HB 2009 -13 v -15: Economic Development Legislation

1. Research & Development Tax Credit

a. Qualified semiconductor businesses are eligible for an income tax credit for qualified expenses (defined in federal law) for research conducted in Oregon
b. The tax credit percentage is 15% and the maximum credit per taxpayer is $4M
c. The credit is 75% refundable for taxpayers with fewer than 150 Oregon employees; 50% refundable if they have between 150 and 499 employees, and 25% refundable if they have between 501 and 2,999 Oregon employees. Non-refundable tax credits may be carried forward for up to five years.
d. To claim the tax credit in tax year 2024, firms must register with and provide data to the OBDD by December 1, 2023. During the 2024 session, the Legislature will consider program modifications based on an LRO report using the registration data. For all years, taxpayers must receive certification from OBDD so the department can verify eligibility and manage the potential use of tax credit under the statutory caps.
e. The tax credit is in effect for tax years 2024-29 and includes statutory cap for potential tax credits as a means of providing a safety net against unexpectedly large tax credit claims.

2. Enterprise Zone Programs

a. Both the Enterprise Zone (EZ) and Long-term Rural Enterprise Zone (LTREZ) programs are extended through 2032, though 'fulfillment centers' are no longer eligible for the program.
b. Certain transparency provisions are being added, such as providing public notice of an impending agreement 21 days prior to its effective date and posting the terms of the agreement, excluding the name of the firm and confidential or proprietary information. Adds the LTREZ program to those included on the state's transparency website. OBDD would be required to produce a report on program transparency.
c. For years 4 & 5 of the EZ program and years 6 and later for the LTREZ program, participants must pay a school support fee to their local school district; the fee is 25% of the taxes that would have otherwise been paid but for the property tax exemptions. In the -15, the fee is negotiated between the zone sponsor and corresponding school districts; it is set between 15% and 30% of the property taxes that would have otherwise been paid. Each fee applies for all subsequent exemption agreements.
d. Aligns provisions between the LTREZ and EZ programs to ensure that should a program end, any active agreements are fully honored beyond a sunset date.
e. Other changes include the requirements that zone sponsors provide notice to neighboring local governments if an impending project may adversely affect local infrastructure and that OBDD provide technical assistance to local governments upon request.

3. Strategic Investment Program

a. Eligibility thresholds are increased from $100M (urban) and $25M (rural) to $150M and $40M, respectively and indexed to inflation.
b. The taxation threshold for urban projects is kept at $100M but does become indexed for inflation. The taxation thresholds for rural projects are being increased from $25M, $50M, and $100M to $40M, $75M, and $150M, respectively.
c. The community service fee is being increased from $2.5M to $3M plus annual adjustments for inflation thereafter.
d. Includes ports - with cities and counties - as entities that can enter into agreements.
e. Other changes include the requirement that employers hold a job fair using WorkSource Oregon, a prohibition on the creation of additional Strategic Investment Zones, requiring OBDD to make negotiation training materials available to zone sponsors, ensuring that providers of emergency services are including in the agreement-making process.
f. Gain Share is extended five years, through 2030
g. The LRO is required to conduct a program review and report to the Legislature by October of 2034.
h. Changes generally apply to agreements made and eligibility determined on or after the effective date of the Act for property tax years 2024-25 and later.