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TESTIMONY
HOUSE COMMITTEE ON REVENUE

BY
BRUCE ALLEN
PORTLAND DEVELOPMENT COMMISSION

February 28, 2011

House Bills 3017 and 3494

Good Morning members of the Revenue Committee. I am Bruce Allen, Senior Development Manager with the Portland Development Commission. In addition to managing PDC's work with Portland's Advanced Manufacturing industry, I, along with Andy Reed (our E-Zone Manager), run the Portland Enterprise Zone Program on behalf of the City of Portland. We've come here today to let you know how important we believe this Bill is to the City of Portland, as well as the many other participating cities and towns in Oregon, to be able to attract hundreds of millions of dollars in new capital investments and jobs to our communities. And when I say jobs, I mean quality, high paying jobs, with benefits.

The impact in Portland from more than 15 years of investments resulting from the Enterprise Zone program has been immense. Since 1996, Portland's E-Zone program has leveraged over one billion dollars in private investments and has created and retained over five thousand full-time, quality jobs. It is, without a doubt, the best tool that we have for incenting major new investment by a wide range of businesses, and is often the **only** tool we have that is significant enough to allow us compete with other regions in other states.

Let me describe how Portland benefits from the program. Right now, we have 27 active companies participating in the Portland E-Zone.

222 Northwest
Fifth Avenue
Portland, OR
97209-3859

tel: 503.823.3200

fax: 503.823.3368

TTY: 503.823.3366



These companies invested an estimated \$141 million dollars in new or expanded facilities in 2009 alone. For, 2010, we're waiting for everyone to turn in their exemption claim forms this May, but we expect the numbers to be similar. And, for the first quarter of this year, 2011, we expect at least six new companies to enter the program with a combined total investment of up to \$110 million dollars. And, keep in mind that these businesses are traded sector businesses, in other words, they generate a majority of their revenues from outside Oregon which significantly adds to the growth of our economy. Furthermore, as traded sector companies such as light and heavy manufacturers, software and clean tech companies, they could probably invest almost anywhere else in the U.S., but instead, have chosen Portland.

In Portland, as in many other participating cities and towns, we require the E-Zone companies to "give back", if you will, to the surrounding neighborhoods by FIRST, passing 15% of their tax savings BACK INTO the local community in what we call "Community Contributions", and SECOND, by encouraging them to buy their goods and services locally through a "local procurement plan", which must be approved by PDC. Over the next six years, we anticipate receiving an estimated \$3.5 million in Community Contributions that will be dedicated to training the local workforce, the very folks that will be taking these new jobs, and to support small businesses in and near the E-Zone.

One final note. Each participating company is required to sign a written contract with PDC outlining all of their obligations. Oversight of their compliance with those requirements is ongoing and is performed by Multnomah County, the Oregon Business & Development Department and PDC. Only companies that meet all requirements, such as the required number of new hires, the wage and benefits standards, the payment of community contributions and meeting their local procurement numbers, receive their abatement.

So, I'll wrap up my comments here. Again, Andy Reed is our day-to-day Administrator of Portland's E-Zone, so I'll let him answer any more-detailed questions you may have. Other than that, we appreciate the opportunity to address the Committee and, again, urge your support for the extension of the E-Zone program into the future.