

# HB 3049 - OR Investment Advantage Income Tax Subtraction

House Committee on Revenue  
May 29<sup>th</sup>, 2025



# Overview - OR Investment Advantage (OIA) Tax Subtraction

## Current Law Overview

- Income tax subtraction for qualifying new business facility, up to 10 tax years

*Subtraction = income apportionable to the certified facility*

- What: facility constitutes new business operations not in competition with others, meets employment / compensation requirements
- Where: Qualified location (county and area)

## Overview of Proposed Changes

- Expand qualifying counties from 14 to 18 (add: Columbia, Lincoln, Malheur, Wallowa)
- Modification to wage/income/compensation requirements
- Proposed per business subtraction cap \$\_\_ amount

# Potential OIA Qualifications

## Business per Fiscal Year

- Number of respective businesses per year

## Businesses per County

- Count reflects a business entity reported on the transparency website for a county in any fiscal year 2016 through 2024
- Duplicates (business in same county in multiple years) are counted only once

Count of Businesses by Fiscal Year	
FY	Count
2016	15
2017	15
2018	13
2019	10
2020	8
2021	8
2022	7
2023	8
2024	7

Source: OR Transparency Website

Count of Businesses by County, FY 2016 - 24	
County	Count
Baker	2
Columbia	1
Coos	1
Crook	2
Deschutes	1
Douglas	1
Jackson	2
Jefferson	1
Klamath	1
Linn	5
Malheur	1
Morrow	3
Umatilla	1

Source: OR Transparency Website

# OR Investment Advantage – Impact on Revenue

- Availability of tax data is limited due to disclosure laws
- Average annual combined PIT and Corp revenue loss estimated at about \$12M per year
  - Years 2012 - 2022

OR Investment Adv. Estimated Revenue Loss			
Biennium	Corp	PIT	Total
2001-03	<50K	<50K	<50K
2003-05	<50K	<50K	<50K
2005-07	<50K	<50K	<50K
2007-09	100,000	<50K	100,000
2009-11	2,000,000	1,700,000	3,700,000
2011-13	1,300,000	1,900,000	3,200,000
2013-15	1,400,000	3,400,000	4,800,000
2015-17	8,600,000	4,700,000	13,300,000
2017-19	8,600,000	4,700,000	13,300,000
2019-21		N/A	
2021-23		N/A	
2023-25		N/A	
2025-27		N/A	

Source: Respective OR Tax Expenditure Reports

# Per Business Subtraction Cap Examples

- Proposed cap is on individual C-corps
- Pass through entities
  - Partnerships & S-corporations
    - Subtraction is passed through to individual members of business entity
    - Subtraction cap could be entity based or per individual, but effect could vary based on number of owners

Example Individual Bus. Subt. Limits (\$M's)		
Subtraction Amount	Tax at 7.6% Corp Rate	Tax at 9.9% PIT Rate
\$15	\$1.1	\$1.5
\$30	\$2.3	\$3.0
\$65	\$4.9	\$6.4
\$100	\$7.6	\$9.9