



Oregon Senate Committee on Business
and Transportation
SB247 and SB260
Testimony of Larry Scruggs
February 19, 2013

Thank you. Mr. Chairman, members of the committee:

My name is Larry Scruggs, I reside at 6942 N Villard Ave, Portland, OR 97217, and I come to you today representing Tax Fairness Oregon to state our position on these bills.

Connect Oregon, started in 2005, is a program designed to assist those local governments and businesses that “don’t have the financial or technical capacity” to do large transportation projects by themselves. We applaud this effort and support the concept of developing infrastructure and job creation as long as it has broad benefits for many Oregonians.

We do not feel that any infrastructure development program providing grants should be benefitting any single company or any small group of businesses that should logically be helping themselves; especially those who have the financial and technical capacity to complete the project.

At this time we are neutral on these bills, but we are leaning towards opposition because of our concerns about the annual cost of these bills, the long-term commitment of funding, and the timing given the current economic conditions

With these criteria in mind, Tax Fairness Oregon offers the following recommendations in no particular order for ConnectOregon:

- These programs should be primarily loan and loan guarantee programs instead of grants. Connect Oregon, for example, has only given one (1) loan and the rest of its funding has been through grants. By providing loans instead of grants after a few years of funding, the programs become self-sustaining with the principle available for additional loans and the interest being used to administer the program.
- Applicants must be credit worthy using standard loan metrics.
- Applications should be weighed on the following criteria:
 - Jobs developed, retrained or eliminated should be in full time equivalents (FTE) based on 2080 hours worked per year. Jobs counted should be Oregon jobs only and should be audited by the state to ensure that the numbers are correct.
 - The rating system should no longer be either /or taking the higher score but should rather have each item listed individually. Minus points should be included for items such as lost jobs, etc.



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- A multi-modal system should take precedence over a single mode system improvement, such as improving strategic freight corridors, providing intersections joining different transportation systems, providing benefits to many businesses, solving gridlock and increasing safety.
- Privately owned businesses should only receive low-interest loans so the state can recover the funds. When such applications are received, if the users or investors provide less than 80% of the overall cost, the state should receive an equity share in the business that is equal to the contribution to the project until such time that the loan has been repaid.
- Oregon forgivable loans or grants should be no more than \$10,000 per permanent FTE job created, \$1,000 per job retained, \$1,000 per construction job and \$0 for jobs lost.
- The regional distribution requirement should be reduced to 5% of total funds available or eliminated.
- The project contingency cost should be limited to no more than 5% of the total project cost so it cannot be used to inflate the overall cost of the project.
- Verification of tax compliance in the case of private entities shall be verified for all those with an ownership interest of 10% or more.
- The applicant shall be required to identify any and all additional public funds received or applications made at the time of the application.
- Projects related to public entities should take precedence or private owner identified projects.
- Public and/or private entities that have applications under consideration should not be allowed to sit on the decision-making committee.

Thank you for your time and consideration. I will be submitting these comments by email later today, and am available for any questions you may have.