

March 31, 2011

TO: House Committee on Transportation and Economic Development

RE: SUPPORT for HB 3174, extension of the Qualified Research Tax Credit

We reprocess medical devices – primarily surgical devices and sell them back to hospitals and surgery centers at 50% of original acquisition cost. Almost 98% of our revenues come from outside this state. We spend considerable R&D dollars to develop processes to reprocess more types of devices every year. We are governed by the FDA like other medical device manufacturers, thus it can cost upwards of \$250,000 to add a single new device to our product line. This is all R&D spending.

I'm writing to support extension of the Oregon Qualified Research Tax Credit in HB 3174. The credit is an incentive for our company to accelerate our investments in research in Oregon, leading to company growth, competitiveness, and job formation. We are trying to triple our R&D budget this year and had plans of using this credit to help offset some of the costs. Our goal is to increase from 90 jobs to over 150 by this time next year (we increased from 75 to 90 this past year).

The existence of the R&D credit in Oregon is one factor that makes this a competitive place to do business. I urge you to support its continuance. Let's not add insult to injury (after adding the gross revenue tax) by now reducing or eliminating the R&D tax credit. We are doing our part to add jobs and revenues from other states into Oregon – we ask that you do the same by trying to make Oregon business friendly.

Sincerely,



Jason Wandersee  
Chief Executive Officer