



Date: Jan. 25, 2023

To: Co-Chairs and Members of the Joint Semiconductor Committee

From: Scott Bruun, OBI

RE: Testimony in support of Task Force Recommendations and Tax Incentives

Chair Bynum, Chair Sollman, Members of the Committee:

Good evening. My name is Scott Bruun. I am director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify.

We at OBI are full, enthusiastic supporters of the Semiconductor Task Force recommendations and the work this committee is doing. OBI is proud to have been a part of the task force from the beginning under the leadership of the Oregon Business Council.

As has been said by many, we have a generational opportunity to support our semiconductor industry, which has and will continue to do much to build Oregon's future. And through this work, we also have a generational opportunity to support all manufacturing in Oregon, the unsung heroes of Oregon's economy and culture of innovation.

As some of you know (and several of you participated), OBI led a statewide manufacturing bus tour last summer. We visited more than two dozen Oregon manufacturers. We heard about the triumphs of these manufactures and saw firsthand the amazing things they do for their employees, their communities and our state.

But we also heard about challenges. At stop after stop and tour after tour, we heard about the all-too-familiar challenges that weigh on the minds of Oregon manufacturers:

- Workforce challenges
- Land cost and land availability challenges
- Regulatory and permitting challenges
- Tax challenges, including Oregon's lack of competitive incentives.

These challenges, not surprisingly, line up synergistically with the recommendations of the Semiconductor Task Force and the problems those recommendations seek to solve. Or in other words, the recommendations of the task force would not only support and propel Oregon's semiconductor industry, they also would support and propel:

- The countertop manufacturer in Klamath Falls
- The seafood processor in Newport
- The wood products manufacturers in Cottage Grove, Eugene and Roseburg
- The metal parts manufacturer in Portland
- And the dental equipment manufacturer in Newberg.

Let me close by talking about tax credits. Oregon does not have an R&D tax credit or an investment tax credit, and this puts us at a severe competitive disadvantage. Oregon is one of only 12 states that do not have an R&D tax credit and also one of the few states that do not have some form of investment tax credit.

The states that do have these credits do so to drive capital investments into their states; to drive jobs – career jobs, family wage jobs – into their states; to drive a culture of research and innovation into their states; and to, ultimately, drive economic growth into their states. Growth that propels industry propels jobs and creates future tax revenues for those states to do the important work of government.

It's for these reasons, Chair Bynum, Chair Sollman and Committee, that OBI asks you to support the Semiconductor Task Force recommendations in their entirety, including the recommendations that call for new R&D and investment tax credits available to all Oregon businesses and manufacturers.

Thank you.

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