



Oregon Women's Rights Coalition

SB 1084 Research and Development, Enterprise Zones Etc. -Oppose

Chair Meek, Vice-Chair Boquist and members of the committee

OWRC is opposed to this bill as drafted. Research and Development is a needed part of the technology sector. If we are to fund this bill, what programs will we cut in other areas? A new \$200 million tax credit for R and D per biennium is too much.

Consider the following comments from industry publications.

Despite political and national security concerns about U.S. domestic semiconductor production, American companies continue to account for more than half of the global chip industry's total spending on research and development, according to the latest annual analysis of R&D expenditures by IC Insights. About 56% of worldwide semiconductor industry R&D spending in 2021 was by companies headquartered in the Americas region—essentially all of them in the U.S. and a **large chunk of that coming from Intel (19%, or \$15.2 billion last year)**, says IC Insights' analysis of research and development trends published in its most recent quarterly update of the 2022 *McClean Report* service. (Emphasis added) 1.

R&D is a critical part of a virtuous cycle of innovation that supports U.S. technology leadership. Innovations yield superior technologies and products that, when used in commercial production, provide the funds needed to make massive investments in future R&D. To develop these innovations, the U.S. semiconductor industry invested \$50 billion in R&D in 2021 alone. 2. The difference in the two numbers is the first considered the Americas not the United States.

The Oregon Legislature has never addressed the drastic disinvestment in our higher education system that was first started with the passage of Ballot Measure 5 and compounded with BM 47/50. The university system saw drastic cuts which resulted in higher and higher tuition rates. The semiconductor industry needs an educated workforce.

Then we had the phase out of the three-legged stool taxation of corporations with taxing their property, payroll and sales in favor of the single sales factor which favors industries such as semiconductors.

The research and development portion of this bill has many flaws. If, in fact, you are saying that you need it because of the Chips Act, it should be targeted.

The tax credit should be targeted at small entities who do not have the resources as other big research and manufacturers have.

It should be limited to smaller amounts of tax credits if it is reimplemented at all.

Earlier in the session you heard testimony from former House member Phil Barnhart chair of the Revenue Committee, relating the testimony of an industry person that said research and development would happen without the tax credit.

Oregon is not like the Federal government. We do not have the resources to fund this type of tax credit, unless you access KICKER money.

We object to extending the Enterprise Zone programs for 12 years. There are numerous enterprise zone bills. In the house testimony was heard on Tuesday and there are improvements that can be made so reporting of success is more consistent and evaluation more thorough.

Please consider the implication to the budget regarding the cost of this bill.

We have families living on the edge who have children who are future workers. But kids need stability, education and nutrition to be able to succeed. A family of three on the TANF program is allotted \$506 per month or less than 25% of the Federal poverty level. That amount has virtually not changed since the mid 90's with "welfare" reform and is not adjusted with a cost of living or inflation.

The goal of the TANF program as stated on the ODHS website: TANF provides cash assistance to low-income families with children. These benefits help meet a

family's basic needs like food, clothing, rent and utilities while they work toward self-sufficiency.

Please review this bill carefully and craft better, more tailored programs for businesses. The enterprise zones have been in existence since the 1980's and 1990's. They need to be evaluated for current needs and more sideboards need to be attached to them.

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1. <https://www.globalsmt.net/world-news/americas-chip-suppliers-continue-to-dominate-rd-spending/>
2. <https://www.semiconductors.org/wp-content/uploads/2022/11/American-Semiconductor-Research-Report-FINAL1.pdf>

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