

HB 3049 – Oregon Investment Advantage

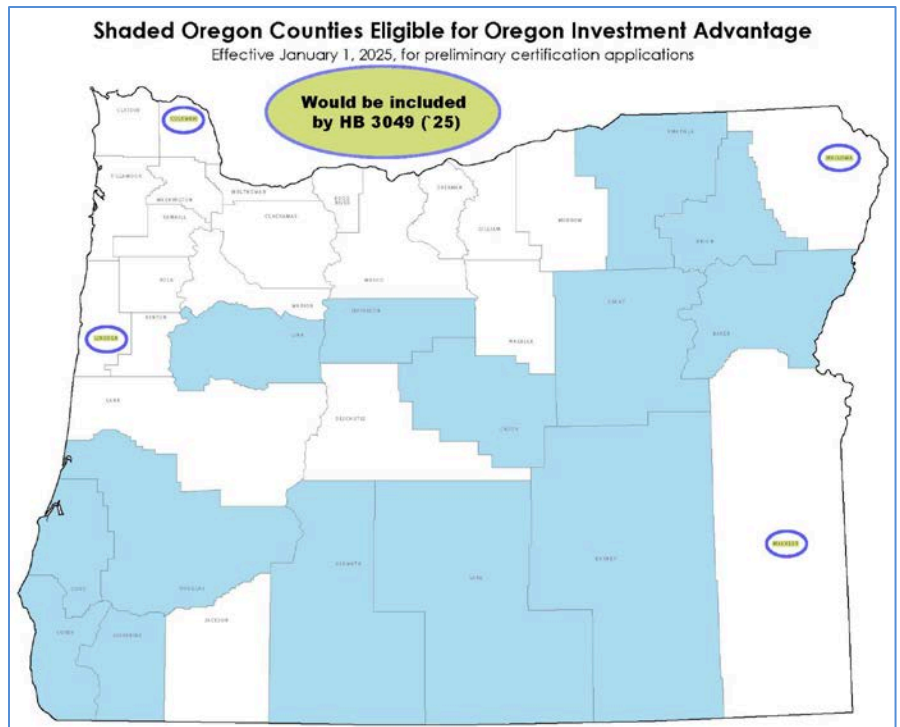
Oregon Investment Advantage¹ (OIA) is an existing income-tax subtraction program to help economically challenged parts of Oregon in spurring business development. Currently less than ten business firms are participating, and the program is unnecessarily challenging to use and to market.

The goal of the legislative concept is to simplify some calculations, clarify certain areas of statute, and provide for somewhat broader use geographically while maintaining revenue neutrality. Specific changes include the following.

- Establish a new eligibility methodology to consistently allow half (18) of Oregon’s worst-performing counties access to the subtraction. For 2025, under current law only 14 counties qualify.
- Simplify payroll requirements to compare only company and county wages rather than also using compensation with benefits or county per capita income.
- Clarify the statutory exemption period is for 10 consecutive years that begin after operations commence. (Statute is currently unclear in some situations and there is a 2-year lag, which has been a further complication.)
- Limit exempt corporate income for any one company to a maximum per tax year, so that the overall effect of the concept is revenue neutral for 2025-27 biennium.

On the last point, the introduced version of HB 3049 contains a blank (\$____) for a new maximum exemption. The bill will likely receive a subsequent referral to the House Committee on Revenue, and the Department will seek to amend in a maximum dollar amount based on analysis of the Legislative Revenue Office. The maximum is intended to reduce the tax benefit for C corporations receiving the largest subtraction by enough to offset slightly more companies’ qualifying due to other changes by the concept.

The proposed statutory changes are intended to moderately increase participation in the OIA by establishing more predictable eligibility for counties, as well as clarifying and simplifying business requirements. The Department believes greater participation in OIA will produce positive economic outcomes in economically struggling portions of the state, primarily in rural areas.



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¹ <https://www.oregon.gov/biz/programs/OIA/Pages/default.aspx>