



To: Members of the House Committee on Revenue
RE: House Bill 3457

May 10, 2023

Dear Chair Nathanson, Vice-Chair Reschke, and Members of the House Committee on Revenue:

We write to express serious concerns with the ongoing conversation relating to the Gain Share program, Strategic Investment Program (SIP), and the Enterprise Zone program. Last week we learned about an amendment to HB 3457 that proposes to cap Gain Share at \$5 million per county per year. This proposal would devastate Washington County's budget, compromising basic public services, killing the critical public high-speed broadband utility project into which the City of Hillsboro has already invested millions of dollars, and jeopardizing future projects under the SIP. We oppose any reduction to the Gain Share cap and request that you meaningfully involve our impacted local governments in these conversations.

SIP/Gain Share and the standard Enterprise Zone programs are the foundation of state and local economic development in Oregon. For decades, Washington County has embraced the fundamental role economic development plays in the viability not just for local economies, but the broader state economy.

- For fiscal year 2022, Business Oregon estimates the combined Washington County direct SIP-related jobs contributed \$141 million to the state's General Fund, an amount that increases every year.
- High technology is a pillar of Oregon's economy, accounting for 11% of overall wages paid and 11% of the state GDP.
- Oregon is home to 15% of the nation's semiconductor workforce, providing economic opportunity for Oregonians across the state, and billions of dollars in private investment.
- According to the Business Oregon Property Tax Incentives Impact Study, SIP/Gain Share's return on investment statewide is over 6:1, and the standard Enterprise Zone program is over 29:1.

Both SIP/Gain Share and the standard Enterprise Zone program have proven wildly successful. We are confident, given the capital intensity and job density of Washington County SIP and Enterprise Zone projects, those numbers would be far higher when disaggregated from the statewide data set used by Business Oregon in the study. Based on the returns on these investments, it's clear that efforts to weaken these programs are counterproductive.

The work done by our local government partners is hard to quantify in dollars, as it is institutionalized into their business models. Hillsboro alone is home to over 13 percent of the state's total manufacturing jobs and to Intel's global research and development through the largest R&D manufacturing facility in the world. The City of Hillsboro has set up a specialized team of building inspectors and plan reviewers who work permanently on-site at the Intel Gordon Moore Park at Ronler Acres. The City also employs land use and transportation planners that specialize in industrial development and multilingual economic development professionals to develop relationships with global high technology firms and is the only City

with a workforce development staff trained at building successful partnerships focused on extending paid training opportunities in high technology to underserved communities. These efforts should be rewarded and incentivized, not punished, and discouraged.

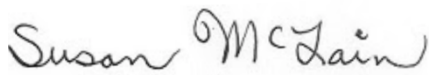
Finally, Oregon would not be in the conversation for federal CHIPS Act funding but for the economic development work of Washington County and the City of Hillsboro. For four decades, these two jurisdictions have partnered with overlapping governments, school districts, non-profits, and the private sector to build the Silicon Forrest and position Oregon to capitalize on the generational opportunity presented by the CHIPS Act.

We strongly believe these efforts should be supported and encouraged, especially at this pivotal moment in our state's history – one in which Washington County and the City of Hillsboro will have to be partners in order to achieve the success we expect from SB 4 and our ongoing efforts to support the semiconductor industry in Oregon.

As such, we encourage you to consider positive changes to SIP/Gain Share and Enterprise Zones that bring certainty to the programs through extending the program sunsets, resetting the SIP/Gain Share cap to account for inflation between 2015 and 2023, and indexing it going forward in the same manner as is proposed for SIP property tax thresholds in HB 3457.

We are confident there are other reasonable changes to these important programs that can boost transparency and ensure they are tailored to our target industries. But we cannot devalue the programs and the role our local governments serve in the state's overall economic development efforts. We know that Washington County and the City of Hillsboro will be good partners in helping you arrive at reasonable program modernizations.

Sincerely,



Representative McLain, House District 29



Senator Sollman, Senate District 15



Representative Sosa, House District 30



Representative Helm, House District 27



Representative Bowman, House District 25



Representative H. Pham, House District 36



Representative Reynolds, House District 34