



Alternative Approach to Scoping R&D Tax Credit to Apply to Semiconductor Companies

Members of the Joint Committee on Semiconductors have stated it is their goal to create a R&D tax credit that applies only to companies in Oregon’s semiconductor ecosystem. While Ampere advocates for a broad credit applicable to all research happening in the state, if the legislature decides to narrow the scope to the semiconductor industry, here is a potential method.

Legislative definition combined with certification by Business Oregon

This approach could be modeled after [New York State’s refundable life sciences R&D tax credit](#), which provides a credit for “qualified life sciences companies”. Under this approach:

- **Scope eligibility to only apply to a “qualified semiconductor company”**
- **Create definition of “qualified semiconductor company”**
 - Proposed definition:
 - “A qualified semiconductor company means a company whose primary business is the research, design, development, fabrication, assembly, test, packaging, or validation of semiconductors, or a company whose primary business is the creation of semiconductor manufacturing equipment, semiconductor core intellectual property, or electronic design automation software primarily intended for use in the semiconductor industry.”
 - NAICS Codes:
 - If the legislature chooses to utilize NAICS codes, we recommend their use as an *illustrative* example, but not as a definition of eligibility.
 - Use of a particular code is not certified by any government body, so relying on a code only could increase the chances of abuse.
 - NAICS Code 334413 is typically used by semiconductor design and manufacturing companies, but other companies in the semiconductor supply chain could use alternative codes (which should be added as well).
- **Legislature to require Business Oregon certify a company is a “qualified semiconductor company”**
 - Under the New York model, companies have to apply for a certificate from New York’s economic development agency that they are a “life sciences industry.” A similar model could be used in Oregon whereby companies could apply for certification to Business Oregon, who would verify that the company’s activities match legislative intent.