HB 2441   STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates:	5/3

WHAT THE MEASURE DOES:

Extends sunset, from January 1, 2022 to January 1, 2028, of tax credit available to taxpayers that make donations to Public University Venture Development Funds.

ISSUES DISCUSSED:

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, 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 percent of the amount contributed as a tax credit (credit amount may not exceed $600,000). Historically, the tax credit is used by about 70 taxpayers per year with very few corporations using the tax credit. On average, about $500,000 in tax credits are claimed and used each year.

Donations made to a UVDF are subsequently distributed by the respective university through the university's Venture Grant Program to support the commercialization of university research and development. Twenty percent of subsequent income received by the UVDF from commercialization (royalties, license fee payments, sale of equity, etc.) is then transferred to the State General Fund (up to certified tax credit amounts). Once a UVDF reaches its tax credit certification limit, the UVDF may only continue to issue tax credit certificates in amounts equal to tax credits repaid to the General Fund.