TO: Senate Committee on Finance and Revenue

FROM: Chuck Sheketoff

DATE: February 16, 2026

SUBJECT: The R&D Credit is Misguided and Wrongheaded

It makes no sense to take money from Oregon's education system, social services such as health care, and public safety to subsidize businesses for doing what they are already geared up to do. R&D is in the companies' DNA. And help with funding R&D is merely gravy, not something that will drive prosperity.

In 2015, the House Revenue Committee was considering a proposal to expand the R&D credit. The proponents brought Mark Modjeski, tax director of Tektronix to testify. As you probably know, Tektronix, or Tek, as many Oregonians call it, got its start in 1946 in a garage on Southeast Foster Road in Portland. That start was the big bang that created the first galaxy in what has come to be called the Oregon Silicon Forest Universe.

In the highlight of the hearing **then-Committee Vice-Chair Representative Cliff Bentz** (R-Ontario) asked, **". . . . Why does this [R&D tax credit] make your presence here more productive than it might otherwise be? And I need specifics, because we've got to measure back why we're doing this."** (See one-minute video at https://www.youtube.com/watch?v=rR0K2nBpcrI.)

After a pregnant pause, Modjeski replied (video): **"I think that's a tough question, in all honesty. I mean, would Tektronix be doing anything different in its business if did not have a credit on its books? I would say no. I'll be on record saying that."**

That moment of truth was refreshing. You should honor it.

As set forth in the attached slide deck by economist Joe Cortright, Oregon's economy is not as dire as the Governor and others have been claiming. Most importantly for the conversation you are having today, if you want Oregon to have a stronger economy, your focus should be on investing in our education system. As set forth in the slide deck, state economic strength is correlated with educational attainment.

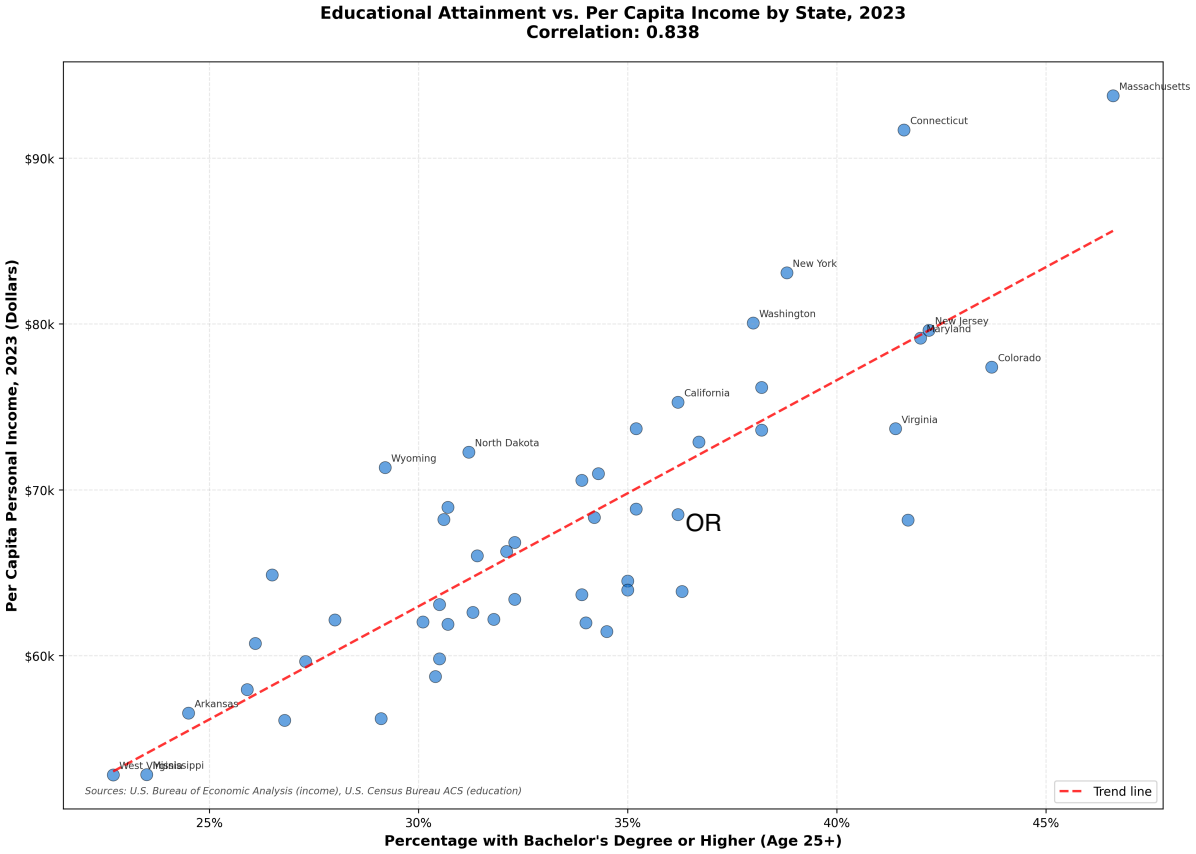
According to a history of Intel in Oregon Intel webpage (attached), Intel chose Oregon because "Oregon's workforce, abundance of pure water, K-life education system, quality of life and proximity to the Silicon Valley made it an ideal place to do business."

Invest in our education system and workforce, not the R&D gravy train, to continue to maintain Oregon as "an ideal place to do business."

Oregon Economy 2026

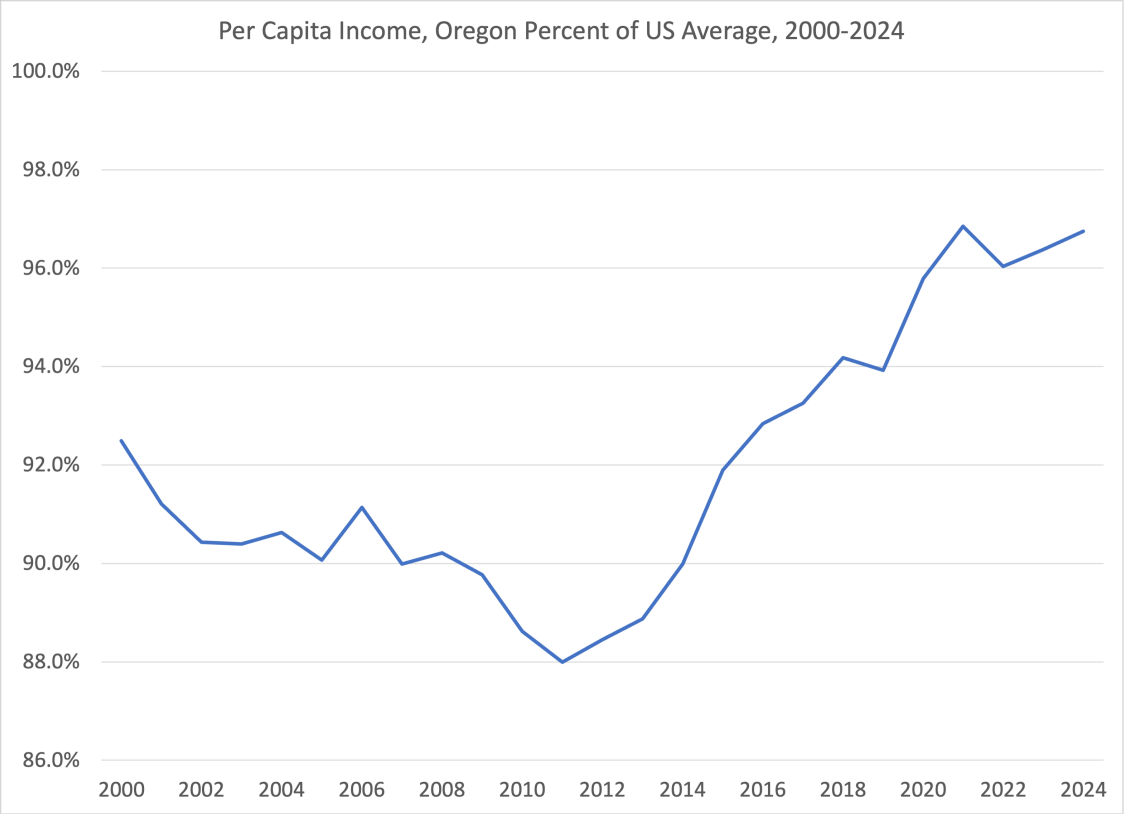
J. Cortright

Educational Attainment Determines Economic Success



Seventy percent of the variation in state per capita personal income is explained by variations in the level of adult educational attainment. No other factor better explains State economic success.

Oregon has gained income on US since Great Recession



Oregon's economy, which has long trailed the U.S. in per capita personal incomes has steadily improved relative to the US since the Great Recession.

Oregon's per capita income is now more than 97% of the US average, as high as it has been in the past half century.

Per capita income is the single broadest measure of economic performance and well-being.

Real Wages for Oregon Workers have Increased Much faster than nationally

	OREGON		
	2008	2025	Increase
Median	$22.18	$27.50	24%
10th	$11.73	$16.03	37%
	UNITED STATES		
	2008	2025	Increase
Median	$22.16	$25.67	16%
10th	$11.27	$14.56	29%

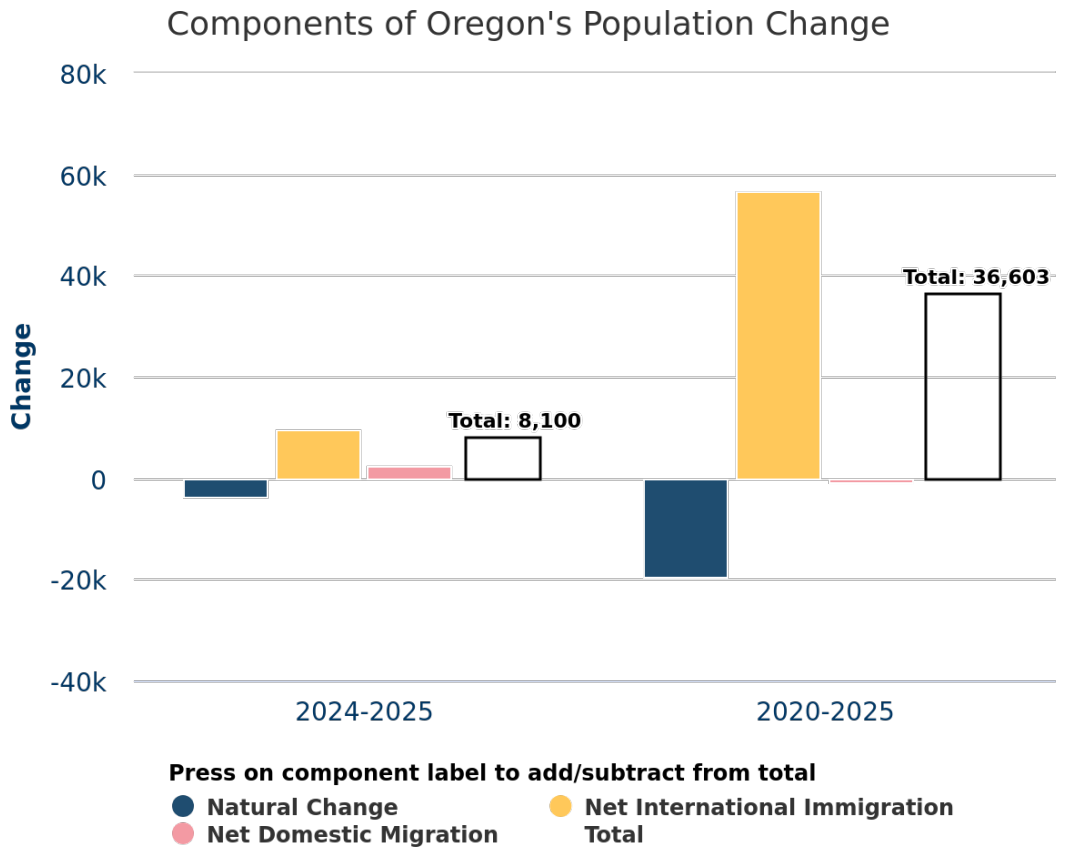
Oregon's middle (median) and low wage workers
have had much faster wage increases than nationally

Rank	Innovation Potential
1	Washington
2	California
3	Colorado
4	Maryland
5	**Oregon**
6	New Hampshire
7	Connecticut
8	Michigan
9	Utah
10	North Carolina
41	New Jersey
42	New Mexico
43	District of Columbia
44	Delaware
45	Vermont
46	Idaho
47	Arizona
48	Pennsylvania
49	Minnesota
50	New York
51	Wisconsin

Oregon ranks high in innovation potential

Innovation Potential
Share of Jobs in High-Tech Industries
Share of Jobs STEM Employment
Independent Inventor Patents per 1,000 Working-Age Population
Industry R&D Investment Amount per Total Civilian Employed Population
Nonindustry R&D Investment Amount as Share of GDP:
Source: WalletHub, 2025

Oregon Population Growth Dependent on International Immigration

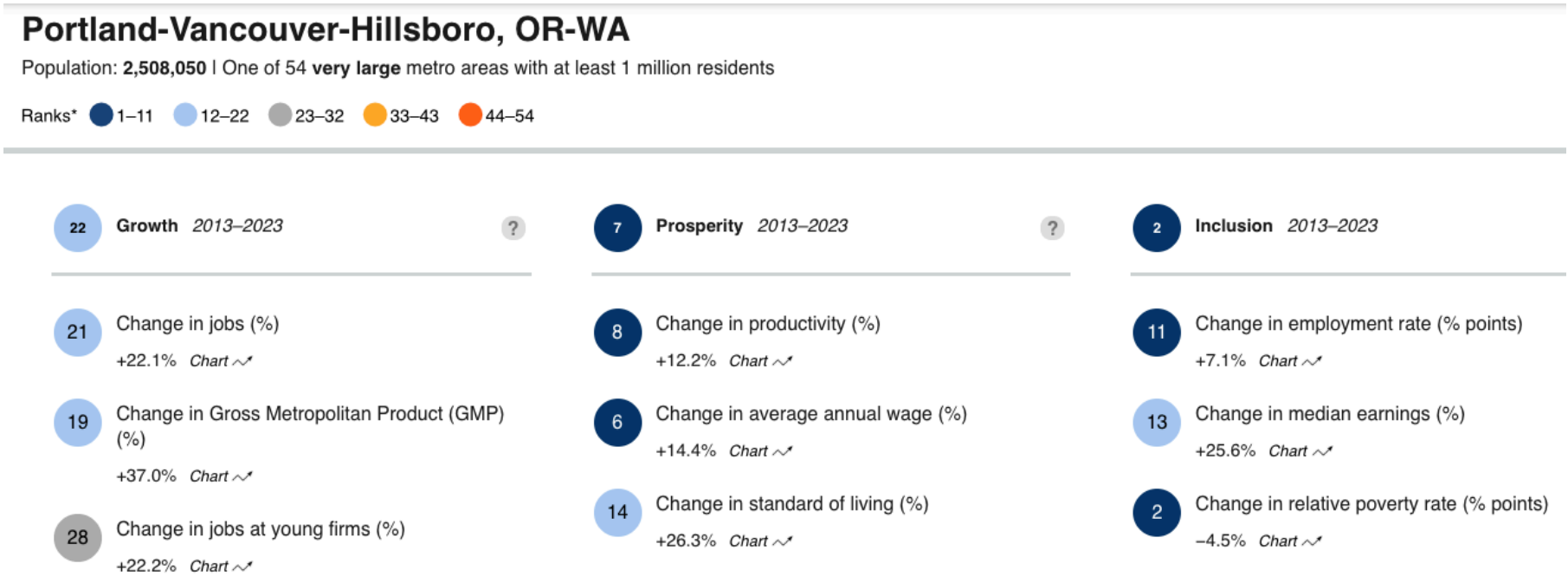


Oregon's population is aging, and deaths outnumber births. Oregon's future population growth depends disproportionately on international immigration. Federal policies that restrict or discourage migrants will lower Oregon population and economic growth.

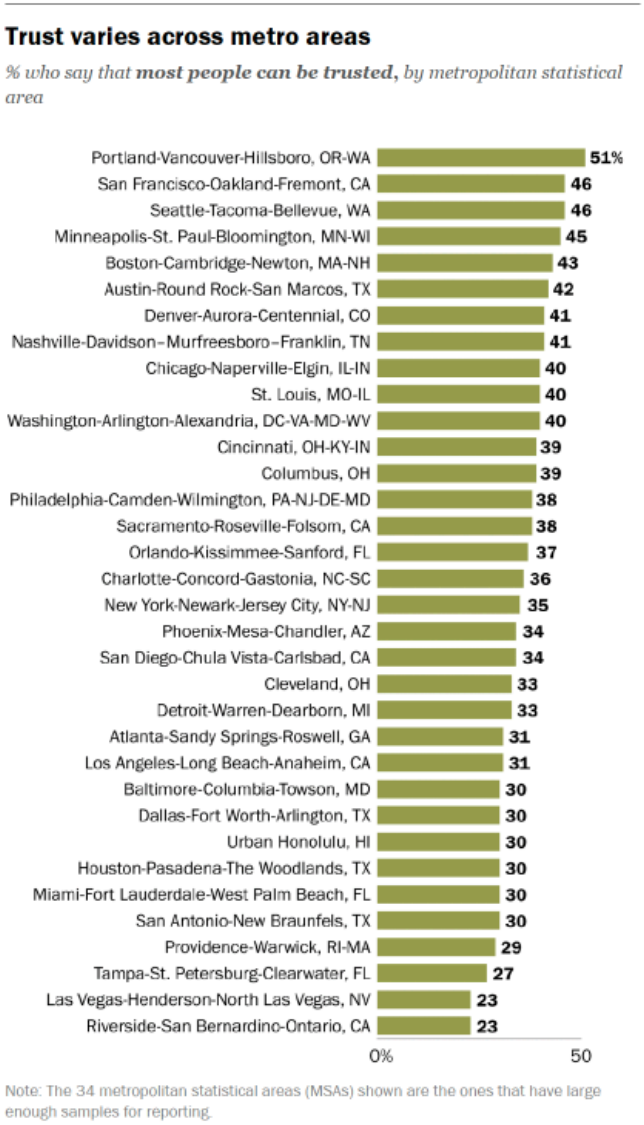
Source: Oregon Employment Department, U.S. Census Bureau

https://qualityinfo.org/-/oregon-population-growth-sustained-by-international-immigration?redirect=/

Metro Portland economy is a very high performer



Source: Brookings Institution, Metro Monitor, 2025

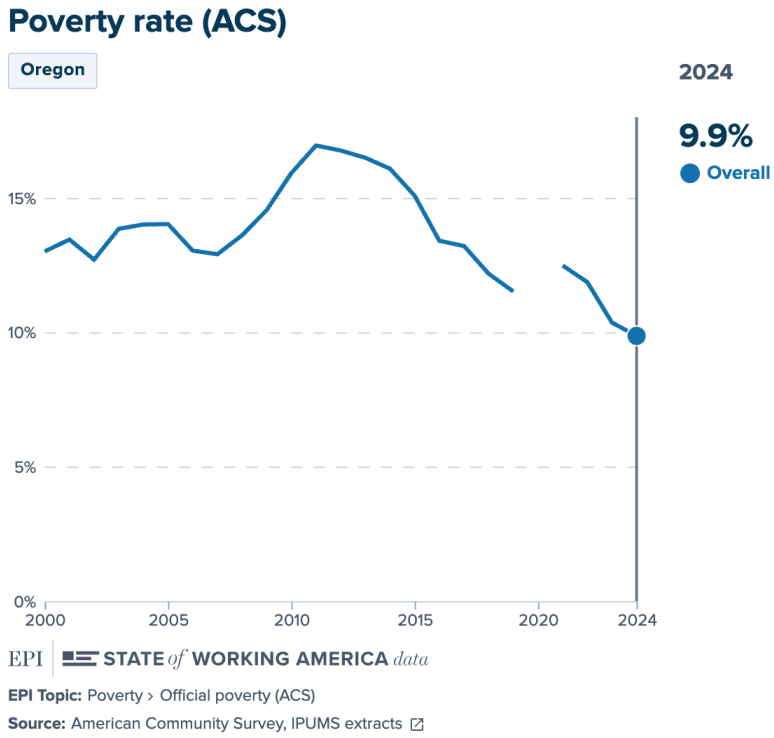


Portland & Oregon have highest levels of civic trust

Social capital, the degree to which people trust one another and behave accordingly is a key ingredient in successful economies. Robert Putnam's "Bowling Alone" shows that places with high levels of social capital outperform places with less social capital in the long run.

Poverty rate in Oregon declined to below US average

	Oregon	US
2011	16.9	15.9
2024	9.9	10.3



Oregon's poverty rate was above the national average in 2011, has declined faster than in the rest of the US, and is now below the US average

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back to "Evolution of Oregon's High-tech Industry"

1970-1980: Intel and Other Anchor Tenants Arrive from California

Intel introduced the 4004 microprocessor in November 1971, under the modest heading, "Announcing a New Era of Integrated Electronics."

Moore called the product "one of the most revolutionary products in the history of mankind." Though primitive by today's standards, the initial microprocessor, consisting of a mere 2,300 MOS transistors, has since been transformed into the most complex mass-produced product ever.

The original 4004 system performing about 60,000 calculations in a second has evolved to today's Pentium® 4 microprocessor. In August 2001, Intel Corporation introduced the Pentium® 4 processor at 2 gigahertz (GHz) - or two billion cycles per second - crossing a key technology milestone and extending the PC's ability to meet evolving user requirements for today and the future.

At the same time as Intel was developing the 4004, major high-tech firms began to look beyond the borders of California to expand and relocate. Oregon was fortunate to attract several of these key anchor tenants during this time.

Oregon's workforce, abundance of pure water, K-life education system, quality of life and proximity to the Silicon Valley made it an ideal place to do business.

On Jan. 30, 1974, The Oregonian reported that "a major electronics manufacturer has taken options on a site in Washington County for a plant…" That company was Intel, which had reported sales of $66 million in 1973.

The Oregonian cited comments by Intel co-founder, Gordon Moore, on why Intel chose Oregon for its expansion.

Oregon's Aloha campus

Firm praises state in relocation effort
The Oregonian, Feb. 1, 1974.

A Californian told a gathering of Portland businessmen Thursday why he is locating his new plant in suburban Washington County. The way he told it, was enough to make a native businessman sorry if he even had strayed out of Oregon on a long weekend vacation.

The Californian is Gordon E. Moore, executive vice president and one of two founders of Intel Corp., a five-year-old company in the San Jose area.

Moore's praise of the state and the area was unstinting.

"Oregon is one of the few places we've found where people still take pride in their work. This state has a stable, well-trained labor force. As a growing company, we have to be assured of a a supply of energy. We couldn't get that assurance in the Bay area, but we got it here.

A welcome to the state given by Secretary of State Clay Myers bore the tone of a return salute. "This is a high-growth and labor intensive kind of industry that is good for the state," Myers said. "Intel will provide many jobs (400 in the first year and 1,600 with full development) with a maximum of energy conservation. It will be nonpolluting and compatible with the Oregon quality of life."

Intel broke ground at its first Oregon campus in unincorporated Aloha on April 3, 1974.

Intel to build plant in Aloha
Oregon Journal, April 4, 1974

Construction on the $2 million Intel Corp. electronics plant in Aloha is scheduled to begin next week, company officials said at groundbreaking ceremonies Wednesday.

Intel, which makes minaurized (sic) components for computers, expects the Aloha plant to be in operation by late 1974.

The first phase of building will be brick. Intel plans to employ 400 people. Donald M. Drake Co. is the general contractor.

Local media reported later in the year that completion of Intel Oregon's first campus would be delayed as the market slowed.

Intel halts work on plant
The Oregonian, Aug. 30, 1974

ALOHA - Work on the Intel Corp. plant under construction on S.W. 185th Avenue has been halted, an official said Thursday.

George Schneer, plant manager, indicated that no new completion date has been set for the first building of a four-building plant, initially scheduled for completion this fall.

Schneer said employees who were ticketed to work at Aloha have been temporarily reassigned and the building will remain vacant until it is completed.

Groundbreaking ceremonies were held in April on the firm's 20-acre site off the Tualatin Valley Highway at 198th. Intel had planned an initial capital investment of $3.5 million for land, construction and equipment for the first of four buildings. Plans called for a workforce of 400 by the end of 1975 with a payroll of $3 million. Most of the employees were to have been hired locally, Schneer said.

Founded in 1968, Intel builds mini-electric components. It employs 2500 persons worldwide and ahs facilities in Santa Clara, Mountain View and Livermore, Calif. As well as in Malaysia.

Intel's first Oregon campus finally opened in Aloha in 1976 with just a few hundred employees. That same year, Hewlett-Packard* opened a facility in Corvallis to produce hand-held calculators. The $100 million 6-store Washington Square shopping center opened that year, too. The Oregonian reported that special events marked nine days of celebrations, culminating in a Grand Opening ceremony at the L-shaped covered pedestrian mall built around six sunken garden courts at the 87-acre center.

About 9 months after Intel started up Fab 4, Intel decided to invest in a new microprocessor technology group to be located in Oregon and headed up by Bill Lattin. The initial design team was housed in the Fab 4 facility until suitable office space could be located. After about a month, office space was located about 3 blocks east of the Fab 4 facility on Shaw Rd, a frontage road next to Tualatin Valley Highway. Because it was across from a Dairy Queen, it was nicknamed DQ1.

Intel's presence from that point forward helped position Washington County as the center of Oregon's growing technology industry.

The original 4004 system performing about 60,000 calculations in a second has evolved to today's Pentium® 4 microprocessor. In August 2001, Intel Corporation introduced the Pentium® 4 processor at 2 gigahertz (GHz) - or two billion cycles per second - crossing a key technology milestone and extending the PC's ability to meet evolving user requirements for today and the future. Computer makers worldwide launched systems today at the same time on the new Pentium 4® processor and on other Intel technologies.

"The rapid ramping of technology and industry support for the Pentium® 4 processor reflect the strength of the underlying architecture and the headroom it provides for the demands of new and evolving usage models," said Louis Burns, vice president and general manager, Intel's Desktop Platforms Group. "The combination of Intel processor and platform technologies and industry innovation provides the foundation for the next decade of desktop computing."

Intel has followed a similar path from simplicity to complexity in Oregon, transitioning from a small manufacturing fab in Aloha to a critical part of a worldwide corporation and an immense driver of Oregon's economic engine.

More about Intel's early history in Oregon.
More about Hewlett-Packard's history in Oregon.

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