

Strengthening Oregon's incentive for innovation investments

The Smart Growth Coalition encourages your support of HB 2752

Oregon's economy, once dependent on the natural resource industry, has gone through a significant diversification over the past several decades. Oregon has transitioned from being a state that was dependent on wood chips as its primary commodity to computer chips. While it did not happen overnight, the groundwork was laid in the mid-1980s when our leaders began to encourage foreign investment as a means to create opportunities for Oregonians.

The Research & Development Tax Credit has successfully driven billions of dollars in innovation investments in Oregon since its establishment in 1989. Startups rely on innovation investments in order to discover the next groundbreaking hardware, process or system; however, without a product to sell, they do not have the necessary tax liability under ORS 317.152 to claim the credit even if they are contributing a qualified level of investment.

HB 2752 is an opportunity for the state to encourage small businesses and startups to engage in innovation activities and encourage their investors to do business in Oregon.

- Provides refundability for businesses reporting less than \$1 million in Oregon sales, encouraging small businesses and startups to make greater investments in their Oregon workforce.
- Restores the credit back to \$2 million, encouraging corporate and angel investors to spend their money here in Oregon.

Innovation activities in Oregon drive the creation of thousands of jobs, billions in private investment dollars, downstream spending and support of the research industry. R&D investments foster a business climate that contributes to the vibrant livability of our communities. The high wage jobs provided by R&D activities, on average, are double the average private sector wage. Ultimately, passage of this legislation is an opportunity for Oregon to strengthen its incentives for innovation investments.

The Smart Growth Coalition urges your support of this critical step forward in promoting Oregon's innovation economy.