Proposed Changes to the Manufacturing BETC

Purpose: Modify the Manufacturing BETC to reduce the revenue impact to the state and to make the incentive more focused on job creation for existing businesses, as well as new businesses, involved in manufacturing, to include key industries defined by the Oregon Business Development Commission where the state has a competitive advantage to spur future growth.

Provisions:

- Change the name from Manufacturing BETC to Oregon Manufacturing Initiative;
- Reduce the total program cap from $200 million per biennium to $100 million per biennium;
- Limit the incentive to one tax credit of up to a $10 million maximum per company;
- Provide that the tax credit applies to new or expanded manufacturing activities that create new jobs for at least five years;
- Minimum amount of qualifying expenses for incentive eligibility would be $1 million;
- Eligible manufacturing industries include key industries* defined by the Oregon Business Development Commission and other manufacturing opportunities as determined by Business Oregon based upon job creation and employee compensation level;
- Tax credit amount would be established based on expenses directly related to job creation as set forth in rule by Business Oregon:
  - Eligible expenses may include capital costs of facilities, new employee compensation expenses, worker training expenses, and other expenses which directly result in job creation as defined in rule;
- Business Oregon would set standards for the amount of jobs and the level of compensation required for tax credit eligibility and for the resulting amount of tax credit;
  - Jobs must pay 150% of average compensation, either statewide or the county where jobs are created;
- Tax credit would continue to be taken in equal amounts over five years;
- Tax credit would continue to be transferrable;
- Business Oregon would have authority to adopt all rules necessary to implement these measures;
- Business Oregon would report at the beginning of every odd-numbered year to the Legislature on the job creation impacts, total compensation created, net income tax impacts and other economic impacts of the tax credit.

*Key industries defined in the Commission's current strategic plan where the State has a competitive advantage to spur future growth include clean energy technology, forestry and wood products, high technology (semi-conductor/electronics), outdoor gear and apparel, and advanced manufacturing.