

HB 3049 STAFF MEASURE SUMMARY

House Committee On Economic Development, Small Business, and Trade

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Meeting Dates: 2/24

WHAT THE MEASURE DOES:

The measure changes eligibility criteria and application requirements relating to the taxable income exemption for businesses in economically challenged parts of the state. Takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Changes definitions that apply to taxable income exemption laws. Modifies the definition of a qualified location to include locations outside of large cities or inside small cities. Changes the way that the Oregon Business Development Department (OBDD) determines qualified locations based on county unemployment and per capita income. Changes apply to preliminary certifications issued on or after the effective date of the measure.

Makes changes to the application requirements for preliminary certification for a firm seeking tax exemption at a facility. Clarifies that the businesses are required to employ at least five employees, not including jobs that the firm would relocate from elsewhere in the state. Clarifies which municipalities must receive copies of the application. Simplifies annual wage requirements, basing them on average wages where the facility is located. Changes apply to applications for preliminary certification filed on or after July 1, 2017, for which annual certification is issued on or after the effective date of the measure.

Makes changes to the application requirements for the annual certification for a firm seeking tax exemption at a facility. Modifies terms, fees, and deadlines. Changes apply to annual certifications issued on or after January 1, 2026.

Adds language stating that the exemption to any one company may not exceed a certain amount per tax year. Changes apply to annual certifications issued on or after January 1, 2026.

Takes effect on the 91st day following adjournment sine die.

Fiscal impact: (info)

Revenue impact: (info)

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon Business Development Department (OBDD) currently administers [Oregon Investment Advantage \(OIA\)](#), a tax exemption program intended to increase business development in economically challenged parts of the state. House Bill 3770 (2001) created this program.

House Bill 3049 makes changes to eligibility criteria and application requirements relating to the taxable income exemption for businesses in economically challenged parts of the state. The measure makes changes to OIA by

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simplifying calculations, clarifying requirements, and allowing for broader geographic use of the exemption.

Under current statute, and based on 2025 data, 14 counties currently qualify for the program. Changes in the measure would mean that 18 counties consistently qualify. The measure updates the definition of “qualified location” to expand the geographic reach of the program and allow more predictable eligibility. Under current statute, there are requirements for both average wages and county per capita income. They also change based on location and whether the company offers health insurance benefits. The measure also simplifies wage requirements, basing them only on average wages where the facility is located.