

73rd OREGON LEGISLATIVE ASSEMBLY--2005 Regular Session

Enrolled

Senate Bill 853

Sponsored by Senator MORSE; Senators DECKERT, JOHNSON,  
MORRISETTE, WALKER, Representative BUTLER

CHAPTER .....

AN ACT

Relating to university research tax incentives.

Be It Enacted by the People of the State of Oregon:

SECTION 1. { + (1) Each university in the Oregon University System and Oregon Health and Science University may elect to establish a university venture development fund for the purpose of facilitating the commercialization of university research and development.

(2) The purposes of a university venture development fund are to provide:

- (a) Capital for university entrepreneurial programs;
- (b) Opportunities for students to gain experience in applying research to commercial activities;
- (c) Proof-of-concept funding for transforming research and development concepts into commercially viable products and services;
- (d) Entrepreneurial opportunities for persons interested in transforming research into viable commercial ventures that create jobs in this state; and
- (e) Tax credits for contributors to university research commercialization activities.

(3) Each university that elects to establish a university venture development fund shall:

- (a) Notify the Department of Revenue of the establishment of the fund;
- (b) Either directly or through a foundation supporting university activities, solicit contributions to the fund from contributors;
- (c) Subject to sections 2 (3), 3 (3) and 5 (1) of this 2005 Act, issue tax credit certificates to contributors to the fund in the amount of the contributions;
- (d) Establish a grant program that meets the requirements for a venture grant program under policies adopted by the State Board of Higher Education under section 2 of this 2005 Act or under policies adopted by the Oregon Health and Science University Board of Directors under section 3 of this 2005 Act; and
- (e) Subject to available moneys from the fund, provide qualified grant applicants with moneys to transform research and development concepts undertaken by the university into

commercially viable products and services.

(4) A university that has established a university venture development fund shall monitor the use of grants made from the

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fund and identify sources of income received by the university as the result of the use of grants to convert research and development concepts into commercially viable products and services. The university shall transfer 20 percent of the received income to the General Fund, until the amount transferred to the General Fund equals the amount of tax credits claimed due to contributions to the fund. + }

SECTION 2. { + The State Board of Higher Education shall adopt policies that prescribe the requirements for a venture grant program and the requirements that a grant applicant must meet in order to receive grant moneys from a university venture development fund, including requirements:

(1) That a grant recipient remain within this state for at least five years following the receipt of a grant or repay the grant plus interest;

(2) That each university that establishes a venture development fund report amounts of tax credit certificates issued by the university and maintain records of licensing and royalty revenue received by the university as the result of grants made from the fund under section 1 (4) of this 2005 Act and records of amounts paid to the General Fund under section 1 (4) of this 2005 Act; and

(3) Under which the Oregon University System is to maintain records and issue directions to universities that have established venture development funds relating to when universities must cease issuing certificates, in order to ensure that the total amount contributed to university venture development funds within the Oregon University System does not exceed \$10 million. + }

SECTION 3. { + The Oregon Health and Science University Board of Directors shall adopt a policy that prescribes the requirements for a venture grant program and the requirements that a grant applicant must meet in order to receive grant moneys from the university venture development fund operated by Oregon Health and Science University, including requirements:

(1) That a grant recipient remain within this state for at least five years following the receipt of a grant or repay the grant plus interest;

(2) That the university maintain records of tax credit certificates issued by the university and cease issuing certificates when the total amount of certificates issued by the university equals \$4 million; and

(3) That the university maintain records of licensing and royalty revenue received by the university as the result of grants made from the fund under section 1 (4) of this 2005 Act and records of amounts paid to the General Fund under section 1 (4) of this 2005 Act. + }

SECTION 4. { + Section 5 of this 2005 Act is added to and made a part of ORS chapter 315. + }

SECTION 5. { + (1) There shall be allowed a credit against the taxes that are otherwise due under ORS chapter 316 or, if the

taxpayer is a corporation, under ORS chapter 317 or 318, for amounts contributed to a university venture development fund established under section 1 of this 2005 Act, to the extent the university that established the fund issued a tax credit certificate to the taxpayer.

(2) The total amount of the credit allowed to a taxpayer shall equal 60 percent of the amount stated on the tax credit certificate. Except as provided in subsection (3) of this section, the amount of the credit allowed in any one tax year

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shall equal 20 percent of the amount actually contributed to the fund.

(3) The credit allowed under this section may not exceed \$50,000 or the tax liability of the taxpayer for the tax year.

(4) In the case of a credit allowed under this section for purposes of ORS chapter 316:

(a) A nonresident shall be allowed the credit in the same manner and subject to the same limitations as a resident. However, the credit shall be prorated using the proportion provided in ORS 316.117.

(b) If a change in the tax year of a taxpayer occurs as described in ORS 314.085 or if the Department of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit shall be prorated or computed in a manner consistent with ORS 314.085.

(c) If a change in the status of a taxpayer from resident to nonresident or from nonresident to resident occurs, the credit shall be determined in a manner consistent with ORS 316.117.

(5) A taxpayer claiming a credit under this section shall add to federal taxable income for Oregon tax purposes any amount that is deducted for federal tax purposes and that also serves as the basis for the credit allowed under this section. + }

SECTION 6. { + Section 5 of this 2005 Act applies to tax years beginning on or after January 1, 2006. + }

SECTION 7. { + (1) At the request of a university within the Oregon University System, the State Treasurer shall establish one or more university venture development funds for the university within the State Treasury.

(2) Each university venture development fund established under subsection (1) of this section may be used for the receipt and disbursement of funds as described in section 1 of this 2005 Act and policies adopted under section 2 of this 2005 Act. The State Treasurer may invest moneys deposited in a university venture development fund. Interest earned by moneys in a university venture development fund shall be credited to the fund. + }

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Passed by Senate June 22, 2005

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Secretary of Senate  
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President of Senate

Passed by House July 11, 2005

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Speaker of House

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Governor

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