

ECONOMIC DEVELOPMENT

Problem

Per capita income in Oregon has continued to decline compared to the rest of the United States and is at its lowest point in 20 years. Only one worker in three has an income at or above 150% of poverty, a level that has improved little over the past decade (Oregon Progress Board).

The cost of doing business in Oregon has increased, making it harder for companies to provide good jobs.

We have seen a steady deterioration in our natural resource industries – timber and agriculture – over the past 20 years.

We have seen a steady decline in our manufacturing base.

The National Policy Research Council recently ranked Oregon 42nd out of the 50 states for entrepreneurship, and *Forbes Magazine* reported that Oregon ranked 31st on a list of the best states to do business.

Governor Kulongoski has boasted that he has created 100,000 new jobs in Oregon since coming to office. (Never mind that Oregon lost many high-wage manufacturing jobs and replaced them with low-wage service jobs.) As *The Wall Street Journal* recently pointed out, Governor Kulongoski cannot really take credit for a revitalized Oregon economy, it's a phenomenon that is occurring in almost every state in the country, and it is due to the growth in the U.S. economy as a whole.

Oregon is continuing to build a reputation for being unfriendly to business – from its tax structure, to its regulatory environment, its inadequately educated workforce unable to meet employer's needs, and its lack of investment in infrastructure that hinders the movement of goods and services.

Solution

A successful long-term economic strategy for Oregon must be broad based. Only a diversified, vibrant economy can carry us in the twenty-first century. Along with the development of trade and professional services, promoting tourism, building biotech and nanotech industries and revitalizing our manufacturing sector, we cannot forget - as have past administrations - the significant contributions made by Oregon's foundation sectors of forestry and agriculture. Leadership is required to bring about significant changes in how we treat and do business in this state.

Leadership

As Governor, Ron will take responsibility for the state's economic well-being in all parts of the state, urban and rural. The critical priorities, in order, are: (1) helping our current employers expand by providing a trained workforce, necessary infrastructure, affordable energy and an economic climate that fosters expansion; (2) encouraging the growth of entrepreneurial efforts by increasing available capital and investment in higher education; and (3) recruiting business to the state through innovative public/private partnerships and state/local partnerships - including a focused effort on providing support for our smaller communities.

In his successful law practice, Ron Saxton has been helping Oregon businesses succeed and expand. Ron has helped small, medium and large businesses navigate regulatory challenges at all levels of government, local to federal. He has also represented many public entities, from small municipal utilities to city governments all over Oregon.

Ron will bring his extensive experience and his full understanding of small and large businesses to his role as Governor to make Oregon a place where employers want to come, prosper and grow.

What We Can Do

- ***Reform Oregon's Harsh Regulatory Climate:*** Eliminate the “hassle” tax that keeps many businesses from relocating or expanding here. We must eliminate the hundreds of nagging barriers to business development.
- ***Promote a Pro-Business, Pro-Jobs Environment:*** Instead of viewing economic development as the responsibility of one agency, in a Saxton administration, every agency and government entity will be charged with growing Oregon's business and economy.
- ***Reduce the Capital Gains Tax Rate:*** For purposes of expanding the technology sectors and encouraging business investment in Oregon, we must reduce the capital gains tax rate. We must eliminate the estate tax so businesses can be passed from one generation to the next. This is a particularly problematic issue for agricultural families. **We have to move away from the endless discussion of higher taxes and move toward a discussion about better management and smarter spending of taxpayer resources.** Only when we reduce the cost of doing business in Oregon will we attract new businesses.
- ***Invest in the Tools that Help Businesses and Individuals Succeed,*** including workforce training programs, higher education, transportation infrastructure and information technology.

Workforce training programs are essential to the manufacturing sector. For some of our kids, college may not always be the right choice and they should have the option of entering into a program that will train them for a good-paying job in manufacturing or other high-skilled, high-wage job. Large manufacturers in Oregon have jobs which they cannot fill because they are unable to find properly trained candidates. Oregon's Workforce Investment Boards are currently underutilized, and Ron will make sure that they are fully involved in matching companies with potential employees.

Community colleges also play a key role in workforce training, particularly in health care professions. Ron is committed to investing in community colleges because having top tier schools for high school graduates to choose from will keep talented young adults in the state and will show businesses that Oregon has a commitment to their workforce needs.

- ***Develop an Educated Work Force:*** Education, both K-12 and higher education, is the critical centerpiece of any economic development strategy. The inevitable decline of the quality of our educational system at all levels will over time limit our children's ability to compete for jobs and advance financially, especially in an expanding global economy. As Governor, Ron will ensure that Oregon's universities and community colleges are magnets for business investment.
- ***Improve Infrastructure:*** A successful economy requires an infrastructure that allows the rapid and efficient movement of information, goods and services.
 - ***Transportation*** - As Governor, Ron will continue to implement the **ConnectOregon program**, which makes investments in air, rail, marine and transit infrastructure. This

ensures efficient inter-modal connections in Oregon's transportation system and improves the flow of commerce and removes delays.

Ron will seek to expand the use of **public/private partnerships** in transportation projects.

- **Ensure a Reliable Source of Affordable Energy**: A very attractive element for a business seeking to locate in Oregon is the availability of reliable and affordable energy. We have it thanks to an abundance of one of the oldest renewable sources in existence – our hydroelectric system.

Ron will promote continued development of renewable energy resources and will work with the federal government on grants and incentives, and support tax incentives for conservation. However, he will discourage using mandates to increase the use of renewable energy as the result will only be to drive up the costs of doing business in this state and recent history has shown them to be unnecessary. For example, the Lakeview Biomass Project, 19 wind projects and the wave energy project on the Southern Oregon coast have all proceeded without mandates.

There is no reason why Oregon shouldn't be a leader in the development and marketing of renewable and alternative energy technologies, creating a whole new sector in our economy, without mandates.

- **Stop Treating Our Natural Resource Industries Like They are Unimportant**: The Governor has made it quite clear that he would rather sue the Federal Government over forest and agriculture practices than work cooperatively with, and on behalf of, these industries to make them economically and environmentally sustainable. We must recognize that they are key parts of this state's economy.
 - **Forestry** -The total economic output supported directly and indirectly by Oregon's forestry sector is approximately **\$22 billion**. Our state forests are valuable assets that are currently being under-utilized, producing far less revenue for schools and local government than they are capable of producing on a sustainable and environmentally responsible basis.

Unfortunately, Oregon has been ground zero for forest wars and that is not expected to change. So, as Governor, **Ron will make sure that science and common sense are the foundation of our discussions at the local, state and federal levels on how to best protect and manage our forests.** Ron will work with citizens, resource professionals and local, state and federal partners to craft sensible, lasting solutions to often contentious issues faced by our forest industry.

- **Agriculture** - Oregon is blessed with a diverse, vibrant, healthy agricultural sector that is constantly innovating and finding better ways to grow crops and market them. **Ten percent (10%) of Oregon's GSP is related to agriculture and in 2004 the total value of Oregon's agriculture production was over \$4.1 billion.** However, particularly outside the Willamette Valley, agriculture has gotten short shrift from Oregon's leadership.

Among other contributions, Oregon agriculture is uniquely positioned to diversify into an exploding biofuels industry and lead us on a path of increasing energy independence. As

Governor, Ron will work with the agriculture community, legislators, and local, state and federal partners to resolve agricultural practice issues, and develop a plan appropriate for Oregon - based on **Governor Gregoire's Columbia River Management Plan** - to address long-standing controversial water allocation issues. Ron will also seek to **reduce barriers and regulatory impediments for farmers who want to produce biofuels.**

- **Continue to Support Efforts to Expand and Improve the Technology Sector:**

State government needs to focus on its impact on four key factors:

- ***Knowledge:*** We must invest in our public Research and Development resources, from the training of future inventors, engineers, and scientists in our public schools and universities through our signature research centers.
- ***Capital:*** We need a tax structure that encourages formation of venture capital pools in Oregon (capital gains tax relief), that encourages building of private sector innovation industries in Oregon. We need to encourage state government to be efficient and accountable, and we need it to embrace and adopt innovation, especially locally created innovation, in its own practices.
- ***Velocity:*** We need to adopt policies that get innovation into the market fast and cost-effectively by reducing regulatory overburden, making technology transfer from research centers to commercial enterprises more streamlined.
- ***Connectivity:*** We need transportation and communication infrastructure that reduces the cost and reduces the delay of connections between people both physically and electronically. Ron will support cost-effective transportation improvements - highway, waterway, and rail, and more frequent flights to worldwide markets.

As Governor, Ron will drive an agenda that strengthens these four pillars of innovation, will support local capital formation through state tax and investment policies that encourage it, and will speed innovation to market by streamlining regulatory and bureaucratic overburden.

Ron will work to continue to build a strong relationship among the private sector, higher education and our national research labs. We need to work with key industry partners such as Intel, Hewlett-Packard, Nike, OSDL, Kryptiq Corporation and others, as well as research institutions at OHSU, OSU, PSU and UO to build signature research and private commercialization opportunities in nanotechnology, bioscience, new energy, open source, sustainability and digital health care.

Ron supports the work of the **Oregon Innovation Council** and would take a more active role as Governor in building statewide public awareness of the importance of innovation in both high technology and more traditional industries such as forest products, food processing and metals.

- **Review Occupational Licensing and Franchising Laws:** Ron will examine the laws on the books to find ways to reduce barriers to business and employment opportunities.
- **Make Oregon Friendly to Small Business:** Primarily private projects that are partially publicly funded should be able to seek market wage rates. Ron will **oppose expansion of prevailing wages into the private sector.**

The Governor and his union boss supporters do not seem to understand that our minimum wage laws hurt those with the least skills and the least education and make it difficult for new workers to enter the job market specifically since it disallows employers from paying a “training wage”.

Ron will seek **to make minimum wage laws more flexible and end automatic inflation adjusted increases** (indexing) to the minimum wage.

Conclusion

Every tax dollar the State spends has to first be generated in the private sector. Without a thriving economy, we cannot have the schools, roads, healthcare, public safety or social services we want.

Ron will ensure that Oregon is proactive in retaining current Oregon businesses, as well as recruiting companies from all types of industries to Oregon. We need to do a better job of connecting private and public resources to leverage our opportunities. Nothing that the State does is separate from the health of our economy. Our ability to serve Oregon’s citizens is driven by how successful we can build the Oregon economy for the next century and encourage the next generation of Oregonians to be innovators that generate jobs and wealth in our economy.