

Public University Venture Development Fund (UVDF) Tax Credit

House Committee on Education | HB 2441 | 3/18/2021

Legislative Revenue Office



Legislative Tax Credit Review

- Tax credit review process
 - Conducted every odd year session
 - 6-year sunsets
 - Individual bill extending sunset facilitates review
 - Reviewed first by committee with policy link, subsequent referral to a revenue committee
- LRO prepares tax credit report supporting review
 - Identify policy purpose | Description | Policy analysis





Public University Venture Development Funds (UVDF)

- What is a UVDF and what is the purpose
 - UVDF distributes funds through Venture Grant program

ORS 350.550 states the purpose of the UVDFs

Facilitate the commercialization of university research and development

(2) The purposes of a university venture development fund are to provide:

(a) Capital for university entrepreneurial programs

(b) Opportunities for students to gain experience in applying research to commercial activities

(c) Proof-of-concept funding for transforming research and development concepts into commercially viable products and services and

(d) Entrepreneurial opportunities for persons interested in transforming research into viable commercial ventures that create jobs in this state.





UVDF Tax Credit

- Enacted in 2005
- Policy purpose of the credit:
 - To encourage contributions to respective university venture development funds
- Credit= 60% of taxpayer's contribution to UVDF
 - Unused credits can be carried forward up to 3 succeeding years
 - Available to individuals and businesses making contributions





Potential Value of Credit to Taxpayer

Illustrative Example of Tax Credit Value

	With UVDF Credit	Without UVDF Credit
Contribution	\$10,000	\$10,000
Oregon Credit	\$6,000	\$0
Oregon Deduction	N/A ¹	\$990
Federal Deduction ²	\$1,280	\$3,200
Total "cost" to Taxpayer	\$2,720	\$5,810

¹ORS 315.640(6) effectively disallows a taxpayer that claims the credit from also claiming an Oregon deduction for the same donation.

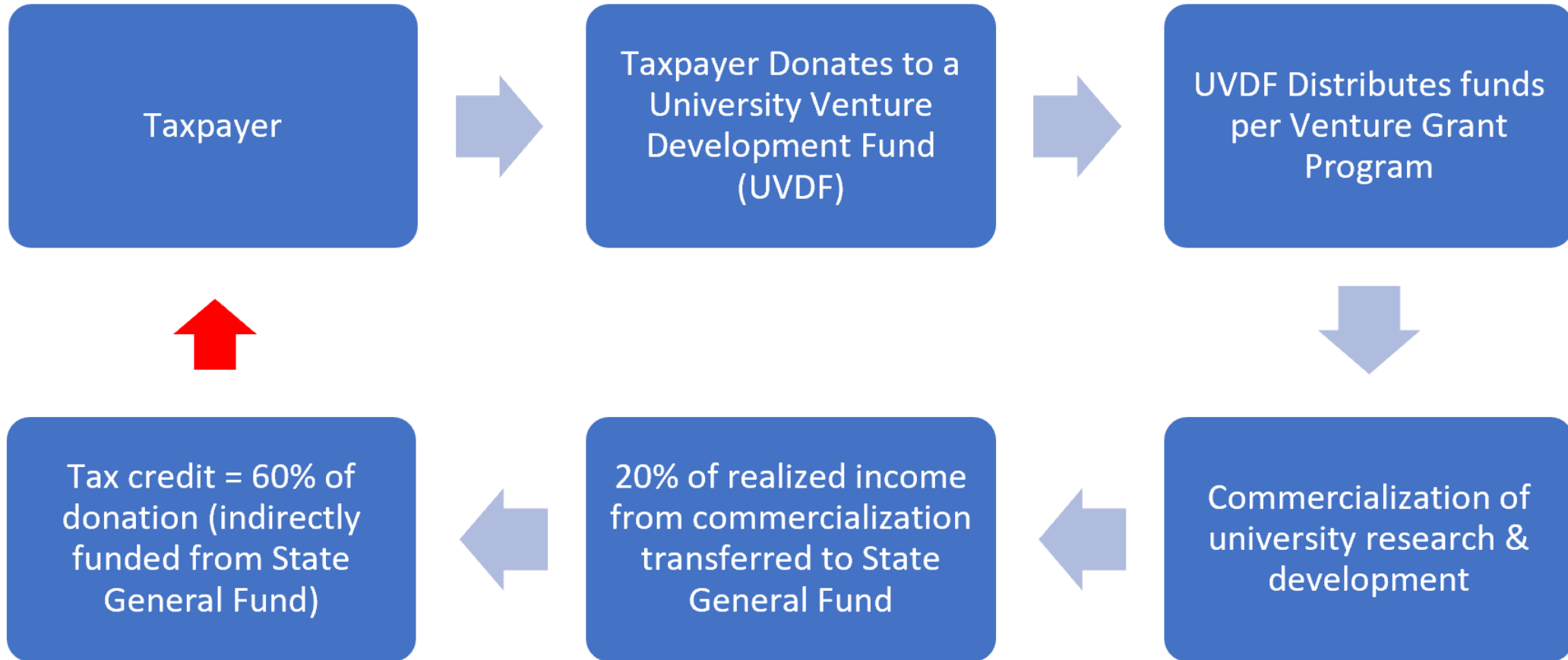
²IRS regulations require taxpayers to reduce their charitable contribution deductions by the amount of any state tax credit they receive in return.

- Potential individual incentive to make UVDF donations





Contributions, Credits, UVDFs, Flow of Funds





Credit Limit

- Total outstanding credits limited to \$8.4 million

Certified Tax Credit Limit by Education Institution

Oregon State	\$3,947,720	Eastern Oregon	\$7,500
University of Oregon	\$2,122,670	Southern Oregon	\$7,500
Portland State	\$1,275,840	Western Oregon	\$7,500
Oregon Health & Science	\$1,023,770	Oregon Institute of Tech.	\$7,500





Public University Venture Development Funds (\$'s in Millions)

	OSU	UO	OHSU	PSU	Total
<i>Deposits</i>					
Fund Donations	\$6.3	\$1.7	\$1.6	\$1.5	\$11.1
Income to the Fund	\$0.0	\$0.1	\$0.1	\$0.0	\$0.1
Income and Royalties from Disbursement	\$0.0	\$5.0	\$0.4	\$0.2	\$5.6
<i>Withdrawals</i>					
Disbursements and Grants	\$4.4	\$1.3	\$1.2	\$1.8	\$8.7
<i>Tax Credits</i>					
Total Certificate Authority	\$6.6	\$3.5	\$1.7	\$2.1	\$14.0
Total Credits Allowed	\$3.9	\$2.1	\$1.0	\$1.3	\$8.4
Credits Issued	\$3.8	\$1.0	\$1.0	\$0.9	\$6.6
Credits Available to be Issued	\$0.2	\$1.9	\$0.2	\$0.4	\$2.7
<i>General Fund</i>					
Transfers to the General Fund	\$0.0	\$0.8	\$0.1	\$0.0	\$0.9
General Fund Net	-\$3.8	-\$0.2	-\$0.9	-\$0.9	-\$5.7

As of June 30, 2020



Questions?

More detail available in LRO's Tax Credit Report: 2021 Session

<https://www.oregonlegislature.gov/lro/Pages/publications.aspx>