

# Corporation Tells Truth About Tax Subsidy

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How refreshing it is to hear a corporation be honest and admit that a tax subsidy is a giveaway, not an incentive.

While too often corporations go around the state capitol with hat in hand asking for “tax incentives,” claiming that they will create jobs if given millions of dollars, research shows that these expensive tax deals are often a misuse of taxpayer dollars. The subsidies generally don’t make or truly encourage corporations to do anything that they wouldn’t otherwise do. Of course, you rarely hear corporations publicly admit that – until now.

At a [recent hearing of the Oregon House Committee on Revenue](#), corporate representatives testified on behalf of [House Bill 2752](#). This bill would double the size of the Oregon research and development tax credit and make it refundable for some recipients.

One of those testifying in favor of the bill was Mark Modjeski. He is tax director of [Tektronix](#). 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](#)(PDF).

From the opening questions, it seemed that the Revenue Committee was not about to rubberstamp the bill, despite [two lead sponsors](#) being members of the committee. Committee members pressed the witnesses to provide evidence, not just rhetoric, that the research and development tax credit works –

that it prompts corporations to invest when they otherwise wouldn't.

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In the highlight of the hearing (see video clip above), 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.”

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.”

For years, [the Oregon Center for Public Policy has called the R&D credit a “gravy train”](#). And we [said it again this year](#) (PDF). (Click [here](#) to watch the entire committee hearing).

It was refreshing to hear Tektronix speak the truth.