



WASHINGTON COUNTY OREGON

February 6th, 2013

Senate Finance and Revenue Committee
Oregon State Capitol Building
900 NE Court Street N.E. Room 143
Salem, Oregon 97301

MEASURE: _____
EXHIBIT: E
Senate Finance and Revenue 77th Session
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SUBMITTED BY: Andy Duyck

Senators Ginny Burdick, Chair
 Larry George, Vice Chair
 Mark Hass
 Brian Boquist
 Diane Rosenbaum

Chair Burdick and members of the committee, I'm Andy Duyck, Chair of the Washington County Board of Commissioners.

Thank you for this opportunity to provide my perspective on the Gain Share program. My remarks are going to be short because there are several others here to provide greater detail and additional perspectives.

I believe the legislature got it right in 2007 with their adoption of SB 954, which created the Gain Share Program. This program should be continued because it is an essential economic development and job creation tool for Oregon. We will get to the numbers that demonstrate this in a few minutes.

Washington County readily accepts its role in the state of Oregon's business recruitment process and greatly appreciates that our partnership with the state is essential to our successes. In fact, the State has been the loudest cheerleader once it brings a world-class, traded-sector company to us for a SIP agreement.

Property tax incentives are the primary tool for attracting and retaining businesses in Oregon, but it is our local communities that allow their elected officials to temporarily waive taxes. While this was never an easy vote for the Board of Commissioners, it has gotten increasingly difficult to persuade the citizens of its value. The Gain Share program provides us with a compelling argument for the public: If we abate your property taxes to attract a business, the community gets an equal share of the income taxes created by its investment. I suspect this experience is the same for all the other counties using or trying to use the SIP program.

The continuation of this program is very good policy because it creates jobs, but fairness to local tax payers must be recognized as well. Without their support Oregon does not have much of a business recruitment program. Economic Development happens at the local level, which is why the Gain Share program was created as an incentive for us by the state. This is also why there have been

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discussions about expanding the Gain Share program to include Enterprise Zones. It is essentially the same as the SIP: all local property taxes are waived for five years to attract and retain attractive businesses.

While listening to the news earlier this week I was pleased to learn one of the top priorities for this 2013 legislature is to create jobs. So I am confused and concerned by recent suggestions to cap the Gain Share program. This action would effectively negate its value for future large property tax abatements like the \$25 billion agreement Washington County taxing districts signed with Intel. And other SIP programs will mean splitting the cap among more counties further reducing its usefulness at the local level. When faced with a room full of citizens asking pointed questions about the continued use of their property taxes to attract businesses, and not being able to offer a viable Gain Share counter-argument, I am uncertain about the Board's ability to support another SIP.

Stability is another issue. If we are to be faced with this debate about the Gain Share program, and whether we will get our share of the income taxes generated each time the legislature meets, it makes long-range financial planning impossible. It also significantly reduces our incentive to sit down at the SIP negotiation table.

One of the questions I am asked most often is: "What are you going to do with your 50% share of the Gain Share money"? From discussions with my fellow commissioners I can tell you this: Our immediate focus will be on technology and network improvements, financial and tax system software and equipment replacements, seismic upgrades, capital projects, and other one-time expenditures. Our attitude is to reinvest these hard-earned monies back into those programs and facilities that preserve our community as a place in which our citizens, along with new companies and their employees--want to live and grow.

In closing I want to thank the Governor's Office, Department of Administrative Services, Department of Revenue and the various legislative offices for their help in getting Washington County and seven other counties their first Gain-Share distributions. This was new and unfamiliar ground for all of us, so it was a bit awkward for a short period, and then all involved pulled together and made it happen.

Thank you for your time and attention. I am happy to entertain your questions.

Andy Duyck

Chairman

Washington County Board of Commissioners

Washington County Strategic Investment Programs (SIP) For 2011 - including Gainshare

Revenues from SIP Programs		<u>Local Taxing Districts (A)</u>
SIP Payments	\$	11,879,532
Property Taxes (B)	\$	4,294,035
<u>Estimated Gainshare Payment (C)</u>	<u>\$</u>	<u>11,570,726</u>
Total SIP Program Revenues	\$	27,744,293
Investment in SIP programs through foregone revenues		<u>Local Taxing Districts (A)</u>
Abated Property Tax (D)	\$	82,921,856

(A) - SIP Revenues, Gainshare Revenues and Abated Property Taxes are shared with Washington County, City of Hillsboro, Metro, Port, Tualatin Valley Fire and Rescue

(B) - Property Tax from first \$100 million of investment made under an SIP agreement that is required to be placed on the tax roles by Statute

(C) - Gainshare payments are determined by the State. This represents the payment for FY 10-11 received in Jan. 2013

(D) - Abated property taxes from SIP programs in Washington County

Statewide Benefits from Companies with a Washington County SIP for 2009

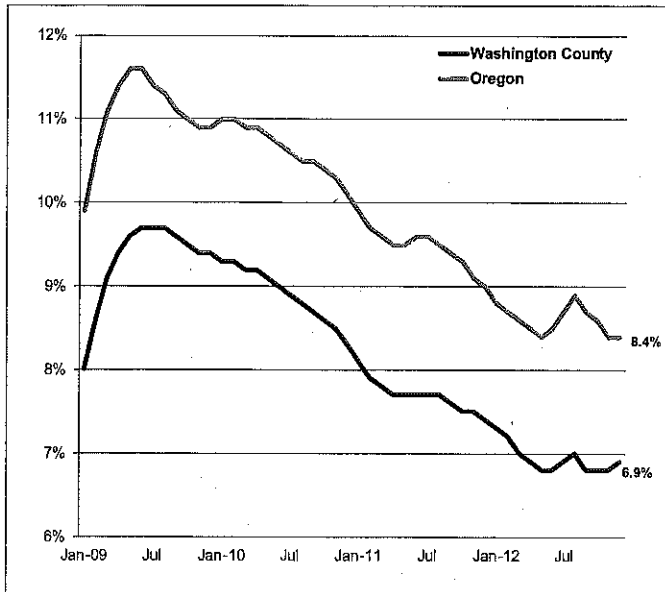
- \$270+ million in personal income taxes
- 90,000+ jobs Statewide
- \$17+ billion in total economic impacts
- Enabled the initiation of the largest Industrial expansion project in Oregon History

Washington County Economic Indicators

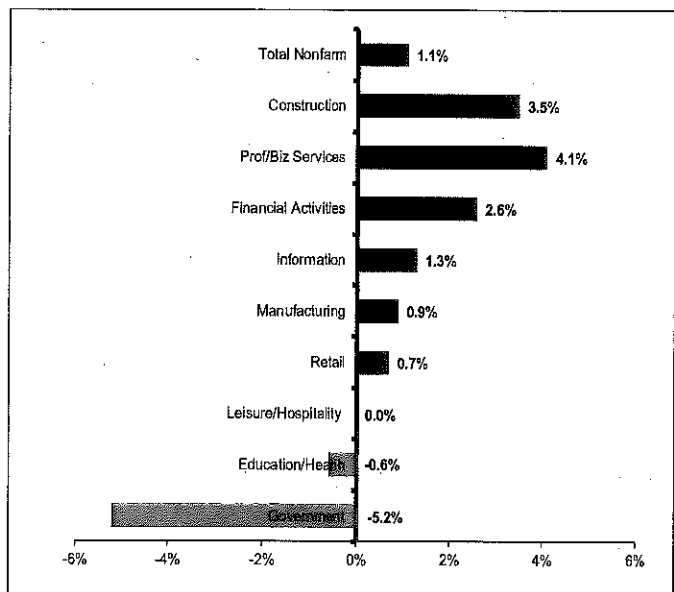
January 2013

Washington County reported a seasonally adjusted unemployment rate of 6.9 percent in December 2012, down significantly from 7.4 percent one year ago. The county's labor force was 290,688, a drop of 1.8 percent (-5,451) year-over-year. Private-sector job growth occurred in most broad sectors with the exception of educational and health services and leisure and hospitality. Government continued to shed jobs, particularly at the local level (education).

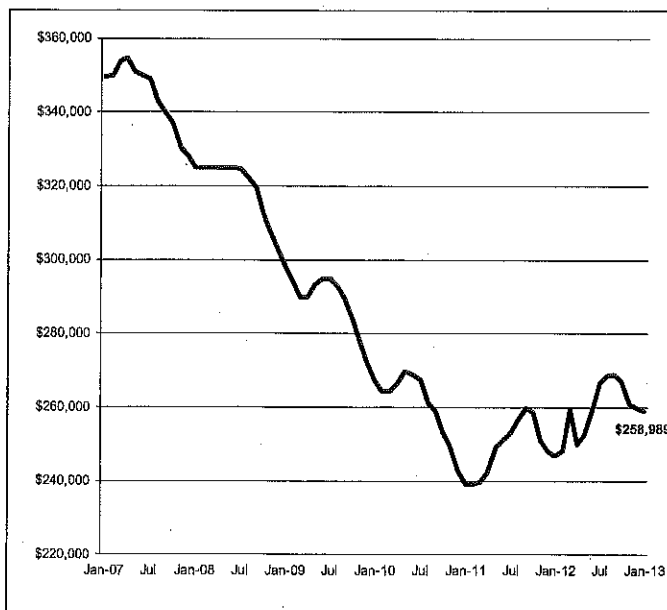
Washington County Unemployment Rate
Through December 2012 (seasonally adjusted)



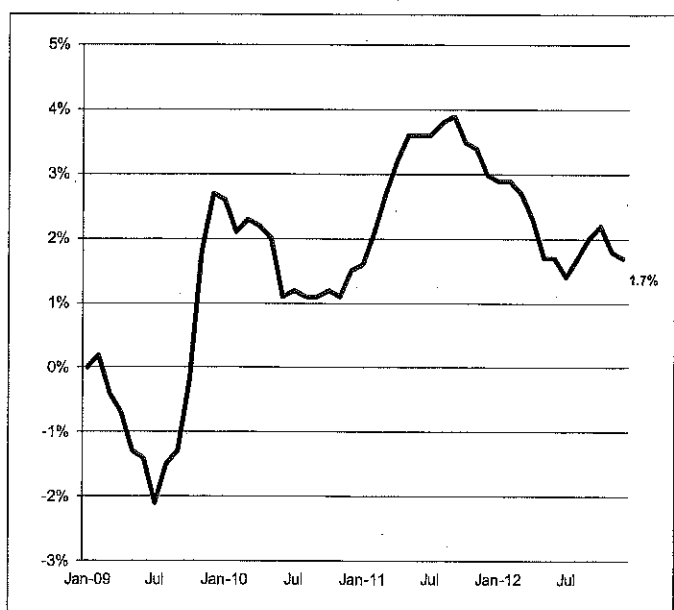
Washington County Employment Growth
% increase on a year earlier – December 2012



Portland Metro Median Home Asking Prices
HousingTracker.net – Through January 2013



US City Inflation (Consumer Price Index)
% increase on a year earlier – December 2012



Prosperity and Poverty in Oregon & SW Washington

	Clackamas	Clark	Multnomah	Washington	Yamhill
Median household income (2011)	\$58,055	\$56,656	\$46,888	\$62,488	\$53,612
Average wage per job (2011)	\$43,398	\$41,736 (2010)	\$48,683	\$56,604	\$35,190
Residents receiving USDA Food Stamps	14%	17%	20%	13%	20%
Unemployment rate: Dec. 2012	7.7%	10.5%	7.6%	6.9%	8.1%
Job gains (losses) since Dec. 2011	1,100	2,200	5,500	2,700	(-10)

Sources: U.S. Census Bureau
WorkSource Oregon

Wash. Dept. of Employment Security

Report updated: January 23, 2013 ©

Tri-County Economic and Demographic Indicators

	Clackamas	Multnomah	Washington	Oregon / U.S.
Resident Population (July 1, 2011)	380,207	748,031	540,410	3,871,859
Total non-farm employment: Public and Private Sectors (Dec 2012)	139,100	449,400	251,000	1,639,000
Percentage of resident work force who are currently unemployed (Dec 2012)	7.7%	7.6%	6.9%	8.4% (Oregon) 7.8% (U.S.)
Adjusted Gross Income (2010 tax returns)	\$10.5 billion (12.6% of statewide totals) (24.5% of tri-county totals)	\$18.1 billion (21.7% of statewide totals) (41.9% of tri-county totals)	\$14.5 billion (17.5% of statewide totals) (33.6% of tri-county totals)	\$88.3 billion
State Income Taxes Paid (2010 tax returns)	\$629 million (12.6% of statewide totals) (24.3% of tri-county totals)	\$1,084 million (21.2% of statewide totals) (41.9% of tri-county totals)	\$874 million (17.5% of statewide totals) (33.8% of tri-county totals)	\$5.0 billion
Median Household Income (2011)	\$58,055	\$46,888	\$62,488	\$46,816 (Oregon) \$50,054 (U.S.)
Average age of county residents	40.9 years	35.8 years	35.5 years	38.7 years
Education attainment levels:				
High School Diploma or GED among residents age 25 or older	92.7%	89.2%	91.1%	89.4% (Oregon) 84.6% (U.S.)
Bachelor's degree or higher among residents age 25 or older	31.2%	39.0%	39.7%	29.3% (Oregon) 27.9% (U.S.)
<p>Note: The figures shown here in blue represent <i>all-time record highs</i></p> <p>Sources: U.S. Census Bureau Portland State Center for Urban Studies WorkSource Oregon Oregon Dept. of Revenue</p>				
<p>Updated: 1/23/13</p>				

Washington County --- By The Numbers

Resident Population (July 1, 2008)	529,216
Total Non-Farm Employment --- Public and Private Sectors (June 2009)	234,500
Percentage of Resident Work Force Who Are Currently Unemployed	10.4% (June 2009) 12.2% (Statewide)
Adjusted Gross Income (2007 tax returns)	\$16.2 billion (16.4% of statewide totals) (34.3% of tri-county totals)
State Income Taxes Paid (2007 tax returns)	\$999.4 million (17.8% of statewide totals) (35.4% of tri-county totals)
Median Household Income in 2007	\$60,254 \$ 50,007 (U.S. Average)
Average Age of County Residents	35.0 years (36.4 years — U.S. Average)
Education Levels: (High School Diploma or GED among residents age 25 or older)	84.0% — U.S. Average) (Bachelor's degree or higher-- among residents age 25 or older) 37.40% (27.0 % — U.S. Average)

Clackamas County --- By The Numbers

Resident Population (July 1, 2008)	380,576
Total Non-Farm Employment --- Public and Private Sectors (June 2009)	140,600
Percentage of Resident Work Force Who Are Currently Unemployed	11.4% (June 2009) 12.2% (Statewide)
Adjusted Gross Income (2007 tax returns)	\$11.9 billion (12.1% of statewide totals) (25.2% of tri-county totals)
State Income Taxes Paid (2007 tax returns)	\$703.5 million (12.6% of statewide totals) (24.9% of tri-county totals)
Median Household Income in 2007	\$59,709 \$ 50,007 (U.S. Average)
Average Age of County Residents	38.9 years (36.4 years --- U.S. Average)
Education Levels: (High School Diploma or GED among residents age 25 or older) (84.0% --- U.S. Average)	90.70% (Bachelor's degree or higher-- among residents age 25 or older) (27.0 % --- U.S. Average)

Multnomah County --- By The Numbers

Resident Population (July 1, 2008)	714,567
Total Non-Farm Employment --- Public and Private Sectors (June 2009)	434,900
Percentage of Resident Work Force Who Are Currently Unemployed	11.7% (June 2009) 12.2% (Statewide)
Adjusted Gross Income (2007 tax returns)	\$19.125 billion (19.4% of statewide totals) (40.4% of tri-county totals)
State Income Taxes Paid (2007 tax	\$1.1 billion (20.0% of statewide totals) (39.7% of tri-county totals)
Median Household Income in 2007	\$46,811 \$ 50,007 (U.S. Average)
Average Age of County Residents	36.9 years (36.4 years — U.S. Average)
Education Levels: (High School Diploma or among residents age 25 or older) (84.0% — U.S. Average)	87.90% (Bachelor's degree or higher-- among residents age 25 or older) (27.0 % — U.S. Average)