



Sen. Ron Wyden pitches broader R&D tax credit to help startups, small businesses



Viewpoint CEO Jay Haladay and U.S. Sen. Ron Wyden at Viewpoint's Southeast Portland headquarters Wednesday morning. (Mike Rogoway/The Oregonian)

May 28, 2014 at 2:40 PM

As Congress considers how to renew the research-and-development tax credit, an incentive cherished by Intel and other big tech companies, U.S. Sen. Ron Wyden wants to see it expanded to make it useful for startups and small businesses that don't generate the profits to take immediate advantage.

"Right now is a particularly important time for Oregon's innovators," Wyden said Wednesday at a small gathering of a dozen tech executives at Viewpoint Construction Software's headquarters in Southeast Portland.

Expanding the tax credit could be a boost to small companies, he said, while renewing it – or making it permanent – would provide some tax certainty to businesses of all sizes.

[The R&D tax credit](#) actually expired at the end of last year, but Congress is considering a retroactive renewal. The credit, which dates to 1985, has been extended 14 times but Congress has never found the money to make it

permanent. It's currently caught up in the complex political machinations on Capitol Hill.

Wyden became chairman of the powerful Senate finance committee earlier this year. He wants to broaden the tax credit's impact by allowing startups and small businesses to take the credit against their alternative minimum tax liability, and to apply the R&D credit to their payroll taxes.

That's important because many young businesses don't have enough profits to generate a large corporate income tax bill. Wyden's changes would make it valuable to them, too.

There's a cost, of course. Wyden's office estimates the changes he has proposed would cost the federal government about \$1 billion in lost revenue. The total cost of renewing the credit for another two years is pegged at \$16 billion; making it permanent would cost 10 times that.

Unsurprisingly, Wyden's proposals received a warm reception from the companies gathered Wednesday at Viewpoint's headquarters in Southeast Portland. Businesses rarely look askance at tax breaks.

Still, the assembled tech leaders told Wyden there are concrete ways in which the tax credit has a big impact on their [small companies](#).

A broader tax incentive would have a real impact for Phoseon Technology, CEO Bill Cortelyou told Wyden. The Hillsboro company makes ultraviolet curing technology with applications in digital printing, the medical fields and industrial manufacturing.

"We did not hire people because we hit the AMT, which limited our tax credit," Cortelyou said.

The R&D credit "can make the difference between an extra engineer or not," said Dave Coryell, chief executive of a Southeast Portland compliance-management software company called Kavi Corp. An extra person can accelerate the development timetable for a new product, he said, and move up the date when that product starts generating revenue.

"It just has a ripple effect for a small company like ours," Coryell said.