

# 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

$$Credit\ Amount = Credit\ % * (QRE_t - base\ amount)$$

- $QRE_t$  = 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. 15<sup>th</sup> 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