



House Committee on Economic Development

February 6, 2019



Economic Development for Central Oregon

Traded-sector companies = Economic Foundation

Why? Because they are export focused – outside the local area, region or state – they are not dependent on the health of our local economy. Traditionally, these have been manufacturers but increasingly they can everything from software firms to professional services including engineering, branding and advertising and even legal. They are the backbone of any economy and help non-traded sector employers and their employees thrive. The export of their goods and services import wages and economic activity that are circulated in the broader economy.



DAIMLER



Precision Castparts Corp.

Why Incentivize?

Traded-sector companies can locate anywhere

Competition for the well-paying, stable jobs offered by traded-sector companies is only growing more competitive and more global. A business climate which offers stability, a fair tax burden and predictability represent the essential structure for attracting and retaining employers. Incentives won't make a bad deal (or bad business climate) better, but they can sway the decision for a city or town over their peers.

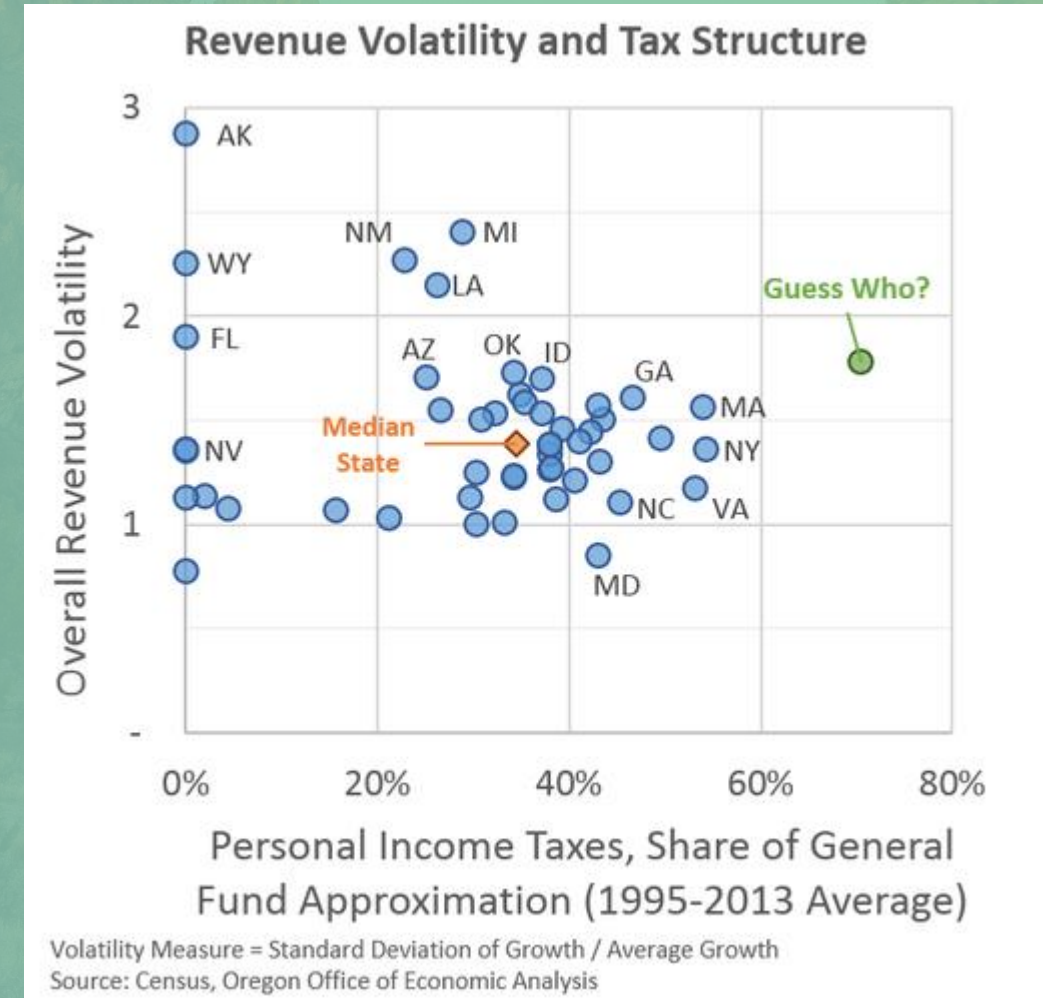


According to a study just released by California-based site selector Spectrum Location Solutions, California lost 9,000 company headquarters and expansions in the past seven years due to that state's "hostile" business climate. Texas was the biggest winner of those relocations.

Why Does it Matter?

Oregon is the most dependent state in the U.S.

Dependent on what? Personal income taxes. When Oregonians are working, as they are now, state general funds consistently exceed revenue expectations. In recessionary times when unemployment spikes, Oregon is hit harder than other states which have other revenue sources such as sales taxes that have proven less volatility through economic cycles.



Property Tax Incentives are Oregon's Advantage

Oregon is essentially a two-tax state: income (personal and corporate) and property. For large capital investments, we compete very well on a national and even global basis. It's a central reason that Oregon is home to Intel's largest facility on the planet. And while the Strategic Investment Program is being utilized by that company in Hillsboro, communities large and small, prosperous or struggling, rely on the Enterprise Zone program to attract new, taxable investments and well-paying jobs. It is arguably the top program of its type in the country because it is predictable, non-bureaucratic, delivers meaningful value and does not take from the local existing tax base.

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The number of companies currently participating in Central Oregon's four rural and one urban enterprise zones. New, taxable value exceeds \$1 billion and over 1,000 new jobs.

Local Taxing Districts Support E-zone

All incorporated communities within E-zones

Our region's cities and counties are enthusiastic supporters of enterprise zones and the ability of this incentive to grow the property tax base. Additionally, local taxing districts are also supportive and understand that new capital investment is critical to growing their revenues to support critical functions. Property tax abatement offered by enterprise zones is always temporary, while the investment catalyzed by the program lives on long into the future.



Scot Langton, Deschutes County Assessor

'But For' Case Study - Redmond



ReNewal
Full Circle Reprocessing

'But For' Case Study - Prineville



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'But For' Case Studies - Sisters



Making an Impact

2016, 2017 & 2018 - #1 Best Performing Small City in the U.S.

Bend-Redmond, OR (HELD STEADY)

#1
SMALL METRO

1st
ONE-YEAR
WAGE GROWTH

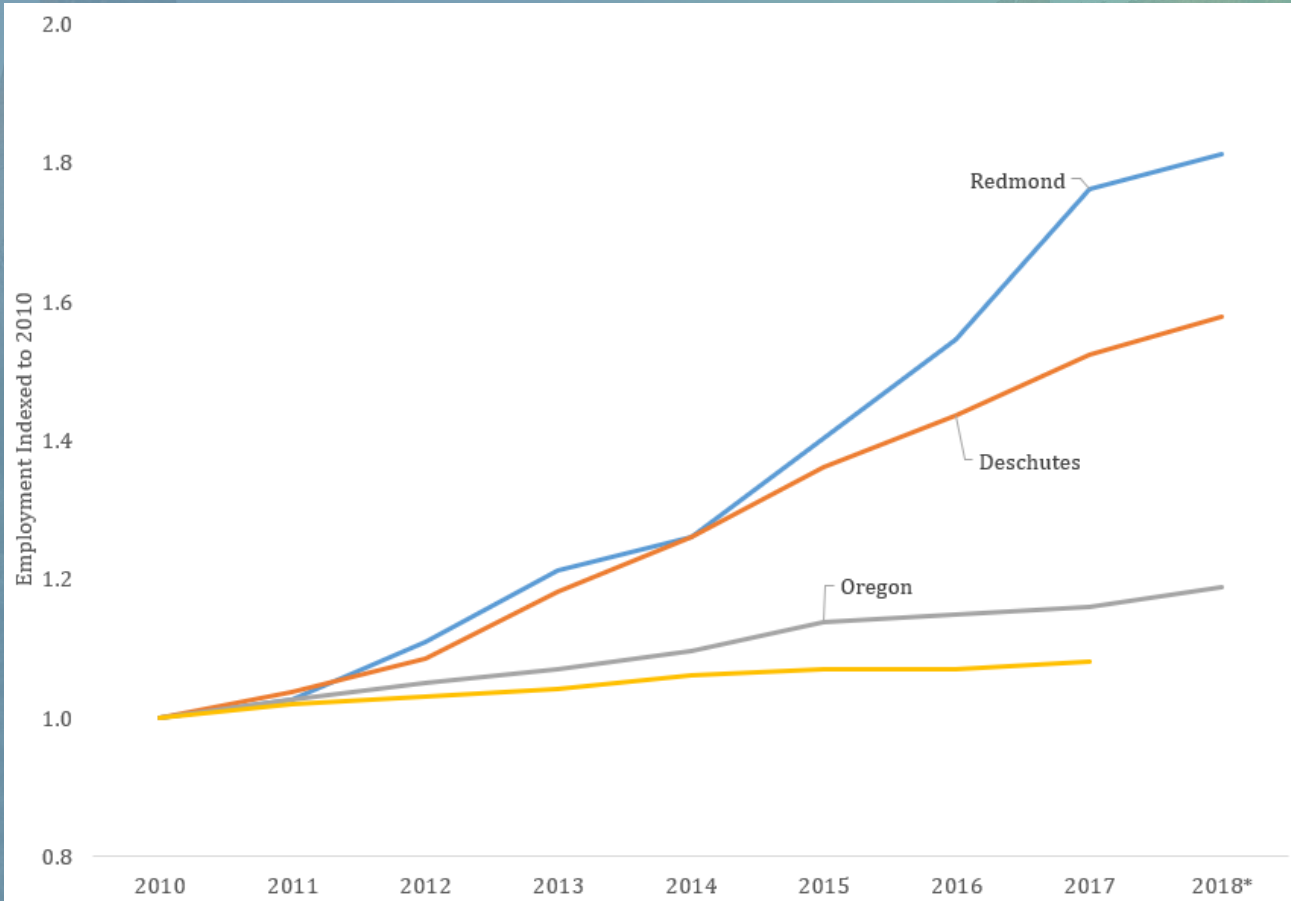
2nd
ONE-YEAR
JOB-GROWTH

2nd
NUMBER OF
HIGH-TECH
INDUSTRIES
(LQ \geq 1)

 **MILKEN INSTITUTE**
BEST-PERFORMING CITIES 2017

Making an Impact

Manufacturing Employment Growth



Manufacturing Employment Growth 2010-2016

Redmond: 81%

Deschutes County: 57%

Oregon: 19%

U.S.: 7.2%





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