

December 13, 2012

**Testimony on the
Economic Impact Investment Act of 2012**
before the Joint Interim Special Committee on Economic Development
by Steve Buckstein

Good morning, Co-Chair Burdick, other co-chairs and members of the committee. I'm Steve Buckstein, Senior Policy Analyst and founder of Cascade Policy Institute, a public policy research center based in Portland. Our mission is to promote individual liberty, personal responsibility, and economic opportunity in Oregon.

Regarding the concept of this legislation, I have some praise for the Governor, coupled with concerns and suggestions for making the bill better, and fairer.

First, the fact that the Governor is ready to grant tax certainty to Nike and other big companies in return for capital investment and job creation should be applauded. It's recognition that taxes matter, and good tax policy can attract business and jobs. But, Oregonians of all political stripes also appreciate fairness, and I'm concerned that this legislation will be fundamentally unfair, especially to small businesses and many Oregon job seekers.

The Governor only wants to make tax certainty deals with what he calls "the right kind of businesses" that will drive our per capita income up. This leaves out people who, for whatever reason, have little education and/or few job skills. These are often the young and minorities, for whom a lower wage job is the first rung up the economic ladder.

Also, granting the Governor power to approve or disapprove such deals at all risks charges of favoritism and corruption. Just think about Nike getting its deal while one of its competitors is later turned down. A level playing field would eliminate these concerns. One way to do this is with a formula that prorates the number of jobs and capital investment required to the business size. For example, 500 jobs added to Nike's current 8,000 Oregon employees would equate to 125 new jobs for a company that currently employs 2,000 Oregonians, without any gubernatorial discretion at all.

And, what's magical about the 500-job threshold in the first place? While that's a big number anywhere in Oregon, 50 jobs may be a big number in smaller communities. And, five jobs may be significant elsewhere. This is a small business state; so why not expand tax certainty to the businesses that create most of the jobs already?

In conclusion, I agree that granting Nike tax certainty is a good idea. But it would be an even better idea if all companies got the same certainty—big and small alike. That way, every Oregonian would stand to benefit, and the program would be fair to all.

Thank you.

