HB 2441   STAFF MEASURE SUMMARY

House Committee On Education

Prepared By:	Matt Perreault, LPRO Analyst
Sub-Referral To:	House Committee On Revenue
Meeting Dates:	3/18, 4/6

WHAT THE MEASURE DOES:

Extends sunset for tax credit for contributions to university venture development funds from January 1, 2022 to January 1, 2028.

REVENUE: Revenue impact issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

- Legislative tax credit review process
- Characteristics of tax credit for contributions to UVDFs
- How realized income from research commercialization is returned to the General Fund
- Donations to UVDFs are only source of revenue for the programs

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Public universities were first allowed to create university venture development funds (UVDFs) by Senate Bill 853 (2005) to facilitate the commercialization of university research and development. UVDFs generate capital investments to fund grants that promote proof-of-concept funding of research that may prove to be viable commercial products, and to offer entrepreneurial and research opportunities to students. These funds are primarily active at Oregon State University, the University of Oregon, Portland State University and Oregon Health and Science University.

Senate Bill 853 (2005) also created a tax credit for individual or corporate contributions to UVDFs. The purpose of the tax credit is to incentivize contributions to UVDFs by allowing individuals or corporations to claim up to 60% of the value of the contribution against their tax liability. Because they cause the state to forego revenue that it would otherwise collect, tax credits are considered a type of expenditure. The Legislative Revenue Office reports that the UVDF tax credit represents a $5.7 million expenditure from the General Fund as of June 30, 2020. The UFDV tax credit is currently set to sunset on January 1, 2022.

House Bill 2441 extends the sunset for the UVDF tax credit from January 1, 2022 to January 1, 2028.