



February 4, 2014

House Committee on Revenue  
Oregon State Capitol  
900 Court Street NE  
Salem, Oregon 97301

TO: Representative Barnhart and Committee Members

**RE: Opposition to HB 4142: Relating to Defining “Rural Area” in the State Strategic Investment Program (SIP)**

The Rural SIP is a valuable State economic development tool which provides great opportunity for mid-sized high tech firms, high tech suppliers, and spin-off companies to invest in Oregon. Competition to recruit these types of firms is not at the state level but rather at a national or even global level. By modifying the current application of the Rural SIP, Oregon’s ability to compete globally and nationally would be damaged.

Capital investments under the Rural SIP must reach a minimum \$25M investment threshold. This type and level of investment can include mid-size technology firms, food-processing businesses, campus industrial sites, expanding port facilities, new energy facilities, large warehouse/distribution facilities, and a host of mid-sized firms that support the supply chain of our larger employers. No jurisdiction would be able to apply Rural SIP business incentives within their UGB boundaries after adoption of HB 4142. Instead they would only have use of the Urban SIP and its \$100M threshold investment level. Ultimately this makes the investment threshold too high and effectively takes the business incentive off the table all together.

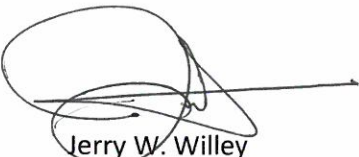
Eliminating the Rural SIP program through HB 4142 adoption would damage Oregon’s ability to compete in recruiting new traded sector companies not only to urbanizing industrial areas in Washington County’s Silicon Forest (roughly 1250 total acres), but also to such areas throughout Oregon. If adopted, HB 4142 would prohibit cities with populations greater than 30,000, located throughout Oregon, from applying the Rural SIP Program in areas located within their UGB boundaries. Several cities throughout the State have lands on which qualified businesses could potentially locate and apply for the Rural SIP, such as Salem-Keizer, Medford-Grants Pass, Corvallis-Albany, Eugene-Springfield, Bend and McMinnville. HB 4142 would remove their ability to use this program to enable jobs and investment to occur within their communities.

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.

Job creation is necessary for our communities and the State to recover from the recession. As jurisdictions we are appreciative of any tools we can use to help create jobs and bring new investments into Oregon. The so called “fixes” sought under this legislation only removes tools from our tool box thus making economic development and recovery more difficult.

Sincerely,

CITY OF HILLSBORO



Jerry W. Willey  
Mayor