



May 23, 2011

The City of Grants Pass supports SB 317 the extension of the sunset date for tax credit for electronic commerce in enterprise zone or city designated for electronic commerce.

Three Quick Example of Why Grants Pass Needs SB317

In the spring of 2009 First Call Resolution wanted to expand their operations

Compared two areas - Grants Pass which has an E-Commerce overlay to their Enterprise Zone and a city which did not have similar benefits

First Call Resolution decided to move to Grants Pass, citing the Enterprise Zone along with the E-Commerce overlay as a reason

Since July of 2009 First Call has hired 173 employees

First Call generated \$3,598,400 in new annual payroll in Grants Pass along with \$250,000 in new property investment

First Call's annual payroll generates new Personal Income Tax to State Of Oregon per year in the amount of \$179,200

Cost to State Business Taxes (E-Commerce Zone) one time cost \$62,500

Net "profit" for State because of Enterprise Zone over 3 years of exemption
\$463,850

First Call Resolution is located in Downtown Grants Pass. This means that the employees from First Call will shop downtown and eat out at local restaurants in the area. These activities provide more jobs in the downtown core and have already had a visible positive impact on Downtown Grants Pass.

In the fall of 2008 DCS wanted to expand their operation

Looked at expanding in Texas and in Grants Pass

DCS decided to expand in Grants Pass

DCS found a location and installed \$191,500 of E-Commerce Eligible Machinery

Cost to State Business Taxes (E-Commerce Zone) one time cost \$75,000

DCS hired 25 new employees. Average salary for DCS employee is around \$60,000 to \$75,000

DCS generated \$1,500,000 in new annual payroll in Grants Pass

Net "profit" to State over three year Enterprise Zone tax abatement for State of

MEASURE: SB 317

EXHIBIT: 6

Joint Committee on Tax Credits 76th Session

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City of
Grants Pass
"Where The Rogue River Runs"



Oregon \$150,000

In the winter of 2006 Fire Mountain Gems wanted to build a warehouse and improve its E-Commerce sales

Fire Mt. invested \$4,452,692 in new buildings and equipment in Grants Pass

\$687,905 of the project was eligible for the E-Commerce tax benefit

Cost to the State Business Tax one time fee \$171,976.25

Fire Mt. hired 70 new employees for an average salary of \$35,000

New payroll dollars into Grants Pass \$2,450,000

Net "profit" for the State of Oregon over three year Enterprise Zone tax abatement

\$195,523.75

The point I am try to make is that you have to think of the E-Commerce overly tax credit not as a cost to the state but as an investment in the businesses of Oregon that provide returns greater than you can get from a "traditional" investment, with less risk.

Our local traded sector companies have the ability to locate anywhere in the world and are routinely contacted by other states to relocate. Having effective programs like the Enterprise Zone E-Commerce overlay keeps them here in Oregon and as illustrated above brings in new tax review to the state.

That's why the City of Grants Pass urges the passing of SB 317a