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On Behalf Of:  
Committee: Joint Committee On Ways and Means  
Measure: SB5506

Oppose R&D tax credit: talking points

- Tax Fairness Oregon used Commerce Department and National Science Foundation data and ranked States by the amount of private R&D as a percent of the state's GDP. The highest was Washington and Oregon was number 4. Neither state currently provides an R&D tax credit.
- Analysis indicates no correlation between private R&D spending and a tax credit.
- There is no correlation between the size of the tax credit and research spending.
- Arizona increased their credit in 2011 and their research has grown less than in Oregon even though Oregon eliminated its credit in 2017.
- No state in the top 20 states has a tax credit above 15%, except for Arizona for smaller qualified research amounts (under \$2.5 million) at 24% yet Senate Bill 5 proposes a 25% Oregon credit for all companies.
- No state showing interest in CHIPS research funding has a credit above 15%, yet again, the proposal is a 25% Oregon credit.
- The current proposal from the Semiconductor Committee is the most generous in the nation for companies getting a Federal CHIPS Act award.
- R&D tax credits are an incentive for research spending, not an incentive for manufacturing.
- The current proposal says that a cap on the amount of the R&D tax credit should be decided by Ways and Means.

My Recommendation to Ways and Means is to

- Kill the tax credit. At a minimum reduce the size of the tax credit and cap the total amount tightly.

My overall Message is

Every dollar given to industry is a dollar not available to the programs important to all the other speakers in this audience. This is a race to the bottom and a classic Trickle-Down proposal. IF we give money to Corporate America then somehow people at the bottom of our economy will benefit. Meanwhile our wealth and income gap continue to grow year after year after year.

Toledo, with its railhead and access to the safest international port from San Francisco to Seattle, has never recovered in the 40 years since GP closed the plywood plant. Will any consideration be given to industrial development there?

I also recommend elimination of opportunity zones and the 2nd home mortgage interest deduction.

Thank you for your attention to these matters and for coming to Newport.