



SENATE MAJORITY OFFICE

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Legislation encourages entrepreneurs to invest in Oregon business, create jobs *The Oregon Entrepreneur Investment Act passes Senate unanimously*

SALEM – Legislation encouraging Oregon entrepreneurs to start new businesses found enthusiastic support in the Senate this morning. HB 3627, coined the Oregon Entrepreneur Investment Act, allows workers who receive a severance package to deduct that severance pay from their income taxes in order to invest in a new or existing small business.

“One of the biggest obstacles to starting a business is raising capital. And sometimes a severance check is the largest portion of capital people can bring to their new business,” said Senator Mark Hass (D-Beaverton), who carried the bill on the floor. “This is a small shot in the arm for Oregonians who can take an economic setback and turn it into an opportunity.”

HB 3627 allows Oregon residents to claim an income tax subtraction of up to \$500,000 for investing their severance pay into a new or existing Oregon small business. The bill requires people who claim this credit to maintain their investment for at least 24 months and makes the credit conditional on stringent requirements about the investor’s participation in the business. The program will sunset in 2014.

“It’s more important than ever to encourage the entrepreneurial spirit in Oregon,” said Senate Majority Leader Richard Devlin (D-Tualatin). “The success of our state is reliant upon encouraging investment and innovation. Growing businesses create jobs, and jobs are our number one priority this session.”

Over the past ten years roughly 5 to 9 percent of employees start their own business in response to a job loss. This policy would provide additional capital for such taxpayers as an incentive to start their own business. HB 3627 was sponsored in the House by Representative Tobias Read (D-Beaverton). The bill will now go to the Governor for his approval.

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