



TECHNOLOGY  
ASSOCIATION  
OF OREGON

March 23, 2017

Dear Members of the House Economic Development and Trade Committee:

I am writing on behalf of the Technology Association of Oregon (TAO) in support of HB 2078, which would renew Oregon's Research and Development Tax Credit. The TAO is a local nonprofit working to build opportunities, better our economy and unify a voice for innovation in Oregon and beyond. With over 430 member-companies, TAO's network brings together some of the largest tech companies in the world, small startups, and tech-enabled companies that are using technology to drive growth and innovation.

Since the recession, the technology industry in Oregon has created over 20,000 net new jobs, which earn more than twice the average median wage of all other traded sector industries in the state. The mobility of the research workforce allows this kind of work to be performed virtually anywhere. Competition among states to attract these long-term, high-paying jobs and capital investments is intense because these jobs generate valuable revenue for state and local governments. This is especially true for states, like Oregon, that are highly dependent on personal income taxes to fund important public services and programs.

We recently commissioned a study from IHS Markit that looked at the economic impact of Oregon's tech industry on the state's economy. The report included an analysis of the tax systems and policies across five Western states that are often competing with Oregon for tech employees, companies, and investments in technology infrastructure. Those states are Washington, Utah, Arizona, Colorado, and Texas.

All states have R&D tax credits with the exception of Washington, where the R&D tax credit expired in 2015. IHS observed that, "R&D tax credits or incentives can be valuable to established and early stage firms." In a survey of technology association leaders in each of those five Western states, those association leaders noted that R&D tax credits are useful both for business attraction and in supporting the growth of existing in-state businesses. The same is true in Oregon.

According to the report by IHS, R&D tax credits is one of the few tax areas where Oregon is more competitive than Washington when it comes to tech companies. With our existing R&D tax credit, Oregon is on par with R&D tax credits offered in Utah and Texas, although we are less competitive than Arizona.

For the above reasons, we strongly encourage the members of the House Economic Development and Trade Committee to vote in favor of HB 2078 and renew Oregon's Research and Development Tax Credit. Thank you for your consideration.



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Sincerely yours,

Skip Newberry

President & CEO, Technology Association of Oregon