



HB 2441: The wrong way to fund research

Testimony for House Revenue – Bennett Minton – 5.3.2021

Madam Chair and members of the committee:

I'm Bennett Minton, on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code.

We oppose this means of funding university research. The right way is through the regular budget process, in which legislative priorities compete for funding each biennium. If the program is as valuable as proponents suggest, it may enjoy the legislature's confidence after appropriate review.

The wrong way is through a tax credit available to individuals and businesses. This is another example of the legislature relinquishing oversight of a public purpose to select taxpayers – those who think either university research is worthy or, perhaps, those who want the tax credit, or, perhaps, those with a link to the purposes of the venture fund. It lacks transparency: We don't know where the money is coming from that supports what is supposed to be a public purpose. But because it's a tax credit, all Oregonians are indirectly supporting the priorities of the credit's recipients.

The record of the March 18 hearing in the Education Committee, and the witnesses today, indicate that several initiatives have benefited from the tax program. LRO's Research Report #2-21 describes how the tax program works. In my reading, it doesn't analyze whether a tax incentive makes more sense than an appropriation through the budget process. It does advise that Oregon's use of the tax code for this purpose appears to be unique among the states.

To be clear, TFO takes no position on whether the legislature should support the commercialization of university research. We object to the method. The Oregon code is rife with these special privileges employed by relatively few, sophisticated taxpayers – in this case, five or seven dozen of them. Several of these provisions are up for renewal this session. The legislature could take a stand for accountability and transparency by getting rid of them. The Public University Venture Development Fund would be a good place to start, with a more flexible funding mechanism handed over to Ways & Means.