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April 2, 2015

House Committee on Finance & Revenue  
c/o Representative Phil Barnhart, Chair

**Re: House Bill 2752, Qualified Research Activities Tax Credit**

Chair Barnhart and Members of the Committee,

Oregon is home to a wide range of innovative sectors, from technology and manufacturing to agriculture and biosciences. Each and every day, these sectors revolutionize the world as we know it. Innovations in the semiconductor industry are by far the most recognizable for Oregon; however, the significance of research and development activities spans much further than one company or one industry.

The knowledge spillover of innovation is substantial throughout all economic sectors. The innovations of one company can revolutionize the capabilities of virtually all others. Innovations in the semiconductor industry, for example, increase Tektronix's ability to innovate and manufacture our test and measurement equipment for engineers. In return, our products enable engineers from many different industries to evaluate the products they design. It's a synergetic cycle where we depend on one another in order for progress to be possible.

The Qualified Research Activities Tax Credit is one of the most effective tools in stimulating private sector innovation. In order to claim the credit, a company must make an upfront investment in qualifying activities found in ORS 317.152 and 26 U.S. Code § 41. These investments create valuable job opportunities that not only add value to Oregon's economy but also income tax resources that benefit all of the state's programs, such as our public school system.

House Bill 2752 is an opportunity to improve Oregon's innovation incentive. Many small businesses and startup companies are barred from claiming the credit because they do not have sufficient tax liability. This bill would allow the credit to be refundable for these companies, allowing them to reinvest the money back into their innovation activities. The bill also would strengthen the incentive by returning the tax credit to \$2 million, encouraging companies and investors to locate and expand their operations in Oregon. I encourage you to support House Bill 2752 to help transition Oregon from a tech cluster to a world-renown innovation hub.

Thank you for your work on this issue.

Sincerely,

A handwritten signature in black ink that reads "Mark Modjeski". The signature is written in a cursive style.

Mark Modjeski  
Tax Director  
Tektronix