

April 26<sup>th</sup>, 2023

Subject: Testimony on the R&D Package Proposal for CHIPS Act Grant Recipients

Dear Committee Members,

As the CEO of an emerging biotechnology company originating from the University of Oregon, InVivo Biosystems, I am writing to express my concerns and share my perspective on the current R&D package proposal before the Joint Semiconductor Committee.

InVivo Biosystems, along with other Oregon Bio companies, aligns with the objectives of the CHIPS grants to recover and strengthen US supply chains, invest in R&D, science and technology, and lead in industries like nanotechnology, clean energy, quantum computing, and artificial intelligence. We also believe it is important to extend this objective to include other high value high growth sectors such as med tech and biotech.

Our company develops advanced genetic models of rare disease used for drug discovery and employs dedicated professionals committed to driving innovation in our industry. We face significant foreign competition, and our work has high growth potential and a substantial impact on jobs staying in the US as this technology grows. More funding is needed for both innovation and building out infrastructure.

The current proposal limits the R&D credit to CHIPS Act grant recipients, excluding many firms like ours that contribute to the same goals. We believe that any R&D credit must be available to all Oregon businesses engaged in high value R&D, regardless of their status as CHIPS beneficiaries.

Transferability is critical in our industry, as M&A activity is high and necessary for scaling up and maximizing the impact of creating a strong US presence. The lack of transferability in the current proposal greatly restrains usability and could hinder the growth of innovative companies across Oregon.

Regarding the 25% limit, it is important to note that non-R&D infrastructural spending, such as facilities, administration, accounting, HR, and bookkeeping, is necessary to support R&D activities. If the credit is limited to 25%, it does not fully offset the costs associated with R&D, as many indirect costs remain uncovered.

The right R&D credit would significantly help our company grow, compete, and hire and maintain Oregon employees. The proposed credit's limitations would restrict our ability to reinvest in further research, attract investments, and create high-paying jobs in the state.

I urge the committee to consider revising the proposal to make it more inclusive and beneficial to all companies engaged in R&D within the state, taking into account transferability and a broader understanding of R&D-related costs.

Thank you for your time, attention, and commitment to supporting innovative industries in Oregon.

Sincerely,  


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