



Date: March 1, 2023

To: Co-Chairs and Members of the Joint Semiconductor Committee

From: Scott Bruun, OBI

RE: Testimony in qualified support of SB 4 / Semiconductor Package

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Good evening Co-chairs, Vice-chairs, and Committee,

Thank you for the opportunity to testify in qualified support of SB 4.

OBI, as you have heard here and in other settings, is very supportive of the important work this committee is doing and of the comprehensive recommendations issued by the Semiconductor Competitiveness Task Force last summer.

We believe that those task force recommendations, if passed, may very well be the most important economic development policy package the state has ever offered. As we think about what this all looks like holistically, we should be clear: this is legacy legislation. Done right, this is something people will talk about 10, 20, 50 years down the road. The same way we talk about the beach bill, the bottle bill, and of course SB 100, our historic land-use bill.

Simply put, the semiconductor package is a legacy opportunity, and a legacy responsibility.

Now to SB 4. As Angela Wilhelms, OBI's CEO, testified last week, we appreciate and support that this start has been made, and believe that there are many positive aspects in the bill. For example, we believe that the loan and grant opportunity fund is a vital tool to help CHIPS Act awardees with upfront costs, which will help make private investments into Oregon more attractive.

We also appreciate that the bill includes resources and expertise to help smaller Oregon businesses with their CHIPS Act application process, which will no doubt be daunting for many.

And then of course, OBI is very supportive of Section 10 which would grant the governor strategic land designation authority, with appropriate sideboards, to help Oregon respond in a timely and competitive manner to extraordinary economic opportunities.

We will note again for the record that amendments or separate legislation will be necessary to achieve the essential recommendations of the Semiconductor Task Force. One particularly important part of those recommendations concerns tax incentives.

As has been discussed, Oregon is one of only 12 states that do not have an R&D tax credit. And incidentally, we are the only state attempting to position itself in serious consideration for federal CHIPS Act investments without a version of the credit.

Positioning ourselves for CHIPS Act investments is not the only reason to adopt an R&D credit, of course. Countless Oregon innovators in diverse industries other than the semiconductor industry would also benefit. But with billions in CHIPS Act monies on the table for Oregon, we certainly don't want to let this opportunity slip through our fingers.

If we want to create in Oregon a long-term ecosystem of science, and research, and innovation, and if we want to compete for research investments and attract capital at a global level, then Oregon must have a meaningful long-term research & development tax credit.

I'll close by saying that if done right, this credit and the other incentive tools are an investment in Oregon's future. An investment in science and research that would yield future high-paying jobs, more invested capital and capital formation in Oregon, and ultimately greater business profits. All of this, in turn, will yield greater tax revenues back to the state to help you do the important work you do.

That's the exact reason 38 other states have an R&D credit, and also the reason we're hopeful that members of this committee can champion this opportunity with your colleagues outside of this committee.

Thank you.

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