

Oregon Economic Development Association (OEDA) 2011 Legislative Agenda

“Keep Oregon in the Running...”

Problem: Oregon is missing out on job-creating business recruitment and expansion/retention opportunities because it frequently lacks effective tools to make Oregon competitive against other states and nations. This is part of the reason that Oregon has consistently well-above average rates of unemployment and declining per capita income, which continues to detrimentally impact state General Fund revenues.

Solution: Oregon needs to address barriers to business, streamline permitting, provide technical assistance and strategically tailor, update and expand its economic development incentives to attract and retain high-wage paying industries that will in turn provide more state revenue for critical services. It also must retain core state and local economic development agencies that provide the critical link between business and government tools and resources. The budget and legislative concepts that follow are designed to achieve these goals.

Budget and Legislative Concepts:

- Maintain Critical Economic Development Functions and Services – Now more than ever is the time to ensure the state is doing everything possible to nurture private sector investment in Oregon to help generate family wage jobs and increase the tax base for critical state services. OEDA will ask the legislature to maintain funding for the Oregon Business Development Department and its local partners. These agencies, and the tools available to them, often are the deciding factor whether businesses invest in our state. They are also highly valued partners that provide support, resources, and build capacity critical to the success of local and regional efforts.
- Small and Medium Size Businesses – OEDA supports the continuation of providing important services and loan programs that will improve the success of small and medium size businesses throughout Oregon. OEDA supports entrepreneurship as a form of economic development and job creation in communities throughout the state. Oregon’s small business assistance providers need the resources and tools (e.g. market research and assessment, access to capital) to help businesses grow to their full potential. OEDA supports local and state agencies in removing barriers to make siting, zoning, and licensing easier for small businesses to facilitate entrepreneurial job creation.
- Bolster Monetary Inducements for Job Creation
 - Strategic Reserve Fund (SRF) Increase – Many states offer attractive incentives to prospective businesses, often luring them away from Oregon as their site choice. The Strategic Reserve Fund has long enabled Oregon to compete for opportunities and encourage all sizes and types of businesses within tradeselector industries. This flexible, monetary tool allows Oregon to hone in on the final gap in project finances to spur on new investments and hiring. This function continues to remain critical, even as available funds have fallen greatly through the years. Release of the funds is subject to the Governor’s approval. The Governor’s Recommended Budget provides an additional \$5 million over 2009-11 levels would recapitalize the fund. To date, the direct investments for this biennium are projected to create nearly 4,000 jobs and return more than \$20 million to the General Fund.
 - Senate Bill 219: Oregon Business Expansion Program (BEP) – This new, structured program would help businesses to expand ongoing operations in Oregon, where the chance of out-of-state re-location/consolidation exists. The program could also be used as a targeted recruitment tool for tradeselector industries. Awards would be based on the new personal income revenue to be recouped from the jobs. These jobs must meet stringent minimums for growth and compensation, subject to compliance requirements. The added revenues would recycle through the program to continually refund continuing efforts to retain and expand good companies and jobs in Oregon.
- Protect and Enhance Tax Incentives
 - Senate Bill 7 and House Bill 2411: Quality Jobs Payroll-Based Incentive – These proposals would offer new or expanding companies a special tax credit if creating a number of new, highpaying jobs in

Oregon and meeting local content and other requirements. Refundable at a discounted rate, this high-impact credit would be set as a percentage of increased payroll at a given location. State approval—along with the exact percentage and period for claiming the credit—would depend on a positive return-on-investment analysis in terms of future public revenues, as well as a detailed performance contract. Payroll-tax filings and other reporting would verify compliance, for which enforcement would include paying back tax benefits as much as 10 years after credit period.

- Business Energy Tax Credit – The Business Energy Tax Credit (BETC) will receive an extensive legislative review in 2011. OEDA supports the continuance of the Manufacturing BETC or a similarly structured income tax-based incentive to promote the location and growth of “green manufacturing” facilities in Oregon.
- House Bill 3017: Enterprise Zone Sunset Extension – Enterprise zones exempt businesses from local property taxes on *new* plants and equipment for three to five years in a standard zone and up to 15 years in a rural zone in a handful of very special situations. Sponsored by local governments (city, county, tribe or port), an enterprise zone typically serves as a focal point for local development efforts and incentives. There are currently 59 enterprise zones creating better opportunities for business investment across Oregon: 47 rural and 12 urban. For 2009, the 3–5-year exemption program contributed to 163 investment projects by mostly existing companies, with more than 6,500 direct, new full-time jobs and associated state personal income tax revenue estimated at about \$12 million. In addition, the Legislative Revenue Office reported pursuant to the last extension from 2009 to 2013, on how the enterprise zones may not only be improving local economics, but also pay back foregone property tax revenues in only eight years on average following the exemption period. This proposal seeks to extend the enterprise zone system substantially into the future.
- Barriers to Economic Development – Barriers to the availability and development of strategic employment lands, more flexible regulations and timely permit processing, funding of critical infrastructure, and incentives for brownfields redevelopment need to be addressed. Also, OEDA supports the ability of local jurisdictions to enter into confidentiality agreements with business recruitment prospects to protect trade secrets similar to the confidentiality protections now allowed for the Oregon Business Development Department.

About the Oregon Economic Development Association

Who We Are – Oregon Economic Development Association (OEDA) is a statewide non-profit organization working to support economic development professionals who are on Oregon's front line in diversifying and expanding Oregon's economy.

OEDA's Mission – OEDA is the leading advocate for strategies to strengthen Oregon's economy.

OEDA's Vision – OEDA's vision is for the growth and diversification of Oregon's economy as an effective approach to achieving its economic and social goals. OEDA's efforts will achieve effective collaborations between public, private and non-profit organizations who share OEDA's vision and goals for the economy of the State of Oregon.

OEDA Objectives

- Advocate for economic development strategies that diversify Oregon's economy and provide quality employment opportunities. Develop the capacity of Oregon's economic and community development professionals through effective training and development programs.
- Develop tools and strategies to effectively market the state, its communities, sites and buildings for new traded sector investments.
- Sustain a forum for members to collaborate, share best practices and continue to elevate the economic development profession in Oregon.
- Support community self-reliance, local empowerment and revitalization of commercial districts throughout Oregon.