

# The Oregon Low Income Jobs Initiative

State New Market Tax Credits

SB 817

May 19, 2011

# The Good

- Community Counseling Center
  - \$5 million dollar building
  - \$2.5 of New Market Tax Financing
  - Consolidates 104 employees in one location
  - Potential of adding up to 30 new staff
  - Replaces an old facility



Employees 30 new

Salary \$56,000

Illinois Income Tax

5% = 2800 each

State New Market  
Tax Credits

Just shy of \$1 million

Recoup investment of  
state

About 12 years

# The Bad

- Allen Brothers Steaks
  - Refinance real estate and equipment
  - (no construction jobs)
  - Save some jobs... 100
  - \$2.7 million Illinois investment
  - All meat cutters
  - Average \$26,200 year
  - 21 years to recoup
  - Company founded 1893
- Ruckers Candy
  - Employee buyout
  - Candy distribution center
  - Between 120 – 180 jobs
  - Assume all forklift jobs
  - \$24,000 year wages
  - Illinois Investment \$2.9 million
  - Again over 20 years to recoup

# The Ugly

- Producer's Choice Soy Energy LLC
- Moberly Missouri
  - City abated 10 years of property taxes
  - City issued \$16 million in bonds to improve roads, traffic signals and storm water facilities: Producers Choice will pay back with tax savings
  - Plant is constructed for about \$17 million
  - 300 local investors
  - \$9.7 million in Missouri New Market Tax Credits



The Plant is constructed

The product meets with Missouri Standards

The investors attend the grand opening in 2010

The investors are later asked for more investment

The subcontractors are suing the Contractor

The plant was to be producing 5 million gallons of biodiesel per year

As of May 16, 2011 the Moberly Monitor newspaper says no biodiesel has been produced

# And the Really Ugly

The LeMay-Americas Car Museum

Tacoma Washington



## **LeMay Marymount Event Center Spanaway, WA**

Current home of the Harold LeMay Car Collection (500)

In 2012 the collection will be moved to the new LeMay Americas Car Museum



# The Details

- \$34 million Treasury authorization to finance construction of an antique-car museum.
- Companies that operate mostly by exhibiting art or other items don't qualify for New Markets Tax Credits
- U.S. Bancorp and its partners set up a related company in 2010 to acquire the assets from the museum and then lease back the property. The new company, America's Car Museum, qualified because a loophole in the rules allows galleries to get New Markets money by using affiliated corporations

# And More Ugly details

- U.S. Bancorp, which invested a total of \$34 million in cash or loans with development partners will get \$13.3 million in tax credits.
- Federal taxpayers will pick up 39 percent of the cost of erecting a \$34 million shrine housing 500 of LeMay's cars
- Those investors collected a total of \$1.5 million in fees from the project
- They are scheduled to get \$665,400 in future fees for monitoring finances.

# Reaction

- Michael Engel, who manages a Veterans of Foreign Wars hall six blocks away from the museum, says the federal subsidy is a wasteful public gift to a wealthy family that can afford to finance most of the development.
- "It's a bunch of garbage," he says. "I don't think it's right." (1)
- Seattle Times, Feb 13, 2011

# More Reaction

- "I've been upset about the skimming off the top. The investors have been able to rake off these big fees."
- Museum booster Karl Anderson, chairman of Concrete Technology Corp. of Tacoma
- Results: 165 construction jobs
  - 90 permanent jobs- at what wage?

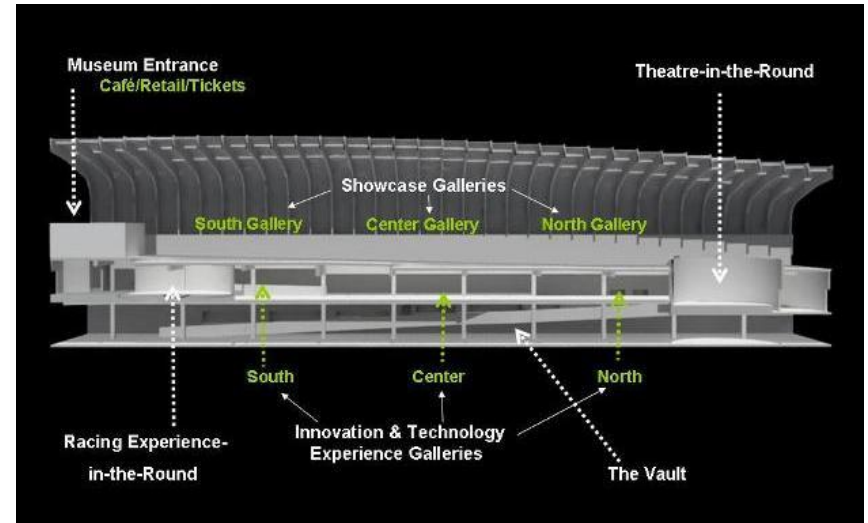
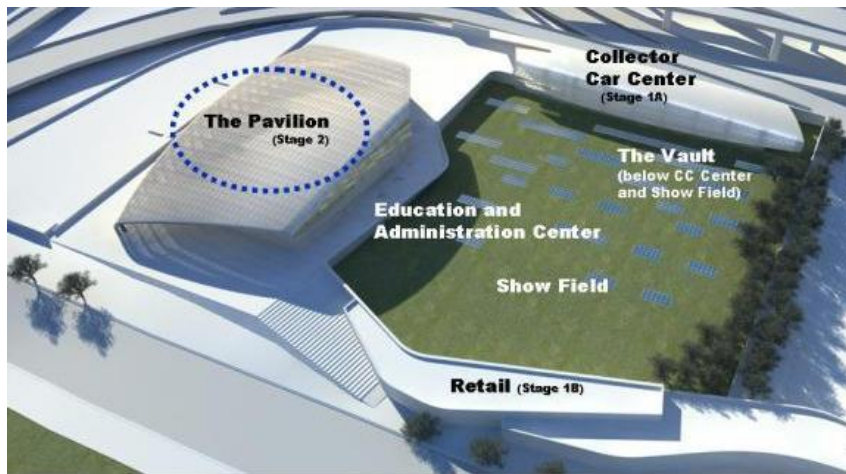
# A Vermont Example of NMTC

- New Market and Historic Preservation Tax Credits– Summary of Costs – DRAFT

# The America's Car Museum Story

- Fundraising for LeMay – America's Car Museum (ACM) has powered through the recession and construction has moved forward on-time and on-budget. With these assessments in tow, ACM management today announced that the Tacoma, Wash., project, built mostly through philanthropic funding, will have its 2012 grand opening on May 19.

# What New Market Tax Credits Can Do



# Does Oregon want to add to this?

- AAUW-Oregon Thinks Not
- Thank you for your time.
- There are more stories if interested
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