



MEASURE: HB 4066
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HOUSE REVENUE COMMITTEE
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Testimony of Nicholas Chan

Sr. Director of Mid-Market Sales, Yahoo!

In Support of HB 4066

House Committee on Revenue

February 8, 2012

Madam Chairwoman, Vice Chair, Members of the Committee, my name is Nicholas Chan and I am a Senior Director for Yahoo! Hillsboro.

In 2005, I was asked to help with the opening of our Hillsboro Offices. We started with ~100 positions on site and mostly comprised of two groups. Today our office houses Customer Care, Mid Market and Small Business Sales, Web Site Design, Premium Account Management, and Media Coordinator Groups. Most importantly this is 352 jobs that did not exist in Hillsboro prior to 2005. I am proud of the growth and expansion that I have seen over the years and take pride in the community that we serve.

Yahoo! is a free information site that is accessed by the world wide web. We have offices all over the world and a Single office location in Hillsboro Oregon. Initially our office was assessed with a simple property tax. To give you some contrast our office looks a lot like your legislative offices – We have desks, Desk top computers, and a telephone. We do NOT have cables and wires that provide service to others. In 2009 our office received a notice that Yahoo was going to be Centrally assessed as if we were a communications company that DID own the cables and wires.

I am not an expert on taxes and will let Greg Chaimov talk about the particulars, but what I saw was a property tax increase from \$130,000 to just under \$500,000 over night.

That singular action by the Department of Revenue has had consequences for the state. Recently we have seen decisions made to expand two groups in Omaha, Nebraska. The target candidates that these groups were looking for fit well within our community, so you can imagine my disappointment when I was told that these jobs were not coming to Oregon. And make no mistake, the imposition of central assessment liability, and the spectre of its continuing application to our office in Hillsboro played a significant role in the decision not to site those jobs in Hillsboro.

These actions took place despite the fact that we attract talented people in Oregon, that Hillsboro is close to headquarters in California, and that we currently have the seating capacity to add more than 300 jobs to our local community. I would love to do so.

Unfortunately, however, the current application of the central assessment statute has put our office at a competitive disadvantage in comparison to other Yahoo offices around the country. More importantly it has possibly put Oregon at a competitive disadvantage to other states in attracting online companies,





which is particularly troubling given that in this economy, cities and states across the US are aggressively competing for jobs

Over the past year, we have spoken to the legislature and the Governor's office about this issue, and earlier this week, the Department of Revenue issued a ruling that recognizes our concerns. We are appreciative of the Governor's help and understanding of the importance of this issue to not only companies such as Yahoo!, but to ANY company that wishes to set up an online presence in Oregon.

The Ruling that the department has adopted is a step in the right direction, but businesses need the certainty and clarity that can only be provided through the action of the legislature. We look forward to working with you on building on the good work that has already been started by the Governor's office and working together to bring more jobs to Oregon.

Thank you for hearing this bill. I hope you understand that we can be partners in improving the economy of this state. Me and my fellow leadership team at Yahoo! Hillsboro are working hard to grow our presence in Oregon. I know that you, as state legislators, are working hard to create a business environment that will attract jobs to Oregon. Addressing the central assessment will help both of us achieve our goals.

