



## **SB 669: Restoration of the R&D tax credit would be a waste**

Senate Committee on Finance and Revenue – John Calhoun – 2.28.2023

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate a rational and equitable tax code. We urge you not to act on SB 669 as it would cost the next biennium \$64 million with no discernable benefit.

Two weeks ago, you heard my associate from TFO, Bennett Minton, explain the history of the R&D tax credit and why it does not make sense to renew it in Oregon. Former House Revenue Chair Phil Barnhart described the 2015 hearing on the R&D tax credit. Tektronix's tax director said: "Would Tektronix be doing anything different in its business if it did not have a credit on its books? I would say no. I'll be on record saying that."

I do not want to repeat everything they said. Let me just remind you that I have been involved with this issue since 1981, when Congress passed it. I worked for Intel from 1972 until 1991, when I joined a series of tech start-ups as either CFO or CEO. My personal experience is the same as the industry spokesperson in 2015. I never saw a location decision, nor an R&D investment decision, made based upon the Oregon R&D tax credit.

Since the state ended the credit in 2017, R&D has continued to grow. In 2020 the total private R&D in Oregon was \$10.2 billion, up 38% from the \$7.4 billion in 2017 per the Oregon Center for Public Policy.

SB 669 would not provide enough incentive to change any behavior. Companies would not locate here, nor would they increase their R&D because of this credit.

However, this bill would have significant costs. As documented in Jody Wiser's submitted testimony, extrapolating the 2017 credits used of \$21 million would result in a \$64 million revenue expenditure in the coming biennium. Of course, LRO would have to determine a more precise forecast. Whatever the amount, no evidence supports the notion that the bill would materially increase R&D.

Tax Fairness Oregon urges you to vote no on SB 669.

***We read the bills and follow the money***