

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1084 - A

82nd Oregon Legislative Assembly – 2023 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Michael Graham
Reviewed by: Tom MacDonald, Amanda Beitel, John Borden, Matt Stayner, Kim To, Doug Wilson
Date: May 22, 2023

Measure Description:

Restores tax credit allowed for qualified research activities at increased maximum credit amount. Excludes “fulfillment centers” from participating in the Enterprise Zone and Long-term Rural Enterprise Zone programs. Increases the maximum fee for the Strategic Investment program and changes the taxable thresholds for specified projects.

Government Unit(s) Affected:

Cities, Counties, Department of Administrative Services, Department of Revenue, Judicial Department, Oregon Business Development Department, Legislative Revenue Office

Analysis:

This fiscal impact statement is for the purpose of transmitting the measure from the Senate Committee on Finance and Revenue to the Joint Committee on Tax Expenditures.

Senate Bill 1084 A-engrossed restores and modifies the Qualified Research Activities tax credits. The measure increases the tax credit percentage to 15 percent and makes it 80 percent refundable for companies with fewer than 150 employees. The maximum tax credit is set at \$15 million and is transferable. The measure establishes a program cap of \$200 million in tax credits per biennium and applies to tax years 2024 through 2029. The measure extends the Enterprise Zones, Long-Term Rural Enterprise Zones, Gain Share, and Industrial Site Readiness programs to 2035.

The measure excludes “fulfillment centers” from participating in the Enterprise Zone and Long-term Rural Enterprise Zone programs. The maximum fee for the Strategic Investment Program is increased from \$2.5M to \$3M and indexed to inflation. Changes the taxable thresholds are as follows: for projects costing up to \$500M, the threshold is increased from \$25M to the lesser of the cost of the project or \$38M; for projects costing between \$500M and \$1B, from \$50M to \$75M; and for projects costing more than \$1B, from \$100M to \$150M. The measure increases the maximum amount that a county may receive in Gain Share distributions from \$16M to \$20M and indexes it to inflation.

The Oregon Business Development Department, in collaboration with the Legislative Revenue Office, must conduct a study on enterprise zone program transparency and submit a report to an interim legislative committee on economic development committee by September 15, 2024. The measure also clarifies that tax reimbursement arrangements authorized under the Industrial Site Readiness Program are capped at \$10 million annually. The measure takes effect 91 days after adjournment *sine die*.

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the Joint Committee on Tax Expenditures.

Further Analysis Required