

February 13, 2017

Honorable Representative Ms. Ann Lininger
Democrat - District 38 - Lake Oswego
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SENT VIA EMAIL

Dear Chair Lininger,

The Klamath County Economic Development Association rises in support of House Bill 2243 introduced by Governor Kate Brown to extend and expand the investment tax credit (ITC) for electronic commerce activities. As the lead, economic development entity for Klamath County we support the bill's sponsors (Business Oregon) to increase maximum number of zones for electronic commerce.

It is our experience that tax credits like the ITC are a significant business retention/expansion tools for rural areas like Klamath County. The added inducement of the ITC appears to significantly influence investment decisions related to the various ways that electronic commerce intertwines itself within our evolving economy. Therefore, the first priority is to advance by six years the sunset provisions for the ITC, which does not apply to investments made after the current (2017) tax year.

Klamath County is preparing to submit an application to become an ecommerce zone to support of existing business base. We believe that such a zone could significantly alter our economic course by expanding companies with living wage jobs thereby lowering our six percent unemployment rate. The sponsors have thoughtfully crafted the legislation to:

- Increase the number of enterprise zones allowed to have an e-commerce overlay by two a year over three years (2018, 2019 and 2020) for 21 in total,
- Have businesses include data about their claiming and using the ITC when they file annually for the property tax exemption,
- Provide in lieu of carry-forward provisions, allow a taxpayer to receive a refund at 80% of the credit's otherwise unused face value, starting in 2019,
- And In claiming the ITC, prescribe a form for businesses to use as part of their tax returns and make other technical changes

A vote in favor of this bill is a vote for rural economics like Klamath County. We strongly urge the House Committee on Economic Development Trade for the support House Bill 2243.

Best Regards,
Greg O'Sullivan
Executive Director