



May 19, 2023

TO: Joint Committee on Tax Expenditures
FROM: Senator Mark Meek, Co-Chair
Representative Nancy Nathanson, Co-Chair

Dear Members of the Joint Committee on Tax Expenditures,

I am writing to you on behalf of the Semiconductor Competitiveness Coalition. Last year, the Semiconductor Competitiveness Task Force carefully designed a roadmap of essential steps Oregon must take to be competitive for semiconductor investment and innovation in the state. Task Force members included bi-partisan elected officials from all levels of government, industry leaders, educational institutions, and a broad array of connected stakeholders representing all regions of the state. Our coalition was created to advocate for implementation of the Task Force roadmap.

We applaud the Legislature for passage of the landmark Senate Bill 4, which addressed two essential components of the plan. We also applaud the ongoing effort of this committee to pass what may be the nation's strongest research and development tax incentive, a policy that would be a game-changer in Oregon's quest to cement its position as a global capital for semiconductor research and development.

However, SB 4 and SB 5 alone will not be enough. The task force recommendation stressed the importance of extending two existing programs, the Enterprise Zones and the Strategy Investment Program for growth of the industry. Unfortunately, certain provisions of HB 2199A and HB 3457 A would undermine the progress made by SB 4 and jeopardize the ability of local governments to deploy Oregon's most important and valuable economic development tools.

SIP/Gainshare and Enterprise Zones are critical for attracting and retaining semiconductor investment and jobs in Oregon, as they provide certainty, stability, predictability, and valuable incentives for long-term capital-intensive projects that provide enormous social and fiscal returns to the state.

In a time of challenging fiscal stress for cities and counties across the state, provisions in HB 3457 A that reduce the Gainshare cap to \$5 million temper local governments' interest in additional SIP agreements for major semiconductor investments. Decisions not to enter further SIP agreements would be catastrophic to the state's efforts to attract additional semiconductor investment.

The provision in HB 2199 A that partially carves out school districts from Enterprise Zones, and provisions in HB 3457 A that raise the threshold on qualifying investments for SIP agreements and pulling forward the SIP program expiration to 2030 would devalue these programs and create uncertainty and instability for existing and potential semiconductor investors as well as for local governments that need to invest now to provide infrastructure for future investments.

We urge the Legislature to extend the current enterprise zone for 10 years including property tax abatement for schools and maintain the SIP as is without sunsets or modifications. Please extend the current gainshare provisions to enable and encourage local governments to apply these critical tools. These actions will reap potential rewards to Oregonians and to state revenues for many decades to come. At this historic moment, the message to industry and to local governments needs to be clear. Oregon is all in for semiconductor expansion. The Legislature has acted boldly already. We look forward to working with you to finish the job.

We thank you for your leadership and your consideration of our views. We look forward to working with you to advance Oregon's semiconductor competitiveness and prosperity.

Sincerely,

A handwritten signature in black ink, appearing to read "Duncan Wyse". The signature is fluid and cursive, written over a light blue horizontal line.

Duncan Wyse
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