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Senate approves legislation to attract high wage jobs *SB 219 establishes the Oregon Business Retention and Expansion Program*

SALEM – A legislative proposal that will encourage companies to locate or expand their high-wage, high-skilled workforce in Oregon passed off of the Senate floor this morning. Senate Bill 219, the Oregon Business Retention and Expansion Program, is a priority for the Senate Democrats, who have made job growth and economic revitalization a cornerstone of their 2011 Session Agenda.

“In these challenging times, we have to find innovative ways to encourage growth in Oregon’s economy,” said Senator Richard Devlin (D-Tualatin), chief sponsor of the bill. “The Business Retention and Expansion Program is a not a tax incentive, but a loan program with strict payback requirements. It will foster business growth while providing high-wage job opportunities for Oregonians.”

SB 219 is modeled after approaches that have proven successful in other states. The Oregon Business Retention and Expansion Program (BEP) would be targeted at three to five new or expanding Oregon companies per year, providing a forgivable loan to support a business’ expansion and job growth. The bill requires companies to meet and maintain employment and wage targets for three years or face a strict “clawback” provision.

“This is a smart loan program that has safeguards built in to make sure the state gets its money’s worth,” said Senate Majority Leader Diane Rosenbaum (D-Portland). “Senate Democrats recognize that jobs and economic development are the priority this session. This program is a signature piece of our work to support Oregon business and create jobs.”

The BEP incentive will be based on the estimated increase in new personal income tax revenue resulting from the new hires from the expansion or relocation project. Companies selected for the incentive would have to hire 50 or more new employees in Oregon or have 150 or more employees at time of eligibility. In order to qualify, employee wages would need to be 150 percent above the state or county average, whichever

is higher. Companies would need to operate in a traded sector industry and the program can be used for corporate headquarters.

Senate Bill 219 has no negative revenue impact on the state's general fund. All income tax revenues generated from the new hires resulting from BEP projects are returned directly to the general fund to support critical state services. The bill now moves to the House floor for a vote.

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