

# House Bill 2095

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue for Representative Nancy Nathanson)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest:** The Act makes a fix to the tax credit for semiconductor research. (Flesch Readability Score: 67.7).

Modifies the tax credit for research conducted by a semiconductor company. Omits an obsolete provision concerning the election of alternative incremental credit under related federal law.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to revenue; amending ORS 315.518; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 315.518 is amended to read:

5 315.518. (1) As used in this section, "qualified semiconductor company" means an entity whose  
6 primary business is the research, design, development, fabrication, assembly, testing, packaging or  
7 validation of semiconductors, or an entity whose primary business is the creation of semiconductor  
8 manufacturing equipment, semiconductor core intellectual property or electronic design automation  
9 software that is primarily intended for use in the semiconductor industry.

10 (2) A credit against taxes otherwise due under ORS chapter 316 or, if the taxpayer is a corpo-  
11 ration, under ORS chapter 317 shall be allowed to eligible taxpayers for increases in qualified re-  
12 search expenses and basic research payments. The credit shall be determined in accordance with  
13 section 41 of the Internal Revenue Code, except as follows:

14 (a) The applicable percentage specified in section 41(a) of the Internal Revenue Code shall be  
15 15 percent.

16 (b) "Qualified research" and "basic research" shall consist only of research conducted in Oregon  
17 by a qualified semiconductor company, in support of a trade or business directly related to semi-  
18 conductors.

19 *[(c) Section 41(c)(4) of the Internal Revenue Code (relating to the alternative incremental credit)*  
20 *does not apply to the credit allowable under this section.]*

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

24 (4) The maximum credit under this section may not exceed \$4 million for any taxpayer.

25 (5) Prior to claiming a credit under this section, a taxpayer must obtain from the Oregon Busi-  
26 ness Development Department:

27 (a) If applicable, approval from the Oregon Business Development Department as provided in  
28 section 5, chapter 298, Oregon Laws 2023.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) Certification as provided in ORS 315.522.

2 (6) The Oregon Business Development Department shall provide information to the Department  
3 of Revenue about all certifications issued under ORS 315.522, if required by ORS 315.058.

4 (7) The Director of the Oregon Business Development Department may order the suspension or  
5 revocation of a credit allowed under this section, as provided in ORS 315.061.

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

8 (9) Notwithstanding ORS 317.090 (3), the refundable portion of a credit under this section is al-  
9 lowed against the tax imposed under ORS 317.090 and may reduce the tax imposed under ORS  
10 317.090 to zero. Any remaining amount of credit above the minimum shall be refunded as provided  
11 in ORS 315.519.

12 (10) Any tax credit that is otherwise allowable under this section and that is not used by the  
13 taxpayer in that year may be carried forward and offset against the taxpayer's tax liability for the  
14 next succeeding tax year. Any credit remaining unused in such next succeeding tax year may be  
15 carried forward and used in the second succeeding tax year, and likewise any credit not used in that  
16 second succeeding tax year may be carried forward and used in the third succeeding tax year, and  
17 any credit not used in that third succeeding tax year may be carried forward and used in the fourth  
18 succeeding tax year, and any credit not used in that fourth succeeding tax year may be carried  
19 forward and used in the fifth succeeding tax year, but may not be carried forward for any tax year  
20 thereafter.

21 **SECTION 2. This 2025 Act takes effect on the 91st day after the date on which the 2025**  
22 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

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