

To: House Revenue Committee, Chair Barnhart and Members

RE: HB 2672 [Regarding SIP school money abatement]

From: Russ Dondero, Senior Policy Analyst [WCCAN](#)

I attended the committee's March 3, 2015 hearing – given the time constraints and not having intended to testify let me add my written testimony “for the record.”

As a resident of Washington County I take a different view than presented by our County Board's lobbyist.

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Representative Warner asked Washington County's lobbyist to whit - “is there any way the SIP program could be improved?” After a very telling moment of hesitation, the lobbyist's answer was “NO.”

Needless to say this is not my opinion perhaps because I drew up in Roseburg!

Washington County is in a very privileged position as the home of Intel and it's 17,000 employees. Intel gets millions in SIP property tax breaks more than any corporation in Oregon and pays the minimum, if any, of state income taxes – such figures are not open to the public.

Gain Share money Washington County gets has become a “slush” fund which Chair Duyck et al use as a form of patronage to reward their local political allies. Some money goes to schools, some to transportation and some to funding a multi-purpose community center in Hillsboro.

But despite Gain Share not enough money is in the pot to fix the long-standing deficits accrued over the years with the passage of Measure 5 in 1991 and its progeny Measures 47 and 50. So the tax breaks Intel et al get from SIPs leads to an accumulating budget deficit at the local level.

After the last round of Gain Share distributions despite some money going to my local Forest Grove school district – we still had classroom crowding, no librarians and cut backs in classes.

After the failure in May of the transportation levy the funding problems are even more daunting.

When our county lobbyist says there is no reason to change the SIP – he's not representing my view. We have a 19,000 affordable housing deficit. If I were a board member I'd split our Gain Share money 50/50 between housing and schools not a convention center which residents voted NO on.

But this doesn't solve the problem those in the “other Oregon” have with the SIP program – the privileging of Washington County.

Our county lobbyist trotted out the canard that without SIP funds, Intel would pack up and leave Oregon? I couldn't disagree more! Intel has a huge investment in Washington County – they can't afford to leave, SIP or no SIP.

Oregon got rid of the unitary tax in the Atiyeh era. Not taxing a corporation's world-wide wealth is the biggest tax break of all and incentive enough to stay in Oregon. And then Intel & Nike got a 30 year “no new taxes” freeze.

It was suggested they might move to China, Mexico or Israel. China is teetering on the biggest growth bubble in the world. When it bursts it will make our Great Recession seem small by comparison.

Does Intel really want to do business with the Mexican drug cartel or locate in the Middle East with the growing threat of ISIS? It's time Oregon leaders quit letting Intel and Nike “play

them” by the myth that they might take their marbles elsewhere. Oregon should double dare them!

As Representative Lininger put it – when corporations locate they don’t look at the tax breaks, they look at the education system and whether it can provide a quality work force. In the hi-tech case they also look for cheap electrical power and a plentiful source of water.

Washington County has the latter two but if our K-12 and higher ed system continue to be defunded we won’t be able to provide the quality work force the hi-tech industry depends upon.

With the achievement gap and a pittance of 6% of general fund support for higher education tax breaks alone will not “seal the deal.”

In the meantime, thankfully the grass is not greener elsewhere given the other options that are profiles in ossified elites (China), narco-violence (Mexico) or regional terrorism (Israel).

So don’t buy the spin that “they” will leave Oregon. It’s time to invest in Oregon especially our kids and universities – that’s how we’ll maintain our competitive edge along with our quality of life.