



Date: April 19, 2023

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

From: Scott Bruun, OBI

RE: Testimony and commentary on SB 5 / R&D Tax Credit

Vice Chairs Sollman and Bynum, and Members of the Committee,

I am Scott Bruun, 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.

Good Start

First, I want to thank you. I have been studying or directly participating in the Oregon legislative process for more than three decades. In all that time I have never seen a committee do such positive, important, bi-partisan work as this one.

What you are doing, once the full package comes together, is arguably the most important economic development work the legislature has ever done. It is legacy legislation.

With SB 4 you passed a critical piece of the package. Thank you. But perspective is important: The \$200 million for up front grants is vital. But still, it's short term. It runs out. And when you heard testimony from VJ Vijerda of Clark Street Associates in DC, you heard that \$200 million was "mid-tier" among U.S. states. Not the best, not the worst.

At the same time, you did incredible work to free up industrial land. But even with the unprecedented short term zoning workarounds in SB 4, we still know that we are never going to fully compete with Ohio, Texas, Arizona or just about any other state from a land perspective.

R&D Tax Credit is Key to Competitiveness

But - where we can rise above other states - is by building on Oregon's strengths with a world class investment incentive. An R&D tax credit, the right R&D tax credit, is the crown jewel of our competitive efforts.

The best structure is the one within SB 1084, every component of which was the careful recommendation of the Semiconductor Task Force. The goal of that design, simply put, is to

boost Oregon's national and international competitiveness, and show the world that we are the undisputed center of semiconductor-related research and innovation.

And yes, we all recognize that we are having this conversation now because of the federal prioritization of semiconductor manufacturing; but we still strongly encourage this committee to adopt a credit available to all Oregon research businesses. One that recognizes Oregon's research leadership in everything from wood products and wine, to running shoes and rifle scopes.

Make Credit Available to All Oregon Research-Driven Industries

Respectfully, we encourage you to not pick winners or losers. Government generally doesn't do a good job at that, and we would note that no other state which has an R&D credit restricts it to the very narrow eligibility that was suggested two weeks ago to this committee.

The right credit is the right thing to do for Oregon semiconductor jobs and investments. And it is the right thing to do for jobs and investments in Oregon's other vital industries.

Thank you.

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