support the semiconductor sector”

Brief Description of Oregon's Semiconductor R&D

- [Link](#) to more detailed description of R&D credit from 2023

$$\text{Credit Amount} = \text{Credit \%} * (\text{QRE}_t - \text{base amount})$$

- QRE_t = Qualified Research Expenses in OR

Credit Parameters

- Credit percentage is 15% (standard credit), or 14% (alternative simplified credit)
- Maximum annual credit amount per taxpayer is \$4M
- Credit refundability depends on number of OR employees

% Refundable	No. of OR Employees
75%	<150
50%	150 to <500
25%	500 to <3,000
0%	3,000 or more

- Unused credit amounts may be carried forward for 5 years

Biennial Limit on Credit Certifications

- OR Bus. Development Dept. (OBDD) annually certifies the credit
- Biennial credit certification limit, note following ORS 315.522
- OBDD converts biennial certification limit into annual limits (OAR [123-401-0600](#))
- If certifications exceed cap, OBDD proportionally reduces certifications over \$200K by amount needed to bring below cap

Biennium	Credit Certification Limit (\$M)
2023-25	\$35
2025-27	\$85
2027-29	\$90
2029-31	\$50

Initial Credit Certification Amounts

- Tax credit certifications determined by Nov. 15th of the calendar year
- Complete tax return data for TY 2024 not expected until early 2027

Certifications - OR Semiconductor R&D Tax Credit					
Tax Year	# of Cert. TPs	Cert. Credit Amount	Reduction Due to Cap	Qual. Research Expenses (QRE)	Annual Avg. of QRE for Prev. 3 Yrs.
2024	20	\$32.9	\$0.0	\$763	\$603
2025	33	\$40.3	\$14.1	\$3,943	\$3,638
Source: OR Business Development Dept.					

- Certifications for 2025 exceed expected certifications from HB 2009 revenue impact statement
- Original estimate expected certifications at or near biennial caps

