



Washington County Opposes HB 2084, HB 2098, HB 2672

The Strategic Investment Program (SIP) was adopted by the Oregon Legislature in 1993. It allows local governments and key businesses to negotiate alternative taxing agreements when businesses are willing to invest at least \$100 million in an urban area or at least \$25 million at a rural location in Oregon. The SIP program has proven very successful in attracting and retaining companies that provide good jobs in Oregon in exchange for property tax limitation on investments.

To provide some context to SIP and its value to Oregon I think walking back to life in Oregon prior to 1993, when SIP was added to Oregon's economic development tool box. Using Intel as an example, their operations did in fact have a footprint in Oregon with their facilities at Aloha, which actually go back to 1976. In the early 1990s Intel's development of fabrication facilities was starting to take off outside of Oregon principally because of the tax structure in Oregon and the high cost associated with their manufacturing model. In other words, the personal property or the physical equipment that manufactures the product has such a high cost and short life it made no sense to invest in a state that could not respond to a different taxing program. That's why their fabrication facilities were expanded at locations outside of Oregon.

Once SIP was in place Intel did in fact structure its investments in manufacturing in Oregon. Since 1993 Intel signed SIP agreements in 1994, 1999, 2005, and most recently in 2014. Collectively these SIP agreements have paved the way for just under \$40 billion in Intel's facility investments in Oregon since 1993. Washington County recently signed a 30-year agreement with Intel to provide a future for another \$100 billion worth of investments in Oregon. By comparison in 1974 Intel had 7,300 employees world-wide and an engineering design able to get 6,300 transistors on one microprocessor. Today Intel's Oregon employment is above 17,500 employees and the engineering advancement has placed 1 Billion transistors on one microprocessor.

Add investment in Wind farms to the mix along with upgrades at Wauna paper mill in Clatsop County, Microchip technology, Inc. in Multnomah County, and recent investments from PGE and the economic contribution is staggering across Oregon.

SIP holds the key to providing local governments and the State the ability to compete on a global stage for attracting business development and reinvestment in Oregon's key industries. County's such as Clatsop, Gilliam, Morrow, Umatilla, Sherman, Union, along with Multnomah and Washington counties all enjoy a certain amount of economic development as a result of having SIP available in the economic development tool box.

Each bill before you today has varying degrees of bad as it relates to the value of SIP in the future. Using any of the bills reduces the value and effectiveness of SIP in the future and collectively these don't send a positive message to businesses in Oregon or outside that Oregon is interested in your future business.

Washington County respectfully recommends the House Revenue oppose these bills.

County Administrative Office

155 N. First Avenue, Suite 300, MS 22 Hillsboro, OR 97124-3072

Phone: (503) 846-8681 * fax: (503) 846-4545



Intel's Economic Footprint

BY THE NUMBERS

STATEWIDE IMPACTS

1 Intel is largest private employer in the state of Oregon

16,500	The number of Intel employees in Oregon	\$43,643	Average gross personal income in Oregon
3.1	Jobs created statewide for every direct job at Intel	\$26.7 billion	Total economic impact of Intel
67,579	Total jobs attributable to Intel statewide	8.7%	Percent of Oregon output attributable to Intel
\$5.4 billion	Total income generated statewide by Intel	\$136 million	Property tax revenue generated by Intel
5.3%	Amount of income in the state generated by Intel	\$192 million	Personal state income tax revenue generated by Intel
\$79,207	Average gross personal income for Intel's direct, indirect, and induced jobs statewide		

PORTLAND METRO

9.2% of jobs and 6.1% of personal income in the Portland-metro area

WASHINGTON COUNTY

16.7% of jobs and 25.2% of personal income in Washington County

Source: ECCNorthwest, "Economic Impacts of Intel's Oregon Operations - 2012"

Highlights

- **67,576 direct and indirect jobs statewide**
- **\$168,000 average pay with benefits**
- **\$26.7 billion total economic output**
- **\$5.4 billion income generated**
- **\$192 million annual income tax generated**