



HB 2333: Oregon Innovation Grants and Loans - Taxpayers as Investors

Testimony for House Transportation and Economic Development 3.13.2013 Jody Wiser

What we're doing as a state to support innovation is quite wonderful. The centers of innovation the state has created, the labs that some of our businesses have created, the various local angel investment funds, the local financial industry investments, and the creativity that our citizens exhibit – these are all outstanding. The fact that recent buy-outs seem to be staying in Oregon rather than moving to California shows that we're also building the operational expertise later stage investors seek as well. That's exciting news.

Yesterday when I went to get something from the vending machine in the basement, I recognized that it was a new machine. Then I checked and saw that yes, it is one of the innovations that Oregon produced! One that I'm a venture capital investor in. It is a vending machine that takes credit cards – that's what you'll notice if you head down there for a candy bar or chips.

But it is more than that. When the employee arrives to collect cash and fill the machine, he or she will know exactly what products and how many of each to bring into the building. How? Well, the smart technology transmits more than credit card information; it sends messages about what has been purchased. So it's a computer screen, not a hand count that tells how many of which products are needed to refill the machine in the basement. As you can imagine, this is a machine that will kill jobs, not create them. But it's really a brilliant change, one that makes you wonder why no one else has had this idea and developed it. I would not be surprised to learn that the innovator was helped at one of our centers.

I've was impressed, I invested in the company, but when I invested in that company, I didn't do so without expecting an equity interest. And neither should the state. If we loan money, we should expect risk-adjusted interest. If we give money, it should be as an investment, not as a grant.

No other investors, neither those who precede Oregon's investments nor those who follow, will invest in innovative projects without getting an equity interest, or high interest. And while the entrepreneurs will, of course, prefer free money, they'll be happy to get those critical dollars. The investment values can be placed in PERS where successes will return to Oregonians, and failures will be the same are all current grants.