



HB 4006 – Establishes Task Force on Economic Development

Testimony for House Committee on Transportation and Economic Development
– Juergen Kritschgau

Tax Fairness Oregon supports the general concept of establishing a Task Force on Economic Development. Currently there exist a multitude of initiatives, onetime or recurring, or other programs to nurture the business environment in our state.

A task force on this subject certainly will provide a comprehensive overview of what is available and will allow the assessment of the effectiveness of such initiatives on state, county and community levels.

HOWEVER, TFO feels the vocabulary used in this draft is too ambiguous: Section 1 (3) defines the scope of this task force as “to study and make recommendations to enhance and promote economic development in this state”. TFO feels some more specific guidance re: the interpretation of “enhance and promote” and “economic development” is warranted:

- What is meant by “economic development”? Does your expectation level in this regard go beyond economic stimulus in general or for a specific industry? Does it include improvement of our road, rail and river infrastructure or improvement of our school system, both of which no doubt would have a huge impact on the mid and long-term development of our economy?
- What is meant by “enhance and improve”? Adding more tax incentives for specific causes? This session already expands on the long list of tax credits even without a task force.

TFO encourages you to be more specific on the deliverables of this task force. Here are some ideas:

- Please ask the task force explicitly to look also into the funding of the current initiatives and programs: are property tax abatements still the primary incentive for economic development?
- In the last years we have seen that big companies have received major tax relief under SIP, which have been decided primarily on city and county level. Yet they have a huge statewide impact on funding our school system. This gives rise to the question whether the approval process for such property tax incentives should be adjusted to include
- Should Oregon establish a development bank and put all existing loan and programs under it?
- Is there any overlap between current programs; is streamlining preferable to improve the competitiveness and attractiveness of our state?
- Please ask the task force to come up with a proposal which does not cost the tax payer more than the sum of all current initiatives.

In summary, TFO supports the general concept of this task force but encourages the legislature to clearly define the expectation level. Protect this future task force from becoming the first address to go to by special interest groups.

We read the bills and follow the money