

Remarks for public testimony - 2/6/2023
Oregon Legislature. Joint Committee on Semiconductors

Co-chair Sollman and Co-chair Bynum; Members of the Committee–

My name is Jason Goldberg, CEO of MGP ENGINEERING LLC.

I am here to share the perspective of a small new-start entity on the questions and issues raised during this and prior Committee meetings.

First I'd like to offer a note of clarification, the CHIPS Act is clearly scoped to re-shore to the United States the entire continuum of materials, technologies, and components necessary for semi-conductors to function. Exclusivity for federal funds under the act is not assigned to any segment of the microelectronics ecosystem.

As a function to tonight's primary topic, I'd like to offer the committee some good news, new starts and small businesses that receive appropriate assistance to stand up and/or expand their operations to manufacture microelectronic components do not need land in excess of 50 acres to effectively operate. Many of those manufacturing processes do not create disproportionately large utility or infrastructure demands, nor do all of them create the environmentally hazardous by-products that stem from semiconductor fabrication and processing.

MGP Engineering seeks to manufacture and supply passive components that are necessary for a measurably secure microelectronics ecosystem and to engage in R&D efforts to innovate processes and products vital to national defense systems, and civil infrastructure.

The CHIPS Act encourages small businesses and new-start companies to participate in this nationally strategic buildup of supply-chain capacity on US shores. Support, both local and federal, given to small and new-start businesses will incentivize new manufacturing enterprises to join the established industry and ensure a secure and sustaining ecosystem, nurture innovation, and reduce risks to the supply-chain that can result from geographically-concentrated activity.

Incentive programs that could benefit small and new businesses include:

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- Commitments and funds to develop necessary utility infrastructure to offer shovel-ready building sites.
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- As suggested by Mr. John Calhoun in his remarks during the Jan 25 meeting, up front cash, or grants
- and loan guarantees that provide early phase resources will motivate and serve new businesses.
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- Simple adjustments to the SIP program scoped to smaller projects can advantage small enterprise budgets.
- Currently designed for “large capital investments”, the lowest taxable portion of an investment is \$25MI before any program benefit can be realized. Lowering this taxable threshold amount for small entities would alleviate tax burden in the startup period.
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- Generous and sustained Gain-share program to turn state-level personal tax gains back to communities that are welcoming new enterprises. Currently, A total of 50% of identified personal income taxes from new jobs are distributed to local taxing districts. This program is slated to end in 2024, so attention to renewal is needed.
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- R&D tax incentives that are time-bound to a new business nurture phase.
- Past R&D tax incentives were repealed a few years ago; several speakers advocate for their return, some say they are not making a difference to existing businesses, but they could motivate new enterprises]
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- Funding for community colleges and universities to ensure adequate staff and facilities are available to support necessary curricula expansions.
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In conclusion, targeting small and mid-size enterprises with your support offers a number of advantages: Smaller entities can leverage smaller parcels of land available across the state; Smaller entities can open opportunities for education and family wage, traded-sector jobs in communities that have thus far not benefited from high tech investments; Smaller entities can reach communities that experience economic disadvantage; Generally, these are clean technology, small footprint enterprises suited to communities with space and inclination to grow. Thank you for your time and attention to this issue, we look forward to working with you to bring a new generation of microelectronics manufacturing to Oregon.

Jason Goldberg
CEO