



**Testimony before the House Committee on Economic Development and Trade
in support of HB 2155 with the -2 amendments on April 12, 2017**

Provided by Craig Campbell on behalf of the Coalition for Capital.

Madam Chair, Members of the committee:

I have been asked to identify what outcomes should be used to demonstrate that HB 2155 has been successful in achieving its goal of creating business and job growth in low income communities throughout Oregon where other sources of investment are not available.

The first and most important outcome for success is that \$300 million in private dollars have been invested in small businesses in Oregon as a result of the tax credit. An important addition to the program created by the -2 amendments creates a narrow exception in the existing Oregon Low Income Community Jobs Initiative that would allow investments under this program to be used for the creation of much needed low income housing units in low income communities throughout the state. The initial program did not allow for investments to be made in rental property so that the investments would be focused on small business creation and growth. However, the need for low income housing to support business growth and livability in our low income communities warrant expanding this tool to be used for that purpose.

The second indication of success is that the amount of general fund dedicated to this program will have been more than paid back from taxes directly generated from the jobs created and the businesses created or expanded by this program.

The third indication that the program is achieving its goals is through the creation of permanent jobs. Extrapolating from the first round we would hope to create at least 1500 new permanent jobs that would not be in existence without this bill. But we know the program also creates a number of temporary jobs such as construction jobs, as well as creating part time jobs and jobs that would have been lost without the specific use of this program.

However, our current data needs to be made more accurate, understandable and useable by the legislature and citizens to enable an opportunity evaluate the effectiveness of the program going forward. We will be working with Business Oregon to develop rules regarding what information is reported and how by investment recipients in order to make the reporting of projects provides that level of transparency and usability.

Finally, much of the numbers regarding economic benefit of the program are extrapolations of studies that have been done in other states. An IMPLAN study of the New Markets Tax Credits after operating 10 years indicates that the investments from HB 2155 will result in

over \$386 million in Direct Economic Effects (direct jobs would include the construction workers hired to build an NMTC-financed manufacturing facility as well as full-time jobs created within that new facility): \$110 million in economic activity to the economy through indirect economic effects (by increasing demand for goods and services up and down the supply chain): and \$139 million in value in Induced Economic Effects (increases in household spending as a result of NMTC investment).

It is important, however, to make sure that our evaluation is based upon what is actually happening with the program on the ground in Oregon. As a result we will be seeking in IMPLAN economic impact analysis on the program to make sure the impacts of the program are evaluated as accurately as possible.

Thank you for your time and consideration of this critical economic development tool.