Section Contents: SB 1586 -7 (changes from -4 in red)

Sec.	Policy Description

1-5, 8, 10	**New Research and Development (R&D) Tax Credit for Advanced Manufacturing**
	• New partially refundable R&D income tax credit for "advanced manufacturing" is nearly identical to OR's R&D credit for semiconductor companies
	• "Advanced manufacturing" means activities that:
	   o Depend on use/coordination of information, automation, computation, software, industrial sensors and networking
	   o Use newly developed materials & processes enabled by physical and biological sciences, (e.g., nanotechnology, chemistry, and biology)
	   o Involve new ways to manufacture existing products and manufacture of new products emerging from advanced technologies, or
	   o For biotechnology and life sciences, are related to research, development, scale-up and enabling technology activities integral to production of biological, medical or biobased products.
	• Partial credit refundability
	   o 75% OR employees < 150
	   o 50% 150 ≤ OR employees < 500
	   o 25% 500 or more OR employees
	• Applies tax years 2027 through 2030 ~~2035~~
	• Certification limits
	   o 2025-27 biennium $50M
	   o 2027-29 biennium $50M
	   o 2029-30 fiscal year $50M
	   o No certification limit thereafter

6, 7, 9, 10	**Existing OR R&D Tax Credit for Semiconductor Companies** • Expands availability of 25% refundable tax credit to companies with employees ≥ 3,000, applies TYs 2027 and later • Allows withdrawal of certification request following potential certification reduction determination from OBDD • Extends credit's sunset by 1 ~~6~~ year, from January 1, 2030, to January 1, 2031 ~~2036~~ • No certification limit in years of sunset extension
11-15	**New Permissive Property Tax Exemption** • Allows city or county to create a property tax exemption for newly acquired (new or used) or newly updated machinery and equipment (M&E) used by an advanced manufacturing business, for primary purpose of advanced manufacturing, and located exclusively within boundaries of the city or unincorporated areas of the county • "Advanced manufacturing" definition same as used in proposed R&D credit • Limits exemption to no more than five years • Requires exemption application to county assessor, prescribes due dates and fees, requires city/county to determine M&E eligibility

	• Requires M&E to be placed in service on or after January 1, 2026, and not previously been subject to ad valorem property taxation in Oregon
16	**Oregon Industrial Site Readiness** • Reduces employment requirements to qualify as an eligible employer for the Industrial Site Readiness Program • Modifies existing requirement that each employer increase qualified average annual employment by the minimum 25 (rural site) or 50 (urban site), to require employment to increase by such amounts for each industrial site in aggregate
17-19	**Applications for Agency Permits** • Directs specified state agencies to publish a catalog of permits issued by the agency that relate to or have an impact on economic development projects • Prescribes content of catalog and requires reporting back to Legislature • Requires catalog and reporting to Legislature to occur within 120 days of effective date

19-21	**Land Use (land designation language modified)**
	• Adds rural reserves in Washington County to Metro to be planned and zoned for:
	   ○ Industrial use including,
	   ○ High-technology and adv. manuf. and production, including R&D
	   ○ Uses that support high-tech and adv. manuf., R&D
	   ○ Commercial uses that are accessory to and support high-tech. and adv. manuf.
	• Prohibits zoning as
	   ○ A data storage, processing or information center except as an accessory to or part of a qualified use
	   ○ For commercial uses as specified
	   ○ Retail or wholesale warehousing facilities for consumer goods