

February 14, 2013

Senate Committee on Rural Communities and Economic Development
Oregon State Capitol
900 Court Street NE
Salem, Oregon 97301

Dear Chair Roblan and Committee Members:

RE: SB 19, Relating to Defining “Rural Area” in the State Strategic Investment Program (SIP)

If adopted, SB 19 would prohibit counties and cities throughout Oregon from applying the Rural SIP Program (minimum \$25M investment required) in areas located within their UGB boundaries at the time an application for a Rural SIP is filed. No jurisdiction would be able to apply Rural SIP business incentives within their UGB boundaries after adoption of SB 19. A valuable statewide business recruitment tool would be eliminated for no good business reason or demonstrated benefit to its advocates or any Oregon jurisdiction – rural or urban.

Instead, we think eliminating the Rural SIP program through SB 19 adoption would damage Oregon’s ability to compete globally and nationally in recruiting new traded sector companies not only to urbanizing industrial areas in Washington County’s Silicon Forest (roughly 1250 total acres), but also to such areas throughout Oregon. (Such other Oregon areas can include expanding port facilities, mid-size high tech complexes, food-processing businesses, campus industrial sites, new energy facilities, large warehouse/distribution/processing complexes, windmill sites in rural and urban Oregon whose capital investments reach the Program’s \$25M investment threshold.)

Business recruitment “fairness” and “level playing field” in a perceived competition among Oregon communities for new traded sector businesses are key reasons offered to justify SB 19. In reality, that competition has never been between/among Oregon communities; it has always been between the relative suitability of Oregon sites as they compete against sites elsewhere in the US or emerging industrial countries – *as viewed by business site selectors and their clients.*

It’s long been Hillsboro’s business recruitment experience that site selection by new companies is driven first and foremost by the physical, location, business-synergy with surrounding businesses, and other site-suitability characteristics (i.e., infrastructure accessibility, skilled labor force access, site development-readiness and business expansion capacity, selling price, quality of surrounding community, area business reputation, quality of public safety and services, etc.) they need to be successful businesses.

Hon. Chair Roblan and Committee Members
February 14, 2013
Page 2

While a Rural SIP likely plays a key role in a company's capital investment decisions, it has never been the crucial driver of a company's choice to locate on a site. It is never the first, or the decisive company decision-making factor in site selection. A site must first have the qualities and attributes needed by a business in order to be selected. Availability of an Urban or Rural SIP program likely affects a subsequent capital investment decision in a site it has first found to be suitable for its success as a business.

In sum, we submit that business recruitment fairness and level playing field is attained when prospective industrial sites are competitive to new companies because of their site attributes/features, and not because companies can or cannot avail themselves of the tax incentives offered by Oregon's Rural SIP program.

The SIP Program has been an exceptional business retention and expansion tool for our existing manufacturing companies as well as an incentive used by new companies that have found suitable sites in Oregon. It was used to assist Genentech/Roche USA with their expansion in Oregon. Without it, we were in danger of losing this important bioscience firm (\$250 million investment creating 300 plus jobs) to another state.

Oregon must be able to compete both nationally and internationally. Modifications to our existing incentive package can be interpreted as a message against job growth and is constantly monitored by site selectors and other companies considering moving to Oregon. Economic growth is a high priority and Oregon must communicate our commitment to getting to yes!

Sincerely:

CITY OF HILLSBORO

A handwritten signature in black ink, appearing to read "Jerry W. Willey", is written over the typed name. The signature is stylized with a large loop and a long horizontal stroke.

Jerry W. Willey
Mayor

cc: Bruce Starr, Oregon State Senate, District 15
Ben Unger, Oregon State Representative, District 29
Joe Gallegos, Oregon State Representative, District 30