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Testimony – Joint Ways & Means Committee, Transportation & Economic Development
Subcommittee - **HB 2225**

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Co-chair Jenson, members of the Committee, for the record my name is Tim McCabe, Director of the Oregon Business Development Department – Business Oregon. I appreciate the opportunity to testify in support of HB 2225 – a straightforward bill that removes the sunset date attached to the Business Expansion Program.

As you may recall, the Business Expansion Program was created during the 2011 Legislative Session with the passage of SB 219 – introduced by Sen. Devlin and Rep. Read. The concept resulted from a comparative analysis of Oregon and other state's incentive programs that identified gaps in the tools at the state's disposal, as well as a number of projects that we weren't able to assist as a result of the limited incentive programs.

In short, the Business Expansion Program provides an upfront award to a company planning to expand or locate in Oregon based on the estimated income tax revenues generated by new hires associated with the project over a two-year period. In addition, to qualify for the program, there must be at least 50 new hires associated with the project with wages that meet or exceed 150 percent of the state or county average, whichever is less.

The legislation initially proposed to create a self-sustaining program recapitalized with a portion of those estimated income tax revenues. As a result of this initial concept and recapitalization provision, there was a sunset date attached to the legislation. In the end, this portion of SB 219 was removed, and the program was capitalized with up to \$4 million transferred from the Strategic Reserve Fund. However, the sunset date that was in the initial draft of the legislation remained.

Today, I'm pleased to not only testify in support of HB 2225, but also discuss the initial successes of the program:

To date, the program has supported both recruitment and expansion opportunities in Oregon:

- First, as you may have read, Salesforce.com announced plans to locate a high-tech facility in Hillsboro that would employ more than 200 new workers at an average wage of more than \$70,000/year (\$1.4m award)

- Second, the program was instrumental in Oracle's decision to bring manufacturing jobs back to Oregon from overseas and will result in more than 75 jobs with an average wage of more than \$80,000/year (\$650,000 award)

In addition, there are additional projects in the pipeline that may qualify for this program, and we're hopeful to have another company announcement in the very near future of more than 200 high-wage jobs to our state.

Members of the Committee, in a very short period of time, this program has proven to be a valuable tool in attracting and retaining companies in Oregon and ultimately creating a significant number of high-wage jobs for Oregonians. I appreciate your consideration of removing the sunset date to the Business Expansion Program and welcome any questions that you may have about this important tool.