

Written Testimony in Support of Senate Bill 1586

Mike Vanier

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Senate Committee on Finance and Revenue

Chair Broadman, Vice-Chair McLane, and members of the Committee:

My name is Mike Vanier, and I serve as President of the Oregon Manufacturing Extension Partnership, known as OMEP. For more than 30 years, OMEP has operated as a private-public, nonprofit management consulting firm dedicated exclusively to strengthening Oregon's manufacturing sector.

We have a staff of 22 professionals serving manufacturers in every corner of this state — from rural Eastern Oregon to the Willamette Valley, from the coast to Southern Oregon. Every single year, we work directly with hundreds of small and mid-sized manufacturers that form the backbone of Oregon's industrial economy.

Manufacturing in Oregon produces nearly **\$40 billion in annual output** and employs close to **200,000 Oregonians**. These are not just jobs — they are high-wage, family-supporting, traded-sector jobs that bring outside dollars into our state.

Manufacturing is one of the few sectors that truly imports wealth into Oregon. When an Oregon manufacturer sells products nationally or globally, those dollars flow back into our communities. They support suppliers. They support service providers. They support local retailers. They support schools. They support infrastructure. Manufacturing has a multiplier effect that few industries can match.

Over just the past two years, OMEP clients have reported more than **\$600 million in economic impact**, including over **2,400 jobs retained and created**. Those are measurable, documented results reported directly by the manufacturers themselves. Behind each of those numbers is a family, a business owner, and a community strengthened.

And what drives that kind of impact?

Innovation.

Innovation is not optional in today's economy. It is survival. Oregon manufacturers compete in a global marketplace every single day. They compete against companies in other states and other countries that are aggressively investing in technology, automation, workforce training, and product development.

If Oregon manufacturers do not innovate, they fall behind. If they fall behind, they lose contracts. If they lose contracts, jobs leave. And when jobs leave, communities feel it.

That is why Research and Development tax credits are so critical.

R&D tax credits are not giveaways. They are not passive incentives. They are strategic investments in Oregon's economic future.

They give manufacturers the confidence to invest in:

- New product lines
- Advanced manufacturing technologies
- Process improvements that increase productivity
- Automation that addresses workforce shortages
- Digital systems that improve competitiveness
- Expansion into new domestic and international markets

When manufacturers innovate, they generate future revenue.

Future revenue generates future tax dollars.

Investment creates high-wage traded-sector jobs.

Growth strengthens supply chains.

Supply chains stabilize communities.

The return is cyclical and compounding.

R&D tax credits help de-risk innovation. They help companies make forward-looking investments instead of defensive cuts. They allow Oregon-based firms to remain headquartered here rather than relocating expansion elsewhere.

In our work at OMEP, we see firsthand how critical this tool is. When companies are evaluating whether to invest in a new technology platform, expand a facility, or develop a new product, the availability of R&D credits often factors directly into that decision. It can be the difference between moving forward or postponing investment.

In a time when federal policies, global trade dynamics, and supply chains remain in flux, Oregon must be intentional about strengthening its own industrial base. We cannot control global markets. But we can control whether we provide the right policy environment for our manufacturers to compete and grow.

Manufacturing drives resilience.

Manufacturing drives exports.

Manufacturing drives innovation.

Manufacturing drives tax base growth.

And R&D tax credits fuel manufacturing innovation.

Senate Bill 1586 represents a commitment to maintaining Oregon's competitiveness. It signals that this state understands the importance of innovation and is willing to invest strategically in its economic foundation.

For these reasons, I strongly support Senate Bill 1586.

OMEP staff are on the front lines every day, working shoulder to shoulder with Oregon manufacturers. We see their challenges. We see their risks. We see their potential. And we see the direct impact of smart policy.

If any member of this Committee or the Legislature would like to further discuss the state of manufacturing in Oregon and how we can continue strengthening this critical sector, I welcome that opportunity.

Thank you for your time, your leadership, and your thoughtful consideration of this important legislation.