

JUNE 2026



OREGON PROSPERITY COUNCIL

Recommendations for Oregon's Long-Term Competitiveness & Prosperity

ACKNOWLEDGMENTS

The Prosperity Council prepared this report for Governor Tina Kotek with support from Council staff and consultants at EConorthwest and Gard Communications. The Council is grateful to the many Oregonians who shared their ideas, concerns, aspirations, and lived experiences throughout this process. These recommendations are stronger because of your participation, and we thank you for the time, expertise, and perspective you contributed to service of Oregon's future.

OREGON PROSPERITY COUNCIL

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EXECUTIVE SUMMARY

Purpose & Charge

Governor Tina Kotek established the Prosperity Council in January 2026 to advise her on near- and long-term strategies for advancing the goals outlined in her Prosperity Roadmap.

The Council was charged with advancing recommendations to improve Oregon’s business climate, strengthen its workforce, and modernize the tools needed to support growth. The Council’s work aims to help Oregon retain and grow existing businesses, attract investment, expand economic opportunity, and ensure prosperity is shared across all regions of the state.

Underlying this work is the recognition that lasting prosperity comes from increasing productivity, innovation, and investment, which will enable Oregon’s economy to generate greater value over time. The Council focused on policies that not only support economic growth but also ensure the benefits of that growth are broadly shared through rising wages and improved quality of life for Oregonians at all income levels.

Process & Engagement

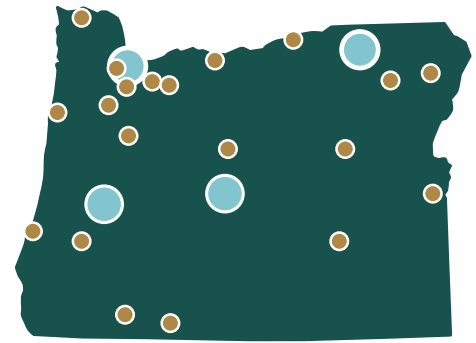
The Council developed its recommendations following an extensive statewide process designed to capture perspectives from businesses, workers, community organizations, local governments, economic development partners, and other Oregonians. Throughout its work, the Council, the Governor’s Regional Solutions team, the Chief Prosperity Officer, and many other leaders convened public meetings and held listening sessions across the entire state. The Council engaged stakeholders individually, reviewed letters and solicited input through a statewide survey. Together, these efforts generated thousands of comments and recommendations from participants representing diverse geographies, industries, and perspectives. This feedback helped shape the recommendations in this report.¹



¹ See Appendix A. Engagement Report, Appendix B. Survey Questions, Appendix C. Survey Responses, Appendix D. Facilitator’s Guide, and Appendix E. Submissions and Feedback

EXECUTIVE SUMMARY

The Council also met five times between January and June 2026 to learn about Oregon's economic conditions and competitiveness challenges. They heard directly from businesses and community leaders in Redmond, Pendleton, and Eugene, examined best practices from other states, and discussed how this input aligned with members' own priorities and values. These working sessions, including one virtual session, allowed the Council to evaluate policy options, consider tradeoffs, and refine the recommendations.



- PROSPERITY COUNCIL MEETINGS
- PLACE-BASED LISTENING SESSIONS



Prosperity Council working session locations included Portland, Pendleton, Eugene, and Redmond, as well as virtually. Place based-listening sessions were held throughout the state in-person and virtually.

Meeting Oregon's Moment

Oregon is at a critical inflection point. The state has extraordinary strengths, including world-class natural resources, innovative small- and medium-sized businesses, founder-led enterprises, family farms, hospitality businesses, entrepreneurial talent, and globally competitive industries that create local jobs, drive tourism, and shape the cultural identity of communities across the state, but its economic future is increasingly uncertain. Over the past decade, rising costs, slowing population growth, declining competitiveness, and fragmented policymaking have made it harder for small and medium-sized businesses to invest, communities to thrive, and Oregonians to access opportunity. Addressing these challenges will require more than incremental policy changes; it will require confronting structural barriers that limit growth, innovation, and government effectiveness. Too often, Oregonians are paying more while feeling they receive less in return. Without meaningful change, Oregon risks falling into a cycle of economic stagnation, declining public confidence, eroding services, and fewer pathways to upward mobility.

TOP CHALLENGES

49th

IN THE NATION

% change in non-farm employment

► **2nd worst in the nation**

(US Bureau of Labor Statistics)

41%

OREGONIANS LIVING BELOW
THE ALICE THRESHOLD

Either living below the Federal Poverty Level
or unable to afford basic expenditures in the
community where they live

(ALICE Threshold, Asset Limited, Income
Constrained, Employed)

5.2%

OREGON'S
UNEMPLOYMENT RATE

► **Above national rate of 4.3%**

(US Bureau of Labor Statistics)

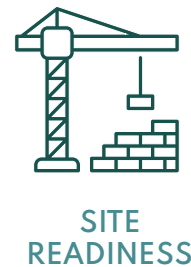
The Prosperity Council believes Oregon can and must pursue a more ambitious future. Prosperity requires bold leadership, accountable government, strong educational outcomes, a competitive business climate, and an economy that creates family-wage jobs and opportunity across the state. Incremental change will not be enough to meet the scale of Oregon's challenges. The recommendations that follow are intended to help the Governor and Legislature take urgent, coordinated action to modernize Oregon's systems, improve competitiveness, and position the state for long-term growth, innovation, and broad-based prosperity shared by Oregonians at every economic level.

A Choice to Grow

Oregon’s economic future is not guaranteed. Without stronger leadership and better coordination across government, the state risks missing a generation of growth and opportunity. Oregon has fallen behind many of its competitors on key measures of economic competitiveness, while businesses and residents face rising costs and increasing uncertainty. The result is a growing sense that Oregonians are paying more but receiving less, threatening the state’s ability to support businesses and create pathways to prosperity. Future growth will depend on doubling down on entrepreneurship, startup formation, and business expansion, while ensuring that companies can invest and grow in Oregon.

Priority Recommendations

The Council identified 10 priority recommendations to advance Oregon’s economic competitiveness and long-term prosperity. The state’s success will be measured on rising incomes, quality job creation, improved educational outcomes, and stable public revenues. The full report provides more detail and additional recommendations across five topic areas:



10 PRIORITY RECOMMENDATIONS





Transform Business Oregon into the Oregon Commerce Authority, governed by a board of business and innovation leaders and the Governor and modeled on best practices for statewide economic development organizations. The Governor must ensure effective personnel and board members lead the transformation and the agency.





Strengthen Oregon’s economic competitiveness with tax policies that are more pragmatic and in alignment with neighboring states, while supporting innovation, business growth, and higher-wage job creation and moving the state toward a more balanced system. **Near-term reforms should include:**


- **Modernize the Research & Development tax credit** to expand eligibility and encourage university partnerships, with a key focus on small and medium-sized businesses.
- **Update the Estate Tax** with an emphasis on supporting family-owned businesses.
- **Reform the Corporate Activity Tax (CAT)** to reduce administrative burdens on small and medium-sized businesses while maintaining overall revenue levels.
- **Reconnect the Qualified Small Business Stock (QSBS)** policies to the federal tax code to help Oregon retain and grow emerging businesses.

3  **Convene a nonpartisan, stakeholder-balanced, tax reform working group to develop a long-term reform proposal** that can be implemented by 2029, in advance of the expiration of federal State and Local Tax (SALT) provisions. The group should consider how to restructure the Corporate Activity Tax, enable local governments to evaluate options to increase stability with common sense property tax funding, and rebalance the personal income tax structure to maintain progressivity and reduce effective rates for all income brackets.


4  **Establish enforceable statewide permitting timelines and guardrails (a “shot clock”)** by requiring agencies to approve or deny complete permit applications within clear statutory timelines, while maintaining environmental and safety standards.

5  **Reduce regulatory and administrative burdens by 20% by 2029.** Remove outdated and duplicative regulations, which will improve government efficiency and should reduce government spending. The state should also establish a regulatory structure to ensure reforms support economic growth while maintaining protections for public health, essential services, and the environment.

6  **Adopt a market-based Cap and Invest program for greenhouse gas emissions.** Upon implementation, the Governor should repeal the Climate Protection Program. Align Oregon’s program with labor standards consistent with California and Washington’s Cap and Invest approaches: auction revenues allocated for public works and infrastructure should require family sustaining wages, registered apprenticeship participation, and adherence to nondiscrimination and workforce inclusion standards.

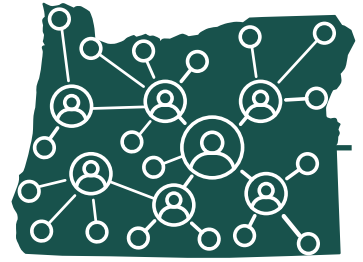
7  **Establish a dedicated and recurring site readiness and infrastructure fund of \$250 million per biennium.** Oregon cannot compete for jobs or build enough housing without a reliable supply of development-ready land. Using bonding authority tied to future economic growth, the state should accelerate investment in sites to prepare them for development.

8  **Modernize statutes and state policies governing land intended for industrial and business growth** to reflect site suitability and ensure an adequate supply of development-ready sites to support target industries. Clear standards for industrial site readiness, including site size, configuration, natural features, road and other infrastructure access, power sufficiency, and location should ensure consistent interpretation across jurisdictions.

9  **Establish a Governor’s Cabinet of Economic & Talent Development** to align state agencies around measurable economic, education, and workforce outcomes. Lead and implement a statewide Talent Alignment Strategy to establish ambitious statewide goals tied directly to Oregon’s long-term competitiveness while finding opportunities to streamline and consolidate.

10  **Strategically align higher education funding with West Coast states** to strengthen Oregon’s workforce, research, innovation, and industry partnerships in high-growth sectors. Also, commit \$20 million per biennium to the University Innovation Research Fund (UIRF) to leverage federal investment and commercialization opportunities.

Call To Action

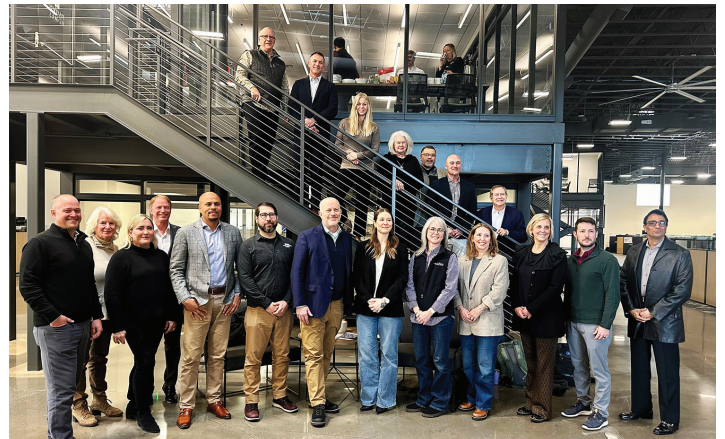


The Prosperity Council urges the Governor and Legislature to move quickly in advancing the recommendations outlined in this report. Throughout this process, Council members consistently heard from stakeholders across Oregon that the state’s economic challenges require urgent action and sustained leadership. While these recommendations reflect months of discussion, research, and collaboration, the Council recognizes that their value will ultimately be measured by implementation and results.

We are grateful to Governor Kotek for her leadership in convening this effort and creating a forum for candid dialogue about Oregon’s future. With this report, the Council has fulfilled its charge. We now look to the Governor and Legislature to build on this foundation, prioritize near-term actions, and advance a long-term agenda that strengthens Oregon’s competitiveness, expands opportunity, and delivers prosperity across the state. Council members stand ready to support implementation efforts in any way that may be helpful.



Throughout this process, Council members consistently heard from stakeholders across Oregon that the state’s economic challenges require urgent action and sustained leadership.



Clockwise from upper left: Prosperity Council held a Listening Session in Portland, Oregon; Prosperity Council and Governor Kotek meet with Southern Willamette Valley Business Leaders; Business Roundtable in Redmond, Oregon; and Prosperity Council visited Pendleton’s UAS testing facility.

Images courtesy of the Prosperity Council.