

March 25, 2015

TO: Sen. Mark Hass, Oregon Senate Finance and Revenue Committee

RE: SIP/Gain Share program (SB 129)

Dear Chairman Hass and members of the committee,

I represent Strategic Economic Development Corporation, the lead economic development entity for Marion, Polk and Yamhill Counties. We are a 400-plus member nonprofit association that leverages public and private partnerships to aggressively retain and attract high value jobs and capital investment to the region.

I'm writing to encourage your support of improvements to the Strategic Investment Program/Gain Share provided by Senate Bill 129. The proposal encourages Oregon's economic health, creating opportunities for bringing new jobs that support public services and local businesses, and spawning new companies needed to support the bigger ones.

Oregon leans on local communities for economic development, primarily through the Strategic Investment Program (SIP), which relies on cities and counties to assume risks and up-front costs. The program has been widely successful. It wouldn't enjoy that measure of success without Gain Share, which gives communities the certainty needed to encourage their participation, and an incentive to share in some of the income tax revenue these investments produce.

The program has attracted and retained companies in Oregon that could have located anywhere in the world. These are some of the state's biggest employers – including Intel and Genentech in the Portland metro area, with wind farms in rural Eastern Oregon, and the Wauna paper mill near the coast. These companies provide well-paying jobs that benefit all Oregonians.

Attracting investment is critical to the economic health of Oregon. Growth at the companies participating in the program spawns additional businesses and investments, such as the cluster of high-tech businesses that work with Intel, and manufacturers of products related to wind energy facilities elsewhere in the state. The Bureau of Economic Analysis reports that the multiplier effect of manufacturing jobs creates an additional 16 jobs in local service businesses. The multiplier is higher in high-tech manufacturing, where five local service jobs are generated from one full-time position.

The benefits of this program apply to all Oregonians. For example, Intel's investment in Oregon generates \$650 million in tax revenue – enough to supply half of the education funding increase proposed in the co-chairs' budget for the biennium.

Under Senate Bill SB 129, jurisdictions that would receive the most money from Gain Share will share the proceeds by dedicating funds for local and statewide education and for economic development in distressed counties. These changes are anticipated to double the state's current resources available for economic development in rural Oregon, adding an estimated \$19 million to the Oregon Opportunity Fund for distressed counties on a biennial basis, as well as providing millions more to the state's K-12 schools.

I respectfully request that you support SB 129. We need it to continue economic development efforts that provide benefits for all Oregonians.

Sincerely yours,



Chad Freeman  
President