

Improving Gain Share and the Strategic Investment Program, Oregon's biggest economic development tool

Supporting a long-term solution for the Strategic Investment Program/Gain Share is critical to Oregon's economic health. **Here's why:**

Oregon leans heavily on cities and counties for economic development, relying on them to assume the risks and pay the upfront costs. In turn, these projects deliver the jobs needed to support the state's general fund.

- ✓ Oregon's largest economic development tool is the Strategic Investment Program (SIP), which requires local jurisdictions to not only take on financial risks but also to forego property tax revenue for the greater good of the state's economy.
- ✓ Gain Share (GS) is a crucial part of SIP because it provides communities with the certainty needed to encourage their participation and an incentive to share in some of the income tax revenue these projects produce.
- ✓ Together, SIP/GS represent a critical state-local government partnership program that supports local communities while simultaneously attracting and retaining businesses in Oregon and helping companies across the state create tens of thousands of well-paying jobs.

The SIP/GS program provides economic benefits for Oregonians in all parts of the state.

- ✓ The program has attracted and retained companies that could have located anywhere in the world to Oregon, bringing some of the state's biggest employers – including Intel and Genentech in the Portland metro area, along with wind farms in rural Eastern Oregon and the Wauna paper mill near the coast – providing well-paying jobs that benefit all Oregonians.
- ✓ The program also offers direct benefits for local communities, helping to pay for infrastructure, education services and more.
- ✓ Growth at the companies participating in the program spawns additional businesses and investments in existing companies, 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. For example, for every job created by an investment at Intel, three additional jobs are created in the state.
- ✓ As the state's job base expands through the program, more revenue is generated for Oregon's public education system and other services that serve all Oregonians. In 2012 alone, Intel provided \$327.7 million in state income tax and local property tax revenues, about 40 percent of which went to K-12 schools in every part of the state.

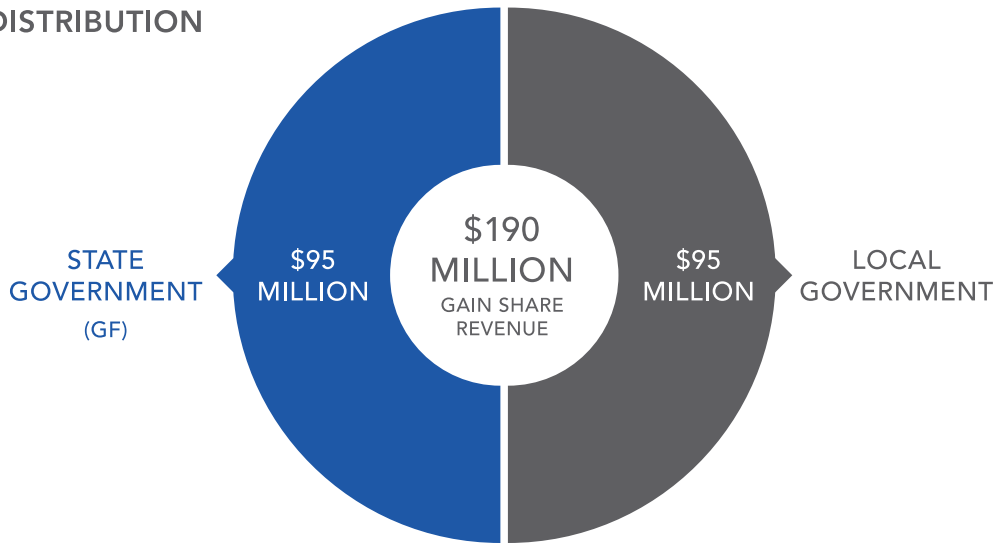
Senate Bill 129 will bring additional benefits to communities throughout the state.

- ✓ The program has been very successful – far more than originally anticipated – and a new formula will help fund and leverage economic development in Oregon's distressed communities and provide even more money to schools across the state. Under Senate Bill 129, jurisdictions that would receive the most money from GS (>\$5MM/year) 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 by adding an estimated \$10 million to the Oregon Opportunity Fund for distressed counties annually. It would also provide millions more to K-12 schools.
- ✓ SB 129 would also extend the program to ensure counties and the state are able to honor existing agreements, which will provide certainty for these investments and guarantee the continued operations of major and minor employers throughout Oregon.

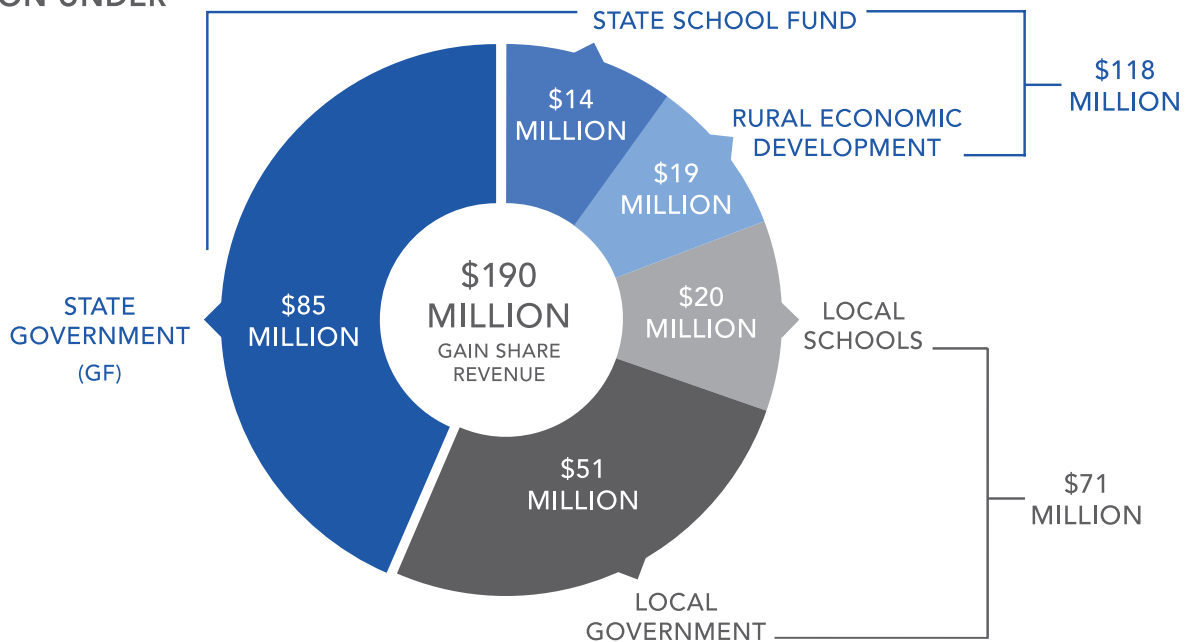
COMPARISON OF GAIN SHARE DISTRIBUTION SCENARIOS

2015-17 BIENNIUM

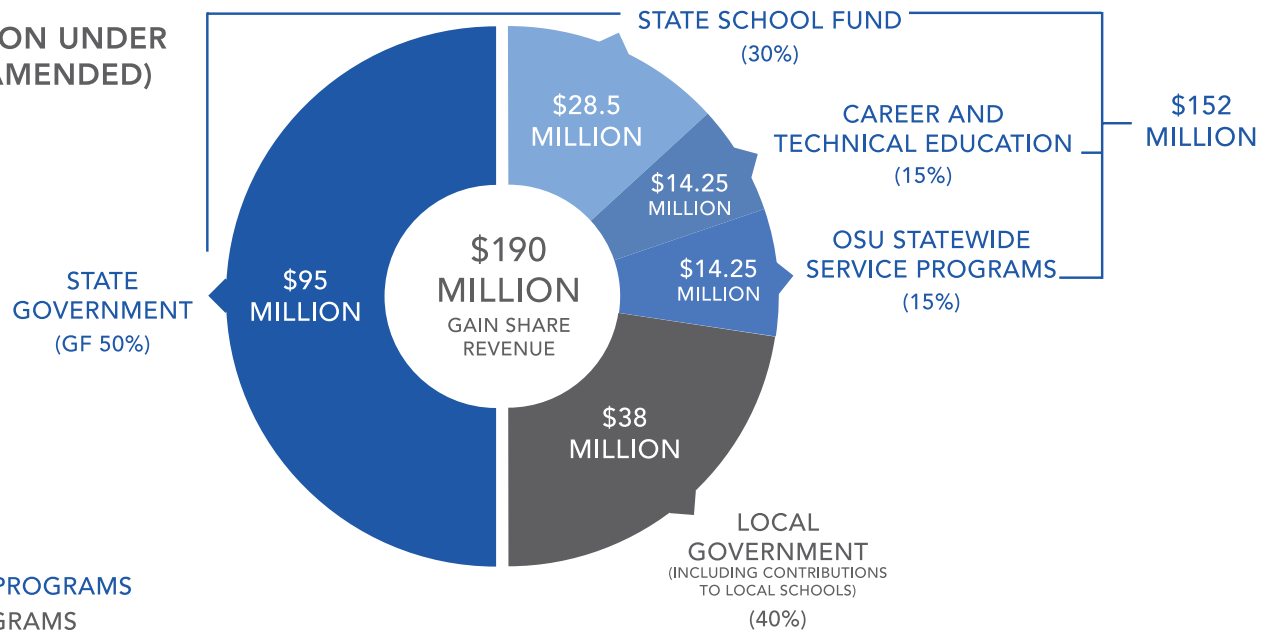
EXISTING DISTRIBUTION



DISTRIBUTION UNDER SB 129



DISTRIBUTION UNDER SB 129-1 (AMENDED)



■ STATEWIDE PROGRAMS
 ■ LOCAL PROGRAMS