

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

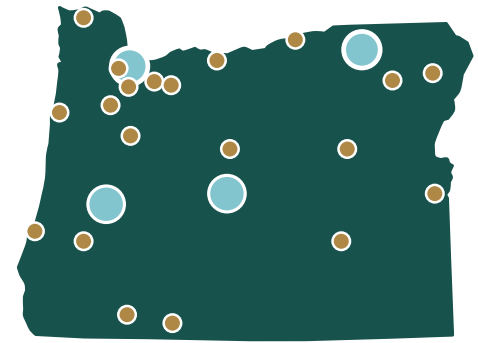
The Council developed its recommendations following an extensive statewide process designed to capture perspectives from businesses, workers, community organizations, local governments, economic development partners, and other Oregonians. Throughout its work, the Council, the Governor’s Regional Solutions 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)

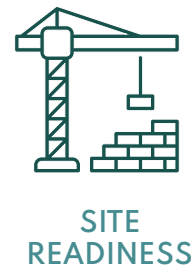
The Prosperity Council believes Oregon can and must pursue a more ambitious future. Prosperity requires bold leadership, accountable government, strong educational outcomes, a competitive business climate, and an economy that creates family-wage jobs and opportunity across the state. Incremental change 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.

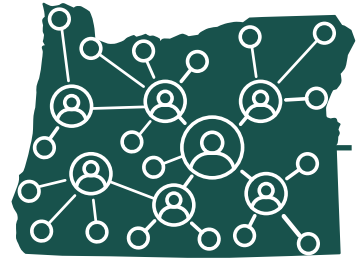
6  **Adopt a market-based Cap and Invest program for greenhouse gas emissions.** Upon implementation, the Governor should repeal the Climate Protection Program. Align Oregon’s program with labor standards consistent with California and Washington’s Cap and Invest approaches: auction revenues allocated 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.



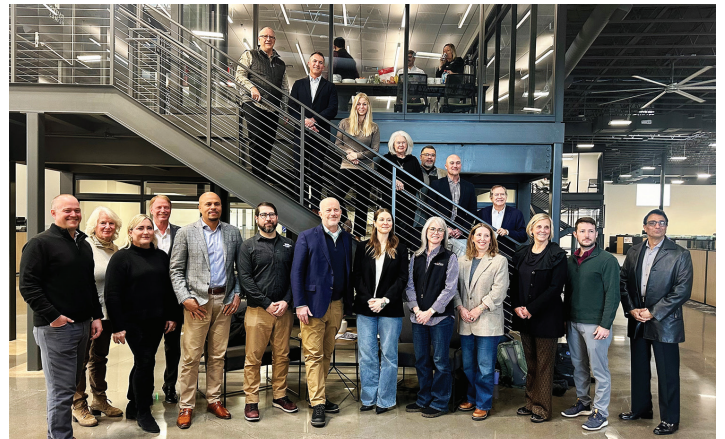
Call To Action

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.



OREGON PROSPERITY COUNCIL

Recommendations for Oregon's Long-Term Competitiveness & Prosperity



PILLARS OF PROSPERITY

In Oregon, we know the power of coming together to make bold choices that reflect our shared values and benefit all Oregonians. It's how we have become known over the years for our natural resources, innovative businesses, and strong communities. And it's exactly what the Prosperity Council is here to do, and why we as its members signed up for this work.

Today, Oregon's economic future is uncertain, and we are in danger of missing an entire generation of growth and prosperity. We have lost sight of what

it takes to set up our state for success: strong vision and coordination at all levels of government. As a result, the state is struggling under the weight of overlapping and constraining policy decisions, keeping us at the back of the national pack on critical measures like education, taxes, and regulation. Too often, Oregonians are paying more while feeling they receive less in return. Costs are rising, businesses are stalling or leaving, and too many Oregonians are struggling.

At the same time, population growth has slowed, employers are finding it harder to invest and expand, and many communities are seeing fewer opportunities for workers and families. If Oregon does not change course, the state risks slower job growth,

stagnant incomes, increasing pressure on public services, and fewer opportunities for people to build a better future for themselves and their children.

It's time for urgent action to bridge our differences and fix what's not working to put Oregon back on a path to prosperity.

It's time for urgent action to bridge our differences and fix what's not working to put Oregon back on a path to prosperity. Incremental change will not be enough. Oregon's challenges now require solutions equal in scale, and our leaders must be willing to pursue reforms that improve accountability, modernize government, and ensure public resources are delivering measurable results for Oregonians. The recommendations in this report reflect a practical, results-oriented

approach focused on proven strategies and meaningful outcomes rather than ideology, with the goal of moving the needle on the issues that matter most to Oregon's future.

► **Prosperity means more than growth alone.** It means small businesses, entrepreneurs, family-owned businesses, and larger employers can create more and better-paying jobs. It means our public agencies are fiscally stable, and everyone has access to high-quality education, healthcare, and other essential services. It means an economy that works for people across the state, including employers, small business owners, and workers. To do that, we need to align and streamline our systems, while staying true to the core values that define our state and make us special.

► **We must change our economic trajectory.** To be among the leading states in the next decade of prosperity, we need to take advantage of our location, resources, and talent in areas that are poised for growth.

► **This is an inflection point for Oregon, and our leaders must rise to meet it.** We cannot continue to foster a culture of ambivalence about growth, and we cannot take growth for granted. We must choose every day to nurture and support our business ecosystem.

The Prosperity Council calls on our Governor and the Legislature to adopt a more audacious vision for Oregon's future, one grounded in jobs growth (including support for entrepreneurs and for the expansion of existing businesses), accountability, competitiveness, innovation, and broad-based prosperity. The state's economic challenges are significant, but so is Oregon's potential, if leaders are willing to act boldly and with urgency.

The following recommendations are a result of a statewide effort to listen, synthesize, and share the views and real concerns of Oregonians. The Council has worked hard to achieve balance in our recommendations between immediate fixes and longer-term systemic changes to keep Oregon relevant and prosperous into the future.

Purpose and Process

The Oregon Prosperity Council developed its recommendations through a statewide engagement process designed to gather input from a broad cross-section of Oregon businesses, community organizations, public agencies, educational institutions, workforce partners, tribal governments, and residents. The engagement effort combined multiple methods to capture both structured and qualitative feedback, including a public survey, facilitated listening sessions,

OREGON IS POISED FOR GROWTH & NATURAL LEADERSHIP

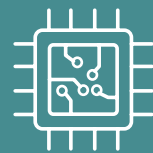
Sectors include:



AGRICULTURE, FOOD & BEVERAGES



FORESTRY & WOOD PRODUCTS



APPLIED/PHYSICAL AI

Including semiconductors and robotics



SPORTS & OUTDOOR INDUSTRIES

Including apparel, spectator events, and tourism



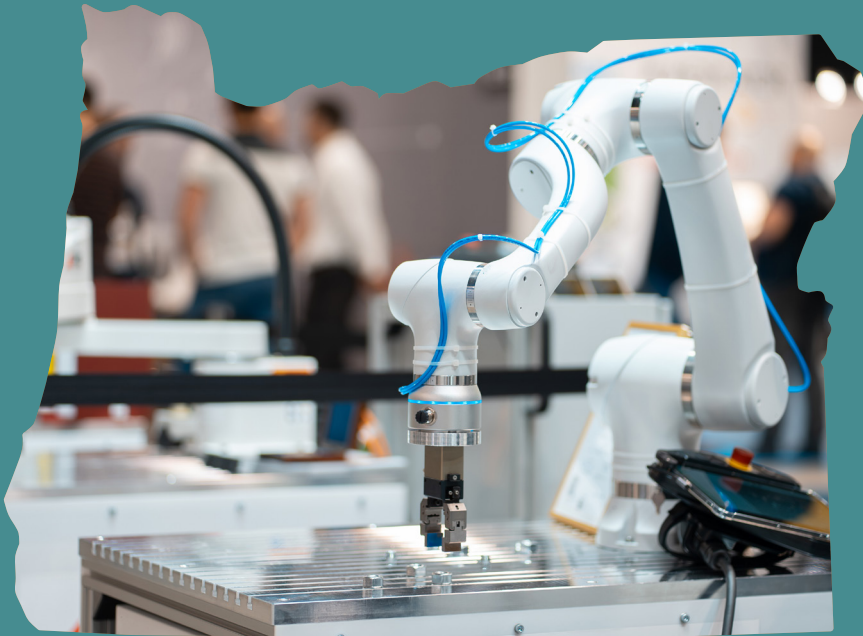
LIFE SCIENCES &
CLEAN ENERGY TECHNOLOGIES

and written submissions. The public survey generated over 1,000 responses from participants representing nearly every county in Oregon, while more than 60 listening sessions were held across all eleven economic development regions in the state. In addition, stakeholders submitted over 45 letters representing advocacy organizations, industry perspectives, and community leaders points of view.¹

The Council's engagement process used common discussion questions and frameworks across all engagement activities. Feedback was organized around key themes related to Oregon's business climate, workforce, and economic development tools, then analyzed to identify recurring priorities, areas of consensus, and differing view points. This process provided the Council with a strong foundation of stakeholder input that supplemented their own individual outreach. Together, this information was used to inform recommendations and ensure they reflected opportunities and aspirations expressed by communities and employers across the state.



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



Statewide Economic Development Strategy & Structural Reform

FOCUS: Tools for Growth





Statewide Economic Development Strategy & Structural Reform

Background and Problem Statement

In many states, economic development is established as a top priority and reinforced through consistent leadership from the governor’s office. This “tone at the top” sets direction, aligns agencies and partners, and provides businesses with a clear, consistent signal that the state is focused on supporting investment and growth.

More than 850 organizations make up Oregon’s [economic development system](#), all broadly focused on business growth and job creation. However, consistent collaboration around shared priorities is the exception, not the norm. For businesses of all sizes, this fragmentation can make it difficult to identify a clear entry point, navigate available programs, or receive coordinated support. At the same time, Business Oregon manages more than 90 legislatively directed programs without a clear mandate or sufficient political support to lead a strong, coordinated statewide strategy. This limits the state’s ability to respond quickly and effectively to business needs, particularly for larger or time-sensitive investment opportunities.

Summary of Stakeholder Feedback

Oregon’s economic development functions are viewed as underperforming relative to peer states, lacking clear and sufficiently resourced priorities, alignment, and the ability to say yes and move quickly. Stakeholders appreciate Business Oregon’s entrepreneurship and capital access programs, alongside foundational tools to support regional and rural economies. Others point to a lack of responsiveness, limited ability to influence peer agencies, small scale of programs, and diffuse focus. The Semiconductor Task Force provides a template for the type of collaborative, cross-functional approach necessary to support target industries statewide.

Shared Vision

Oregon’s economic competitiveness is restored through institutional reform, culture change, and strategic clarity. A high-performing, aligned economic development system, anchored by a modernized economic development agency with durable private-sector engagement, enables impactful interventions and leverages strong partnerships. Oregon is a competitive, welcoming place for entrepreneurs, small and medium-sized businesses, and major employers to start, grow, and invest, with a system that is responsive, easy to navigate, and capable of supporting projects at the speed and scale required in today’s economy. Prosperity reaches households across the state.

Priority Recommendation

Following best practices in other states, Oregon should enhance the public and private sectors’ role in economic development with the following changes:

- Oregon needs a lead agency in economic development oriented toward statewide vision, accountability, and leadership in the economy to restructure the way it delivers economic development. The state should transform Business Oregon into the [Oregon Commerce Authority](#), governed by a board of business and innovation

1. STATEWIDE ECONOMIC DEVELOPMENT STRATEGY & STRUCTURAL REFORM

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.

The transition will consolidate and integrate Business Oregon's economic and community development functions with workforce, energy, innovation, research, and other key functions into the new Commerce Authority. It should improve program delivery, service standards, response times, and accessibility for small and medium-sized businesses, as well as large strategic employers. The Authority should establish measurable statewide economic development goals and maintain a public-facing dashboard tracking key metrics such as business growth, job creation, project timelines, regional investment, customer response times, and economic competitiveness outcomes to improve transparency and accountability. Given the scale and complexity of this transition, the Legislature should authorize planning and implementation resources in the next biennium to begin the organizational development work necessary to establish a Commerce Authority and to ensure that the work of the Prosperity Council continues.

BEST PRACTICES

The Arizona Commerce Authority and North Carolina Department of Commerce offer examples of integrated economic development governance models. Arizona's public-private authority structure emphasizes executive leadership, private-sector participation, and organizational agility. North Carolina complements a similar partnership-oriented approach with responsibilities spanning community development, rural economic development, workforce strategy, and energy policy, creating a more comprehensive framework for statewide competitiveness.

Additional Recommendations

- **Complete and implement a statewide economic development strategy** with measurable job and income growth goals, a focus on business retention, expansion and attraction, targeted support for small businesses, a sophisticated approach to target sectors and generative artificial intelligence. Align with workforce development, infrastructure, and innovation priorities. Engage small and medium-sized businesses, entrepreneurs, and rural communities in developing the strategy and identifying target industries.
- **Prioritize catalytic public-private partnerships** that can serve as the foundation for emerging innovation districts, unlocking long-term economic growth and traded-sector employment through state investments on the order of \$10 million per project (e.g. Confluence Innovation Campus in Portland, the Southern Willamette Valley Innovation Corridor, and industrial site development in Eastern Oregon). These investments should align with programs that accelerate innovation and commercialization partnerships statewide.
- **Establish a Governor-directed economic development concierge function through the Regional Solutions Program and Regional Development Officers**, with clear expectations that state agencies actively support priority projects, coordinate across jurisdictions, resolve barriers, and facilitate timeline solutions that advance local and regional economic development priorities. This effort should ensure that projects of strategic importance receive visible executive action and coordinated state support from initial engagement through project completion.



Taxes

FOCUS: Business Climate





Taxes

Background and Problem Statement

Oregon’s tax structure must be competitive to attract, retain, and support high-wage job growth. It is one driver, among several, that are critical in creating an environment where workers and employers can thrive and where the economy can prosper. Small and medium-sized businesses are particularly affected by compliance complexity and layered local tax burdens, including income, business, property, and special-purpose taxes, which together create uncertainty and increase the cost of investment. The current state tax structure places a higher burden on middle-income households than all of our neighboring states. This structure underpins the state’s lack of competitiveness and limits its ability to balance budgets, sustain essential public services, and invest in long-term economic growth.

Under current state and local tax structures, including income and sales taxes but excluding property taxes, a single filer earning \$40,000 in Oregon faces an effective tax rate¹ of 20.4%, compared to 18.4% in Washington and 19.9% in California. Similarly, a household earning \$80,000 has an effective tax rate of 17.6% in Oregon, compared to 16.0% in Washington and 17.0% in California.² These differences demonstrate that Oregon’s comparatively higher tax burden is not limited to high-income earners; it affects households across the income spectrum. Even seemingly small differences in effective tax rates can translate into meaningful annual costs for Oregon residents. When combined with Oregon’s housing affordability challenges and other rising costs of living, these higher tax burdens can further reduce disposable income and make it more difficult for households to achieve economic security and upward mobility. See Appendix F for additional information.

EFFECTIVE TAX RATE: Single filer earning \$40,000



20.4%
OREGON

18.4%
WASHINGTON

19.9%
CALIFORNIA

Summary of Stakeholder Feedback

Stakeholders consistently identified Oregon’s tax structure as a barrier to business growth and competitiveness. They noted that the combined impact of state and local taxes discourages business investment and growth, particularly for small and mid-sized firms, a critical segment of the economy given that 97% of businesses employ fewer than 50 people and collectively support 52% of employment statewide. While the Corporate Activity Tax provides stable revenue, its broad application across supply chains can create cumulative tax burdens, especially for traded-sector

¹ The effective tax rate is the actual share of income, property value, or business activity that is paid in taxes after accounting for deductions, exemptions, credits, and other tax rules.

² See Appendix F for scenarios analyzing additional filing and earning characteristics to estimate effective tax rates including estimates of sales tax in neighboring states.

2. TAXES

industries. At the same time, stakeholders emphasized the need to maintain stable, predictable funding to support top public priorities such as education, healthcare, and other core services. Stakeholders also highlighted the importance of ensuring government spending is efficient, transparent, and aligned with outcomes. Any reform must balance stable public funding with policies that strengthen Oregon’s long-term economic competitiveness.

Portland-Specific Issues

Layered local income taxes combine to make marginal tax rates for households uncompetitive with adjacent counties and states. Over the past three years, Multnomah County lost \$3.5 billion in personal income through out-migration to other counties and states, including nearly \$730 million to Clark County in Washington (Vancouver). The net effect undermines the region’s job creation priorities, weakens overall economic competitiveness, and results in lost revenue for needed public services.

Portland Metro stakeholders noted challenges with overlapping local income taxes, structured sunset reviews for new tax measures, and higher signature thresholds for tax-raising ballot initiatives. The Portland Central City Task Force’s Tax Advisory Group’s report identified needed changes that remain unimplemented. High-earning households and business leaders have options, and Portland has become unattractive, making its public revenue base more fragile and undermining the state’s prosperity.

Shared Vision

Oregon creates a stable, competitive, predictable tax system that funds important public services, attracts investments, retains talent, and supports business growth and the state’s long-term prosperity. The state fixes its structural inefficiencies, improves alignment between state and local tax policy, and builds a broader, more resilient revenue base. These reforms rebuild public trust through greater transparency, accountability, simplicity, and confidence that tax revenues are being used effectively to deliver measurable outcomes for Oregonians.

Priority Recommendations

The most important step the Governor and Legislators can take to address Oregon’s uneven tax structure is to support moving Oregon beyond its current “one-and-a-half-legged stool” model, which relies heavily on personal income tax and constrained property tax revenues. **Reform should aim to strengthen long-term revenue stability, diversify the tax base, reduce volatility, and increase contributions from nonresidents.** Achieving a more balanced and competitive tax system may require broader-based revenue tools that can be more regressive in isolation. But when paired with targeted investments in education, housing, healthcare, early childhood programs, and other essential services, they can support more equitable long-term outcomes for Oregonians. Over time, revenue growth and the elimination of ineffective programs and tax expenditures can help fund these investments while improving Oregon’s competitiveness for business, talent, and investment.

2027 Legislative Session: Strengthen Oregon’s Economic Competitiveness

While the Council agrees that more comprehensive reforms are ultimately needed, the following recommendations move the state closer to a balanced tax system in the near term, help businesses of all sizes innovate and employ more people, and make Oregon a more competitive place to do business. At this critical time when

2. TAXES

Oregon must both respond to immediate economic pressures and prepare for its future, these policies support businesses and workers together to build a stronger and more resilient statewide economy. The Governor should also reject proposals that increase personal or business taxes and fees unless there is meaningful support from Oregon's employers of all sizes.

Modernize economic incentives, including the Research & Development tax credit to better support innovation and help smaller businesses working to grow, add employees, and stay in Oregon.

Oregon's incentive structure often favors capital-intensive investments while providing more limited support for research development, talent, and operating expenditures that drive innovation and long-term competitiveness. Oregon should continue to support and expand programs that incentivize beyond capital expenditures, as well as modernizing the Research & Development tax credit to apply to more industries and include companies that pay above median county wages. To encourage innovation and strengthen connections between industry and higher education, Oregon could offer a 15% tax credit for company-led research and development and a 20% credit for projects conducted with Oregon universities.

Update the Estate Tax to support family businesses, so they can transition successfully from one generation to the next. Oregon should introduce targeted deductions for small businesses, following a best practice from Minnesota, and explore raising the threshold of the exemption to \$3-5 million to achieve competitiveness with West Coast states. Minnesota defines a small business as having sales of less than \$10 million annually and allows for a \$2 million deduction, in addition to the exemption limit.

Reform the Corporate Activity Tax (CAT) so that small and medium-sized businesses, particularly those operating on thin margins, do not face extraordinary administrative burdens and costs. The current structure increases costs at every stage of production and sales, while the standard deduction disproportionately disadvantages smaller businesses with higher input costs. Oregon should consider increasing the filing and taxability threshold from \$1 million to \$2 million to reduce burdens on small business, while also moving to a subtractive method that allows a complete deduction of input costs while preserving the administrative structure. Any reforms should maintain revenue neutrality and ensure continued funding for essential public services, including K-12 education.

Reconnect the Qualified Small Business Stock (QSBS) policies to the federal tax code because they are critical to helping Oregon retain and grow emerging small businesses at a time when founders, investors, and growing companies are increasingly being recruited to other states. Keeping support for long-term investment in Oregon businesses can prevent the loss of jobs, capital, and future business growth to more business-friendly states.

Develop a Holistic Proposal to Be Implemented by 2029

Council members agree that our existing tax structure, with its over-reliance on income taxes and limitations on property taxes, is a barrier to needed investments in the education, healthcare, infrastructure, and climate resilience programs that our communities deserve. The Council recommends that the **Governor convene a nonpartisan 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 be

2. TAXES

chartered to develop principles for reform, evaluate trade-offs in reform scenarios, develop recommendations for specific tax changes, and develop a pathway for implementing those changes through the Legislature and voters.

This group should be chartered to create a more balanced tax system that reduces the state's over-reliance on income taxes to fund essential public services. Topics the group should consider include:

- **Reforming the Corporate Activity Tax** as part of a comprehensive rebalancing.
- **Enabling local governments to increase funding stability** with common sense property tax regulations that sufficiently fund core programs without needing a complex array of local voter-approved funding sources.
- **Rebalancing personal income tax structure** to maintain progressivity and reduce effective rates for all income brackets.
- Supporting ongoing progressivity in the system through **reforms that support low- and middle-income households**.

BEST PRACTICES

Indiana's approach to comprehensive property tax reform offers useful lessons in how to develop durable, system-wide change through bundled reforms and stakeholder alignment. In 2008, the state enacted a bipartisan legislative package that paired property tax caps with shifts in state and local responsibilities, later reinforced through a 2010 constitutional amendment.

Dissenting perspective: Nearly all Council members agreed with this section, however two members disagreed with the need for many of the proposed tax changes and expressed concerns about the necessity of broader business incentives and their long-term impacts to the state. They agree that Oregon must strengthen its long-term competitiveness, but believe increasing investments in workforce and existing programs is more critical than increasing investments in business tax expenditures. Additionally, while further fiscal analysis would occur before implementation, these two Council members believe that the impacts of individual recommendations or their combined effects should be better understood before recommendations advance.



Permitting & Regulations

FOCUS: Business Climate





Permitting & Regulations

Background and Problem Statement

Regulatory and permitting processes play a central role in Oregon's business environment by shaping the speed and predictability of project development. For businesses, these processes directly influence decisions about where to invest, expand, and locate. Businesses must often navigate multiple state and local requirements related to land use, environmental standards, and construction, which can add cost, time, and uncertainty.

Oregon's 2026 legislative session took meaningful steps toward a more competitive business environment. Passage of HB 4084 demonstrates the commitment toward permitting modernization and improved interagency coordination. The proposed recommendations build on this important foundation for permitting reform, including the Joint Permitting Council, fast-track pathways for major investments, and agency-level permit catalog requirements.

Summary of Stakeholder Feedback

Stakeholders consistently identified permitting complexity and unpredictability as major barriers to business growth and investment, particularly for small and medium-sized businesses without dedicated permitting or legal staff. Respondents described Oregon's regulatory system as fragmented, lengthy, inconsistent, and costly. They called for streamlined processes, stronger interagency coordination, greater transparency, and reduced burdens, while retaining essential protections. Many also perceive key regulatory agencies as inclined to deny applications or change standards mid-process, leading to distrust of the state's processes and making investments in Oregon seem riskier. Stakeholders noted insufficient guidance for applicants and emphasized the need for a cultural shift toward collaboration and problem-solving.

Shared Vision

Oregon delivers a permitting and regulatory system that is efficient, transparent, coordinated, and predictable, enabling timely project delivery and reducing administrative burden. To strengthen competitiveness with peer West Coast states, Oregon pairs strong environmental and community protections with responsive, solutions-oriented processes that move from "no" to "how." Because businesses experience Oregon's regulatory environment as a single interconnected system, the state sets a standard for predictability, accountability, coordination, and customer responsiveness that helps drive greater consistency statewide.

Priority Recommendations

Oregon can strengthen its regulatory environment by reducing the overall regulatory burden on businesses and adopting a market-based climate policy aligned with neighboring states.

- **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 standards and protecting public health, safety, and welfare. The process should prevent

3. PERMITTING & REGULATIONS

projects from being delayed indefinitely and should include accountability measures such as public reporting and partial fee refunds when deadlines are missed. These deadlines should extend universally to all economic development permits, and not only those meeting HB 4084's capital investment thresholds, which would ensure predictable timelines become the standard across Oregon's permitting system rather than the exception.

- **Reduce regulatory and administrative burdens by 20%** by 2029, by removing outdated and duplicative regulations, which should improve government efficiency and reduce spending. Frontline employees should play a role in identifying regulations, processes, and reporting requirements that create inefficiencies or no longer serve their intended purpose, while decisions regarding regulatory changes should remain subject to leadership review. Agencies should leverage permit and streamlining analyses required under HB 4084, which directed key agencies to identify unnecessary steps, barriers, and obsolete processes, as a primary input for meeting this reduction target.

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. Consistent with the multi-agency coordination structure established by HB 4084's Joint Permitting Council, examples include coordinating environmental permitting across state agencies so applicants do not need to submit duplicative information for air quality, water quality, wetlands, and land use reviews; implementing consolidated or parallel agency review processes rather than sequential reviews; and/or eliminating duplicative reporting requirements across agencies.

- **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.

BEST PRACTICES

Virginia's **Office of Regulatory Management** (ORM) was established in 2022 to bring consistency to regulatory procedures. ORM's objectives were to reduce regulatory requirements by 25%, improve efficiency in the regulatory and permitting approval process, and increase regulatory transparency through benefit-cost analysis. After three years, Virginia reduced 26% of regulatory requirements across the state.

PermitSF in San Francisco modernized its permits by consolidating permitting systems, utilized artificial intelligence to support application reviews, and created a more transparent and user-friendly process. The effort has reduced delays and helped business and development projects move more efficiently while maintaining regulatory standards.

3. PERMITTING & REGULATIONS

Additional Recommendations

- The state should lead by example through permitting performance standards for state agencies and partner with local governments to advance shared best practices, including clear decision timelines, service level expectations, consistent application requirements, online permitting systems, and transparent standards for determining application completeness.
- Promote a pragmatic solutions-oriented regulatory culture across agencies including the state departments of Environmental Quality, Land Conservation and Development, State Lands, and Transportation, Oregon Health Authority,² and local jurisdictions. Expand coordinated rapid-review pathways for strategic projects and authorize the Governor's office to elevate and coordinate stalled projects across agencies and jurisdictions.
- The Governor should work with California and Washington to ensure alignment of key policies that affect business competitiveness, such as agricultural overtime standards including total compensation, and Oregon's Paid Family Leave Program.
- Because a stable electric utility system is a necessary component of a competitive economic environment, Oregon should advance solutions through the Oregon Public Utility Commission, in coordination with electric utilities, which should advance durable solutions addressing utility wildfire liability and long-term system resilience.
- The Governor should direct the DEQ to pause the Cleaner Air Oregon Toxic Air Contaminant Rule and Update rulemaking to allow for more rigorous scientific review. Direct DEQ program staff to focus on timely implementation of covered facilities, and processing of new permits.

² The healthcare sector is one of Oregon's largest employers, and in many rural communities and regions, it represents the single largest employer. Oregon hospitals alone contribute \$32.4 billion in economic activity and support 160,000 jobs statewide (Hospital Association of Oregon). However, the cost of healthcare is also a drag on the economy. Reducing the total cost of care and overall regulatory burden is critical to Oregon's prosperity.



Site Readiness & Infrastructure

FOCUS: Tools for Growth





Site Readiness & Infrastructure

Background and Problem Statement

Oregon's land use system is designed to manage growth, protect natural resources, and support efficient use of land and infrastructure. The state's economic growth and prosperity priorities are directly tied to the availability of development-ready land that can meet market and industry needs. Development-ready sites—as well as the expansion of existing facilities—also require public infrastructure. Unfortunately, Oregon faces a persistent shortage of development-ready land and infrastructure that limits the state's ability to retain and compete for business investment, which undermines the state's growth objectives.

Summary of Stakeholder Feedback

Stakeholders consistently identified a lack of development-ready sites as a key constraint. Oregon does not have a sufficient supply of sites with the characteristics needed to compete for traded-sector opportunities, and many communities lack the infrastructure funding required to prepare sites for development. Businesses also cited the extraordinary costs associated with expanding existing facilities, including water, sewer, utility, and transportation system upgrades, that can significantly increase project costs and delay investment decisions.

Stakeholders report that Oregon's existing policies, programs, and tools need to be expanded, accelerated, and better coordinated and funded to increase competitiveness and reduce uncertainty across urban and rural communities.

When considering expansions of Urban Growth Boundaries, stakeholders note the definition of “available” and “suitable” land often diverge from market reality, so inventories are technically compliant but are functionally unusable. This disconnect creates uncertainty for businesses and limits the practical supply of land that can support near-term investment.

Shared Vision

Oregon modernizes its strong land use system to better position Oregon to capitalize on traded-sector opportunities while maintaining the values that have defined the state, shaped its growth and protected its farm and forest land for decades. The system's effectiveness is restored through targeted reforms, strategic alignment, and disciplined investment. The state strengthens its future competitiveness by developing the community infrastructure, financing tools, and sites necessary to attract and retain employers and support business expansion and job creation across the state.

Priority Recommendations

Oregon cannot compete for jobs or deliver enough housing without a reliable supply of development-ready land. Building on recent investments and policy direction established through HB 4084, the Governor and Legislature should **establish a significantly larger, dedicated, and recurring site readiness fund of \$250 million per biennium**, using bonding authority in expectation of future tax revenues and economic impact. Deployed through

4. SITE READINESS & INFRASTRUCTURE

the Industrial Site Loan Fund and the proposed Commerce Authority, investments should accelerate the delivery of development-ready employment sites aligned with the state’s economic development strategy. Employers and their partners could access this capital for site development, remediation, and enabling infrastructure while benefiting from a clearer, fast-track path for priority projects to move through permitting.

The state should **modernize statutes and policies governing land designated for industrial and business development to better reflect site suitability and readiness**, including Goal 9 (Economic Development) standards for industrial lands. Updates should establish consistent criteria for evaluating site size, configuration, natural features, transportation access, infrastructure availability, power capacity, and location, ensuring more uniform interpretation across jurisdictions. Employment Buildable Lands Inventories should **incorporate objective, market-informed criteria** and realistic assumptions about development feasibility and timing.

The state must **ensure an adequate supply of development-ready sites aligned with the needs of target industry clusters**. When communities demonstrate a shortage of suitable industrial land, they should have a clearer and more predictable path to adjust urban growth boundaries. To support these objectives, the state should increase the aggregate inventory of development-ready industrial land by at least 2% and invest in the infrastructure needed to bring sites online. Priority should be given to communities with the largest deficits of suitable industrial land, where infrastructure investments can have the greatest impact on expanding site readiness and development capacity.

BEST PRACTICES

Pennsylvania Strategic Investments to Enhance Sites Program (PA SITES) is a \$400 million state-led, large-scale investment program for site readiness. It provides grants and loans for site planning, infrastructure, and development to create shovel-ready sites aligned with the state’s target industries.

Additional Recommendations

- **Conduct a comprehensive review of Oregon’s infrastructure financing portfolio** and identify gaps, barriers, and opportunities to better support economic development and community infrastructure needs. Based on this analysis, direct state agencies to recommend new financing tools and structural reforms that improve access to funding and accelerate project delivery. The Legislature should then provide sustained funding for the Special Public Works Fund and similar infrastructure-enabling programs.
- **Ensure sites receiving proposed site readiness funding enroll in the Certified Shovel Ready Program** and simultaneously enhance customer concierge support for enrolled local jurisdictions and developers.
- **Provide clear state guidance and authority to ensure every region of Oregon increases its supply of development-ready sites**, with region-specific targets of three to six priority development sites to remain competitive for traded-sector opportunities. Ensure sites align with the needs of target industries identified in state and regional economic strategies.



Talent Development

FOCUS: Workforce





Talent Development

Background and Problem Statement

Oregon’s workforce system—spanning K-12, community colleges, universities, workforce boards, apprenticeship programs, and community-based organizations—plays a central role in preparing workers and supporting employer talent needs across urban and rural communities. The system helps determine whether businesses can find, train, and retain the workforce needed to grow and compete. However, the system is fragmented, difficult to navigate, and less aligned than comparable models in peer states. Limited coordination with employers and low transferability between institutions contribute to inconsistent outcomes.

Underinvestment in higher education is also a challenge. Oregon ranks 37th nationally in higher education appropriations per full-time student and invests 24% less per student than the national average, contributing to some of the [highest tuition costs in the West](#). Oregon’s public four-year institutions have the highest average tuition and fees in the West, while community colleges rank second highest, increasing reliance on tuition revenue creates barriers for students and limits the state’s ability to develop the talent pipeline needed for long-term economic competitiveness.

OREGON’S HIGHER EDUCATION, per student



RANKED
37th
NATIONALLY IN
APPROPRIATIONS



INVESTS
24% LESS
PER STUDENT THAN
THE NATIONAL AVERAGE

Summary of Stakeholder Feedback

Stakeholders emphasized that misalignment between education, training, and industry needs—combined with a decentralized system and barriers such as childcare and housing—limits employers’ ability to hire and scale their workforce. They strongly supported streamlining and better integrating education and workforce systems to reduce fragmentation and respond to employer needs. Most feedback on K-12 focused on adequate system funding with deteriorating outcomes. Stakeholders also voiced broad support for expanding sector-based talent pipelines, though sustained funding remains a challenge. Many stakeholders also noted the need for greater investment in Oregon’s public universities to reduce reliance on tuition revenue, make higher education more affordable and develop the talent needed for a competitive economy. Many cited the semiconductor workforce model as an example of effective coordination among industry, higher education, and training providers.

Shared Vision

Oregon’s talent development system is coordinated, accessible, and aligned with the state’s economic opportunities. Clear pathways connect Oregonians with the education and training they need to access good paying, in demand careers, supported by strong partnerships across K–12, Career and Technical Education (CTE), community colleges, and universities. The system is responsive to the needs of small, medium-sized, and large employer demand and designed to deliver a reliable pipeline of skilled workers for key industries. Reduced participation barriers and shared accountability measures ensure the system delivers meaningful results for both workers and employers.

Priority Recommendations

The Governor should establish a **Cabinet of Economic & Talent Development** with the authority to align state agencies around measurable economic, education, and workforce outcomes. The Cabinet should be composed of leaders from relevant state agencies and charged with accelerating coordination across agencies, breaking down silos, and driving accountable, results-oriented strategies tied to Oregon’s long-term competitiveness. The Cabinet should lead and implement a statewide **Talent Alignment Strategy** to align Oregon’s K-12, community college, university, and workforce development systems across rural and urban communities around measurable economic and workforce outcomes, while looking for opportunities to streamline and consolidate boards and councils. The strategy should build from the recently released **Oregon Talent Assessment** and must establish ambitious statewide goals tied directly to Oregon’s long-term competitiveness, including making Oregon a top 10 state in math and reading proficiency and significantly expanding STEM, AI and related retraining and upskilling, career-connected learning, CTE, apprenticeships, bridge programs, dual credits, and industry partnerships. The Cabinet should propose legislation that would require adoption of proven best practices and explore policy levers, including preemption where necessary, to ensure consistent statewide implementation and accountability. Oregon should build on emerging sector-based workforce consortia and better align education and training with industry demand. Oregon’s education and workforce systems must operate as a coordinated talent pipeline that prepares students for high-demand industries, attracts employers and families, and creates long-term pathways to family-wage careers in Oregon.

Strategically align higher education funding to match West Coast states and support Oregon’s long-term economic competitiveness. Oregon’s universities and community colleges are critical drivers of workforce development, research, innovation, and business growth. The state should modernize higher education funding structures to better support industry partnerships, applied research, technology commercialization, and enrollment growth in high-demand fields such as artificial intelligence, biotechnology, semiconductors, advanced manufacturing, and clean energy. The Legislature should also commit to ongoing funding of the University Innovation Research Fund (UIRF) at \$20 million per biennium to leverage matching federal research and innovation investments and strengthen Oregon’s position in nationally competitive industries.

RECOMMENDED STATE GOALS



RANK TOP 10 MATH & READING



EXPAND STEM & AI PROGRAMS



EXPAND CAREER-CONNECTED LEARNING

**CTE APPRENTICESHIPS
BRIDGE PROGRAMS
DUAL CREDITS
INDUSTRY PARTNERSHIPS**

BEST PRACTICES

The **National Talent Strategy**, published by the Bipartisan Policy Center, calls for a coordinated, data-driven approach that aligns education, workforce, and industry systems to better connect people to jobs and meet evolving economic needs. Oregon can lead by implementing this model at the state level, aligning agencies and funding, building an integrated system to track outcomes, and adapting programs to meet industry demand.

The **Florida 2030 Blueprint** demonstrates how states can align education and workforce strategies with economic development goals by identifying high-demand occupations, establishing measurable talent targets, and connecting K-12, postsecondary, and workforce systems to the skills employers need most.

Additional Recommendations

- Direct the Legislature to engage with the Oregon Workforce and Talent Development Board (WTDB) and local workforce boards to **prioritize funding for scalable, high-performing workforce programs** with measurable employment and wage outcomes aligned with industry demand. The Legislature should consolidate fragmented one-off programs and workforce board structures and invest in proven models that strengthen Oregon's long-term talent pipeline and economic competitiveness.
- The Governor and the Legislature should direct the Department of Education, Higher Education Coordinating Commission, and the Oregon Employment Department to **build a statewide, outcomes-based, talent intelligence system** as the core technology platform supporting Oregon's Talent Alignment Strategy. By integrating education, training, and employment data, the system would provide policymakers, educators, and employers with real-time insight into talent pipeline performance, shortages, as well as outcomes to inform funding and program design decisions. This system should be supported by regular external review to ensure transparency and effectiveness.
- **Treat talent development as a core economic competitiveness strategy** by charging the proposed Commerce Authority and Cabinet of Talent and Economic Development to align sector strategies, education investments, and workforce funding with employer demand around Oregon's highest-growth industries across urban and rural communities.
- Ensure HECC's upcoming comprehensive study of Oregon's postsecondary system **includes private sector input** and is focused on aligning community college programs toward workforce training and AI skills.
- The Governor should engage with the Oregon Employment Department and HECC, in consultation with organized labor, to **enhance access and reskilling for Oregon's workforce** by improving transferability between community colleges and universities, expanding employer partnerships through customized training, and promoting lifelong learning through flexible, stackable credential programs.

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OREGON PROSPERITY COUNCIL

Prosperity Council
Engagement Report

Appendix A. Prosperity Council Engagement Report

Overview and Purpose

The Oregon Prosperity Council was created as part of Oregon's Prosperity Roadmap, initiated by Governor Tina Kotek. The Prosperity Council was charged with developing recommendations to execute and develop the strategy's three main goals: retain and grow Oregon businesses, catalyze job creation, and accelerate Oregon's economic growth.¹ The Prosperity Council wanted to ground its recommendations in stakeholder input, in addition to research and analysis.

These engagement efforts were designed to gather perspectives from a broad range of stakeholders and community members across Oregon and to inform discussions about the state's economic future. Together, they provided opportunities for participants to share their experiences, priorities, and ideas for strengthening Oregon's long-term prosperity.

This appendix summarizes the statewide survey, listening session findings, and inbound letters, including who participated and how engagement was conducted. Findings are organized around five key topic areas: economic development tools, Oregon's tax structure, permitting and regulations, land use and site readiness, and talent development.

Engagement Overview

To support broad statewide participation from a wide range of stakeholders and residents, the Prosperity Council's engagement process used a mixed-methods feedback collection strategy. The project team for the engagement process included staff from ECONorthwest and Gard Communications, as well as designated staff supporting the Council's co-chairs. Open-ended, structured input was collected through a public survey, while more free-form qualitative input was gathered through facilitated listening sessions, letters, and memoranda that were submitted proactively to Council members and staff. This approach allowed the project team to identify recurring themes across a large volume of feedback while preserving more detailed stakeholder perspectives.

¹ <https://www.oregon.gov/gov/policies/pages/prosperity-council.aspx>



Exhibit 1 below summarizes the three forms of engagement: what the engagement was, who could and did participate, how the engagement was conducted and shared with the public, as well as the period of time that the public had the opportunity to engage in the process.

Exhibit 1. Summary of Engagement Efforts

Engagement Summary
Public Survey
<p>Lead: ECONorthwest designed and administered a public opt-in survey in partnership with the Prosperity Council Co-Chairs’ staff.</p> <p>Audience: Businesses, coalitions, community-based organizations, public sector partners, and individuals were invited to participate. As shown in Exhibit XX, respondents represented all Oregon counties except Grant County, with participation from every region of the state. The survey received 2,833 responses, of which 1,039 included written feedback and were included in the analysis. The remaining 1,794 responses did not include written feedback and were excluded from the analysis.</p> <p>Method: The survey was distributed directly to stakeholders, as well as posted on the Prosperity Council website. Participants provided background information about themselves and their organizations, including organizational type, industry sector, and organization size. Survey questions solicited feedback on challenges, opportunities, solutions, implementation actors, existing programs, and visions of success across the Business Climate, Tools for Growth, and Workforce topic areas (see Exhibit XX).</p> <p>Timeline/Timeframe: The survey was open from February 6 through March 25, 2026.</p>
Listening Sessions
<p>Lead: ECONorthwest developed a listening session toolkit, including a facilitator guide and report-out form, in partnership with the Prosperity Council Co-Chairs’ staff.</p> <p>Audience: Listening sessions were facilitated by interested stakeholders, Council members, the Chief Prosperity Officer, Regional Solutions staff, and other community facilitators. More than 60 listening sessions were held in over 25 locations across all eleven of Oregon’s economic development regions, including rural, coastal, agricultural, and urban communities. Participants represented a broad cross-section of Oregon’s civic, economic, and community landscape, including government agencies, tribal governments, higher education institutions, workforce and labor organizations, economic development partners, tourism representatives, business associations, nonprofits, and private-sector employers across multiple industries.</p> <p>Method: The project team developed and distributed a listening session toolkit to support facilitated discussions about Oregon’s economic challenges and potential solutions. The toolkit was shared directly with stakeholders and posted on the Prosperity Council website. Facilitators submitted session</p>



summaries through an online form or by email. The project team reviewed submissions and categorized individual policy options by topic area and key theme to identify recurring trends, areas of alignment, and priority issues.

Timeline/Timeframe: Listening sessions were conducted between February 2 and May 22, 2026.

Letters and Memos

Lead: ECONorthwest collected and analyzed letters, memoranda, and other written submissions provided by interested stakeholders.

Audience: Stakeholders submitted more than 45 letters and memoranda representing a broad range of perspectives, including major employers, statewide business associations, public agencies, universities, venture capital organizations, environmental and transportation advocacy groups, government affairs representatives, and individual residents. Submissions reflected perspectives from established and emerging industries, including software, technology, biotechnology, clean energy, advanced manufacturing, consumer products, agriculture, food production, utilities, public safety, and small businesses.

Method: In addition to the structured engagement activities, the Prosperity Council website provided an email address for public submissions, and stakeholders also shared feedback directly with individual Council members. ECONorthwest incorporated all received emails, letters, and memoranda into the overall analysis. The project team reviewed written submissions and categorized individual suggestions by topic area and key theme to identify recurring trends, areas of alignment, and priority issues across the feedback.

Timeline/Timeframe: Written submissions were received between February 2 and May 22, 2026.

Technical Approach: Engagement Design and Analysis

Public Survey

The public survey was structured around three broad focus areas related to Oregon’s economic competitiveness. Within each focus area, respondents were asked a common set of open-ended questions designed to identify challenges, opportunities, existing resources, and potential solutions. Focus areas and definitions:

- **Business Climate:** Oregon's business climate reflects the extent to which the state provides a predictable and competitive environment for employers through practical policies on regulation, permitting, and taxation, while maintaining long-term revenue stability to support public services and economic growth.
- **Workforce:** Oregon's workforce environment reflects how well the state's education, training, and talent development systems align Oregonians' skills with the needs of employers, particularly in



growing sectors, and how effectively those systems adapt over time to support economic opportunity and a competitive labor market.

- **Tools for growth:** Oregon's economic development toolkit reflects the set of policies, programs, and investments (such as site readiness, land use and permitting processes, incentives, infrastructure, and local initiatives) that shape the state's ability to attract new businesses and support the growth and expansion of existing employers.

To better understand the perspectives represented in the responses, participants were asked a series of background questions, including whether they were responding on behalf of a public or private organization, their industry sector, and the size of their business or organization. Following these questions, participants were invited to provide written feedback across any of the survey focus areas relevant to their experience. **Exhibit 2** summarizes the questions included in the survey provided for each focus area.

Exhibit 2. Open-ended Survey Questions

Q1.	What challenge would you like addressed in the Prosperity Council's recommendations? What is the biggest barrier or friction point in this area?
Q2.	What solution or specific change would you make?
Q3.	Who has to act for this to happen? (i.e. the Legislature, local governments, employers, education/training partners, etc.)
Q4.	What existing state programs and policies does Oregon have that are most helpful to you that you want to see continue?
Q5.	What promising models or effective best practices have you seen in other states that you'd like Oregon to emulate?

The project team analyzed survey responses using Atlas.ti, a qualitative analysis software that supported the systematic coding of individual responses. The team applied a deductive coding framework based on the study's primary topic areas, including economic development tools, Oregon's tax structure, permitting and regulations, land use and site readiness, and talent development. These high-level categories served as the primary analytical structure for organizing responses.

Within each category, the team applied subcodes to capture the nature and context of stakeholder feedback. Subcodes identified themes such as support for existing programs, recommendations for new or revised policies, development constraints, workforce challenges, perceived barriers to business growth, and stakeholder sentiment. When responses addressed multiple topics, the team applied multiple codes to reflect the full scope of the feedback.

The team also used targeted keyword searches for policies and programs identified through prior engagement efforts and project memoranda. The team reviewed each reference in context and assigned codes based on the substance of the feedback rather than the policy or program itself. For example, a response referencing the Corporate Activity Tax may have been coded under the broader theme of Business Climate while also receiving a subcode related to Oregon's tax structure.



Finally, the team analyzed the distribution of responses across categories and subcodes to identify recurring themes, patterns, and areas of stakeholder consensus. The findings presented in this appendix reflect the results of that analysis.

Listening Sessions

The listening session facilitator guide served as one mechanism for collecting stakeholder feedback from across the state and was publicly available on the Prosperity Council’s website. Like the survey, the guide was organized around three topic areas: Business Climate, Workforce, and Tools for Growth. It provided a standardized framework for convening and facilitating listening sessions, including facilitator responsibilities, key definitions, an overview of economic development, and a sample agenda. The sample agenda prompted discussion using questions aligned with the open-ended survey questions, as shown in **Exhibit 3**.

Exhibit 3. Listening Session Facilitation Discussion Questions

Q1.	What challenge would you like addressed in the Prosperity Council’s recommendations? What is the biggest barrier or friction point in this area?
Q2.	What solution or specific change would you recommend addressing this challenge?
Q3.	What would success look like in 2–3 years?
Q4.	Who has to act for this to happen? (i.e., the Legislature, local governments, employers, education/training partners, etc.)
Q5.	Which existing state programs and policies does Oregon have that you want to see continue? What programs or policies have been most useful for you?
Q6.	What promising models or effective best practices have you seen in other states that you’d like Oregon to emulate?

The guide also directed facilitators to submit findings through a Google form, creating a consistent format for collecting and analyzing feedback across sessions. To make participation more accessible, report-outs were also accepted by email.

Report-outs from the listening sessions were reviewed to identify suggestions, challenges, and recurring themes raised by participants. Each item was categorized using two complementary classification groups. The primary classification organizes input by five subject areas:

1. Reshaping Oregon’s role in economic development tools, incentives, and authority;
2. Examining and taking steps to reform Oregon’s tax structure;
3. Incentivizing a faster and more competitive permitting and regulatory environment;
4. Increasing the supply of development-ready land; and
5. Creating a more integrated workforce system while driving job growth in growing sectors.



Ideas that did not align with one of these five subject areas were categorized as “Other.” A second classification was added to align suggestions with the Council’s three focus areas: Business Climate, Workforce, and Tools for Growth. Because some ideas are related to more than one focus area, secondary focus areas were also noted where applicable. Within the five subject areas, two additional levels of sub-categories were developed to further distinguish patterns in the ideas and challenges raised through the listening sessions.

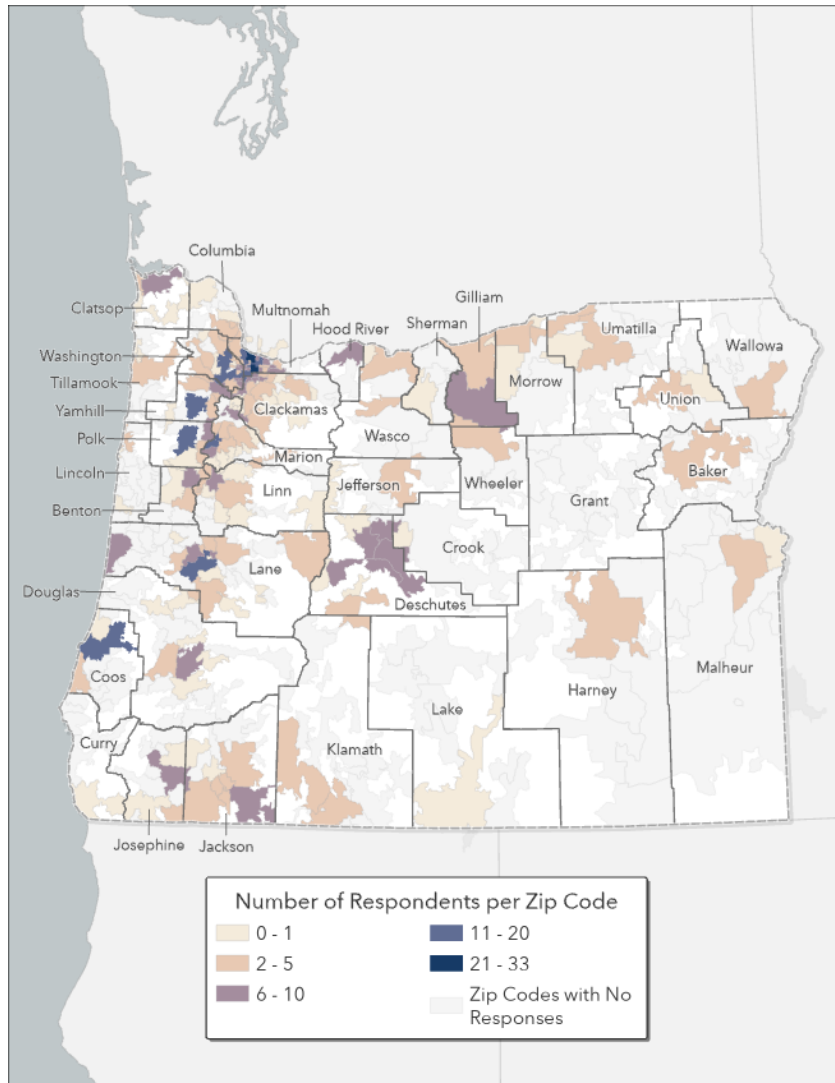
After categorizing all suggestions, the project team reviewed each subject area to identify recurring themes and patterns. Suggestions raised by multiple sources were identified as broadly supported themes, while recurring suggestions with less frequent support were identified as additional perspectives. The team also identified competing perspectives when suggestions from multiple sources differed from or were in tension with a broadly supported theme.



Geographic Distribution: Survey Responses

As shown in **Exhibit 4**, survey respondents represented all Oregon counties except Grant County. Responses were distributed across the entire state, with participation from every region, indicating a broad geographic reach. However, response rates varied across Oregon, with some regions seeing substantially higher participation than others. As a result, the perspectives captured through the survey may not fully reflect the views and experiences of all residents across the state's geographic catchment area.

Exhibit 4. Geographic Distribution of Survey Respondents



Limitations

The findings presented in this report should be interpreted within the context of several limitations associated with the public engagement process. The public engagement process was conducted within a relatively compressed project timeline. The survey was available for a limited period, which may have reduced opportunities for participation among individuals who became aware of it after it closed or were unable to participate during the engagement window. Consequently, some community members who



wished to provide input may not have had an opportunity to do so. Listening sessions and other free-form feedback avenues experienced similar deadlines that may have hampered participation.

The forms of engagement discussed here were available primarily through online channels and outreach networks. While these methods helped broaden statewide participation, they may have created barriers for individuals with limited access to internet-connected devices or other means of gaining access to these opportunities. As a result, certain populations may be underrepresented in the survey findings.

These limitations are common in voluntary public engagement efforts and suggest that the findings should be viewed as informative of community perspectives rather than fully representative of all Oregon residents. The engagement process was designed to gather input from a broad cross-section of stakeholders; however, it does not constitute a comprehensive or statistically representative assessment of public opinion across the entire state.

Key findings presented were developed using a combination of deductive and inductive coding approaches. Deductive coding allowed the analysis team to organize responses around predefined topics and project objectives, while inductive coding enabled the identification of themes that emerged directly from participant feedback. Although this approach provides a structured yet flexible framework for analysis, qualitative coding inherently involves the researcher's interpretation. As a result, themes reflect the most prevalent patterns observed in the data but may not capture all nuances or perspectives expressed by participants.

Key Findings across Engagements

1. Reshape Oregon's role in economic development tools, incentives, and authority

Oregonians seek to reform current economic development tools and incentives. They note that existing structures don't always work well for rural areas and contribute to uneven business growth and success. Alongside this, feedback centered around the need to develop coordinated strategies throughout state agencies and systems to incentivize investment, convey business-friendly practices, and assist businesses that are already in the state.

- » **Broadly supported themes** reflect the most frequent responses, typically representing a majority or near-majority.
- » **Additional perspectives** reflect recurring but less dominant perspectives.
- » **Competing perspectives** reflect differing or opposing viewpoints on a given issue, highlighting areas of divergence in respondents' input.

Broadly supported themes:

- **Transform Business Oregon:** Multiple sources suggest that Oregon could benefit from a more proactive and coordinated economic development model and encourage structural reforms informed by peer states (Arizona Commerce Authority cited repeatedly). Specific suggestions include an independent organizational review, a coordinated business recruitment plan with key performance indicators, and restoring the agency to its statutory focus on business development rather than functioning primarily as an infrastructure finance authority. Several sources also call for



better coordination with regional Economic Development Organizations, Destination Marketing Organizations, and universities as delivery partners.

- When asked who needs to act in order to see change, survey respondents noted that the Oregon Legislature should coordinate with existing programs, such as Business Oregon, to better deliver grants, technical assistance, or other resources to businesses.
- **Oregon needs competitive incentives:** Stakeholders from both urban and rural areas described Oregon as “not in the game” with respect to incentives compared with competitor states. Proposed solutions included a Jobs Growth Tax Credit, expanded Enterprise Zone programs, and a right-sized Strategic Investment Program threshold. Rural stakeholders said programs such as Opportunity Zones and New Markets Tax Credits have not effectively reached rural communities and need simpler access and better technical assistance. Portland metro stakeholders also called for aggressive incentive zones in the central city to address office vacancies and business losses to Clark County.
- **Signal that Oregon is open for business:** Stakeholders call for clearer, more genuine messaging from state leadership that signals Oregon is open for business.

Additional perspectives:

- Focus on small and existing businesses. Multiple listening sessions, including those in Eastern Oregon, Mid-Valley, Portland Metro, South Coast, and food and agriculture stakeholders, emphasized that economic development should not focus solely on attracting large employers. Sources suggest that retaining and supporting the organic growth of small and medium-sized businesses may drive more sustained economic gains than business relocation alone, and that incentives should be accessible to smaller firms.

As one respondent stated, “Small, Oregon-based business need to be supported and encouraged. Small business creates jobs, builds local wealth, and is responsive to local communities. Yet, state and local policies that rely heavily on tax expenditures/abatements largely benefit very large and out-of-state businesses.”

- **Recognize traded-sector industries as core economic drivers.** Multiple submissions suggest that Oregon’s tax, permitting, workforce, and land use policies should be better aligned to support traded-sector industries. Although stakeholders identified different priority industries, they consistently note that traded sectors play an important role in driving economic growth and that policy changes should help address constraints affecting their competitiveness and expansion.

Competing perspectives:

- **Incentive philosophy.** Some sources cautioned that incentives often go to companies that would have located in the state regardless, and that those resources could be put to better use. Conservation and food systems stakeholders called for reforms that account for environmental, infrastructure, and community impacts, arguing that current incentives do not capture the full costs of uses such as data centers. Some sources also suggested that public dollars provided to private companies should be tied to enforceable conditions related to workforce, environmental, and community outcomes.



2. Examine and take steps to Reform Oregon’s tax structure

Many stakeholders identified Oregon’s tax burden, including state and local taxes, as a top concern. The cumulative weight of state and local taxes was described as unsustainable for business and a disincentive to locating in Oregon. Responses referenced existing tax structures as duplicative and often rooted in outdated systems originally designed without keeping in mind rising yearly inflation, as well as the ‘slim margins’ of Oregon-based small or mid-sized businesses.

Broadly supported themes:

- **Corporate Activity Tax (CAT) reform:** Suggested changes range from near-term administrative fixes (directing the Department of Revenue to address rule interpretations) to mid-term legislative approaches (assigning rates by NAICS codes and raising thresholds) to long-term structural replacement (moving to a Business Activity Tax or true Value-Added Tax). Multiple sources argue the CAT should be redone rather than tweaked, citing sector-specific examples of how tax liability can compound at multiple points in a supply chain, increasing costs for producers and industries.

Some respondents noted the disproportionate impact the CAT tax has on small business owners, as one respondent stated:

“The biggest barrier small business owners face in Oregon today is the Oregon Corporate Activity Tax (CAT). While its intent may have been to broaden the tax base, the CAT has become a significant drag on growth for Main Street businesses that operate with slim margins.”

- **Comprehensive tax reform is overdue:** Several sources call for a bipartisan tax reform task force. Several propose considering a broad-based sales tax at a low rate, paired with offsetting reductions in income and corporate taxes. Sources acknowledge this is politically difficult but describe it as necessary for long-term competitiveness and revenue stability.

Respondents look forward to coordinated efforts for tax reform and emphasize the overdue need, one survey respondent emphasized:

“Build a tax reform or tax modernization coalition made up of electeds, business groups, labor, and local governments that are committed to co-designing a tax system for the 22nd [sic] century.”

Additional perspectives:

- **Reforming tax structure for small to mid-sized businesses.** Multiple sources suggested reviewing tax thresholds to reduce the tax burden on small to medium-sized businesses, including suggestions to tie thresholds to inflation and offering tax forbearance plans to small businesses.

Survey respondents envisioned success in 2-3 years that looked like less burdens on small businesses:

“Success in 2–3 years would look measurable, not rhetorical. First, we would see net-positive small-business formation in Oregon, with more businesses opening than closing. The current outflow of employers relocating to lower-tax, lower-regulation states would reverse or, at a minimum, stabilize. Second, we would see meaningful reform of the



Corporate Activity Tax, reflected in lower effective tax burdens on small and mid-sized businesses.”

- **Local tax preemption.** Some sources argue that without preemption of local income and payroll taxes, any state-level reforms will be replaced by new local levies. Sources from the Portland Metro area propose structured sunset reviews for new tax measures and higher signature thresholds for tax-raising ballot initiatives.
- **SB 1507 and Oregon’s partial disconnect:** SB 1507 is cited as contributing to increased costs for small businesses through the removal of accelerated depreciation. Decoupling from federal Qualified Small Business Stock (QSBS) policy could discourage startup formation, reduce access to capital, and incentivize entrepreneurs and investors to locate in other states.
- **Reforming the estate tax.** Some sources identified Oregon’s estate tax thresholds as a concern, particularly for capital retention, family business continuity, and farm and ranch succession. Recommendations included raising the threshold and creating more succession-friendly treatment for family farms and ranches.

Competing perspectives:

A small number of sources opposed several of the tax reform ideas raised elsewhere in the feedback. These sources cautioned against reducing Oregon’s top marginal income tax rates, eliminating or substantially streamlining the Corporate Activity Tax, and exploring a sales tax. They emphasized that the CAT is dedicated to education funding and noted that Oregon voters have repeatedly rejected sales tax proposals. These sources also raised broader concerns about business tax breaks and incentives, calling for any tax expenditures to be tied to enforceable conditions related to wages, training, and community benefits.

3. Incentivize a faster and more competitive permitting and regulatory environment

Oregonians converged on the need for more streamlined, timely, and transparent permitting and regulatory processes. Respondents emphasized that they felt that the current system creates complicated and long permitting processes that contribute to a higher barrier to entry for businesses to start. Additionally, many respondents suggested fast-tracking permitting for target industries, better staffing at the local level agencies, and significantly greater coordination between state and local entities related to environmental and land-use regulations or restrictions.

Broadly supported themes:

- **Streamline permitting and increase transparency:** Specific mechanisms recommended include transparency dashboards, one-stop permitting offices, digital permitting systems, predictable maximum timelines, and fast-track pathways for strategic industries. Multiple sources cite wetland and floodplain permitting as particularly slow and costly.

In response to the best-practices question, several survey respondents suggested models from other states. One respondent explained:

“Several states have implemented practices that improve predictability and efficiency in their business climate: One-Stop Permitting Systems: Centralized platforms that allow businesses to navigate permitting requirements through a single, coordinated process.



Guaranteed or Target Permitting Timelines: Clear expectations for review and approval timelines, increasing certainty for investors.”

- Stakeholder feedback also suggested that permitting reform and fast-track approaches should apply to agricultural and food-processing projects, not only to large industrial or urban developments.
- **Regulatory reform to reduce the number of regulations and simplify/address cumulative regulatory burden:** Stakeholders described the cumulative burden of overlapping regulations as a problem across industries and particularly for small businesses. Suggested solutions include a "2 removed for 1 regulation added" or similar regulatory reform model, accelerating the rulemaking review cycle from every 5 years to every 1-2 years, requiring real economic impact statements through the State Economists' office, and systematic sunseting of outdated rules. Once, a source described the dynamic as “pancaking”: new rules layered on top of existing requirements without consideration of cumulative cost.
- **Improve interagency coordination, particularly for environmental and land-use permitting:** Stakeholders described a fragmented and sometimes contradictory system that forces businesses to navigate multiple agencies for a single project. Suggested fixes included parallel interagency review, restoring the Regional Solutions Department’s original role in resolving regulatory bottlenecks, and programmatic connections to better align state, regional, and local efforts. Stakeholders from the Portland metro region added that overlapping city, county, and state permitting requirements create additional uncertainty for businesses and developers.

Survey respondents suggested a dedicated body to assist in interagency coordination:

“Several states have implemented practices that improve predictability and efficiency in their business climate: One-Stop Permitting Systems: Centralized platforms that allow businesses to navigate permitting requirements through a single, coordinated process.”

Additional perspectives:

- **Reform the Climate Protection Program (CPP):** CPP was mentioned in several of the primary topic areas, with multiple business community sources and listening sessions citing the need for reform. Suggestions included pausing the program, completely overhauling the program, or replacing it with a Cap and Invest model.
 - Suggestions from survey respondents included creating a ‘functional carbon marketplace’, modeling a Carbon Tax on California's system, or even exempting some Emissions-Intensive, Trade Exposed (EITE) companies from the CPP.
- **Recycling Modernization Act (RMA) Reform:** Other sources suggested evaluating and modernizing the RMA, citing concerns about cost effectiveness, transparency, fairness, and potential disproportionate impacts on specific industries. Some sources also raised legal concerns related to implementation.
- **Agricultural overtime and seasonal labor regulations.** Another cluster of feedback described Oregon’s agricultural overtime threshold, Occupational Safety and Health (OSHA) heat rules, and evolving farmworker housing requirements as compounding cost pressures for seasonal agriculture, particularly given producers’ limited pricing power. Proposals included freezing or modifying overtime thresholds, extending the agricultural overtime tax credit, reducing state-level barriers to H-2A and H-2B programs, stabilizing farmworker housing rules, and engaging agricultural employers, workers, and workforce stakeholders to evaluate implementation impacts.



Competing perspectives:

- Conservation stakeholders argue that regulations provide certainty and prevent harm, and that permitting processes that bypass public participation create legal vulnerability rather than efficiency. This is a distinct minority view in the feedback, but it represents an organized constituency.

4. Increase the supply of development ready land

In this area, the feedback focused on infrastructure investments to prepare land for development, reforms to land use laws, and the creation of a reliable, accessible inventory of development-ready sites.

Broadly supported themes:

- **Infrastructure investment is essential to increase the supply of development ready land:** Sources from every region call for accelerated infrastructure funding to local jurisdictions, revolving loan funds for site readiness, and long-term coordination between state and local partners. Water and wastewater capacity are identified as a binding constraint on business expansion in smaller communities. Energy infrastructure (generation, transmission capacity, and siting timelines) is increasingly cited as a constraint on industrial competitiveness.

Survey respondents suggested that the lack of energy infrastructure impedes the attraction and retention of business, particularly in rural and low-income areas:

“Rural and low-income communities are systematically underserved. Utility infrastructure underinvestment raises costs for manufacturers and small businesses, particularly as electrification of industrial processes accelerates.”

- **Reform land-use laws:** Stakeholders across the state agreed that Oregon’s land use system now constrains industrial site readiness and clean energy development, and that decades of incremental reform have left the state without a clear path forward. Proposed solutions included updating agricultural product definitions, reforming third-party Land Use Board of Appeals (LUBA) challenge rules, reevaluating Exclusive Farm Use designations on nonfarmable land, and streamlining Urban Growth Boundary (UGB) expansions. Rural and metro stakeholders alike described the system as regionally inconsistent and unpredictably slow.

Survey respondents specifically noted that rural communities would benefit from land use reform that focused on flexibility in the designated use for land. Others noted that they felt that the current land-use system, especially in rural communities, is outdated for their type of development needs:

“Oregon’s land use system has protected farmland, natural resources, and livability—and that remains important. But parts of the system were built for a 1970s economy, not a 2026 economy competing for advanced manufacturing, clean tech, and traded-sector investment.”



Competing perspectives:

- While the business community supported UGB expansion, Exclusive Farm Use (EFU) reclassification of nonfarmable land, and modernization of the 50-year-old land use system, agriculture, conservation, and some regional stakeholders argued the opposite. They called for halting UGB expansion, protecting Class I and II agricultural soils, prioritizing redevelopment of underused urban land, and addressing land speculation driven by repeated threats to EFU and UGB protections. Additionally, some stakeholders called for increased funding to conserve and protect the state's natural resources.

5. Create a more integrated workforce system and drive job growth in growing sectors

Feedback emphasized the need for stronger alignment between workforce development efforts and employer needs. Respondents highlighted opportunities to increase employer involvement in workforce planning, improve coordination among state agencies, educational institutions, and industry partners, and expand existing technical training pathways. Many also expressed support for better systems to track program outcomes and effectiveness. Commonly cited barriers to workforce participation and retention included childcare affordability and availability, as well as concerns related to Oregon's Paid Leave program.

Broadly supported themes:

- **Align workforce training programs with industry needs and across agencies:** Stakeholders repeatedly emphasized the need to update or create programs that better align research and workforce pipelines with the needs of priority sectors. The most common suggestion was expanding Career and Technical Education (CTE) from middle school through community college. Suggested priority sectors ranged from technology, artificial intelligence, and advanced manufacturing to agriculture and natural resources. Several cited models from other states, including Idaho's LAUNCH program, North Carolina's training reimbursement model, and Mississippi's K-12 turnaround efforts.
- **Increase coordination across workforce agencies and partners:** The lack of coordination among workforce agencies, employers, regional partners, and research partners was frequently cited as a challenge to cultivating and developing the workforce businesses need. Suggestions included consolidating Oregon's workforce systems, mandating interagency data-sharing agreements, improving the dissemination of information about existing training/workforce support programs, and streamlining access to workforce agencies.
 - When asked who needs to act to assist in talent development, survey respondents offered examples of a 'grow-your-own' model, suggesting that employers and education (K-12, Community colleges, and ESD's) work together to co-design training models for in-need industries.
- **Invest in higher education as workforce infrastructure.** Many sources recommended treating Oregon's public universities and community colleges as the core workforce and economic development infrastructure. Feedback highlighted comparatively low state investment in higher education and called for stronger alignment among postsecondary programs, applied research, and Oregon's workforce needs. Suggested priorities included expanding programs tied to high-growth occupations, supporting stackable credentials and flexible reskilling pathways, strengthening AI,



engineering, and computer science talent pipelines, and investing in shared research infrastructure for universities and industry.

Survey respondents noted that future success hinged on the skills and training of the future workforce. Simply put by one respondent:

“The best route to prosperity is an educated and skilled workforce.”

Additional perspectives:

- **Structural barriers to workforce participation.** There was broad support across multiple sources to address issues that prevent workforce participation, including: affordable housing, childcare, transportation, and substance abuse. Housing and childcare were consistently raised as issues that needed addressing to improve workforce participation.
 - Survey respondents frequently identified childcare costs and limited childcare availability as barriers to workforce participation.
- **Reforming K-12 education.** Sources describe Oregon's education outcomes as unacceptable, and that better alignment between K-12 districts and industry is needed. Suggestions included implementing Key Performance Indicators (KPIs) tied to funding, reviewing the number of school districts for consolidation, and using CTE programs regionally.
- **Apprenticeship reform.** The 1:1 apprenticeship ratio requirement is described as a bottleneck; local construction companies cannot meet it for public projects. Sources recommend looking at states that allow a 2:1 or 3:1 ratio. Licensing reciprocity with neighboring states is also raised as a barrier to workforce mobility.
 - Some respondents stated that their vision for success in 2-3 years would be higher apprenticeship enrollment (25%) and more aggressive, ‘earn-while-you-learn’ programs.
- **Artificial Intelligence (AI) as a workforce issue.** Several sources raised AI as a workforce issue requiring state attention. Suggested actions included embedding AI literacy and responsible use standards into K-12 education, expanding AI and digital skills training, and involving workers and labor representatives in shaping AI-related workforce policy. Sources differed in emphasis, with some focusing on productivity and skills development and others emphasizing worker protections and potential displacement risks.

Other Areas of Note

Survey respondents, listening session participants, and letter writers raised additional constraints and policy options that did not fit neatly within the Prosperity Council’s framework. Those topics are noted below.

Energy Capacity

Several sources cited energy infrastructure, including generation, transmission, and alternative sources, as increasing constraints on economic development across the state. The challenge described is that Oregon utilities are considered highly risky for investors, driven by wildfire liability and cost-of-capital concerns, which creates reluctance among utilities to invest in infrastructure and hinders the development of potential projects.



Transportation as Core Economic Infrastructure

Multiple sources identified transportation as an economic development priority, with recommendations spanning roads, highways, goods-movement corridors, ports, public transit, and long-term transportation planning. Feedback emphasized reliable transportation infrastructure as essential for moving goods to market, supporting traded-sector industries, improving worker mobility, and reducing transportation cost burdens. Several sources also cited transportation as a barrier to workforce participation, particularly alongside housing and childcare constraints.

There is urgency around Portland's economic trajectory and its role in statewide prosperity, with broad agreement that the current tax structure, permitting timelines, housing supply, and downtown conditions are key barriers to competitiveness. Stakeholders aligned on the need for near-term, high-impact actions to improve the business climate, including tax reform, more predictable permitting, stronger economic development capacity, and accelerated housing and catalytic investments.



Prosperity Council
Survey Questions

Prosperity Council Survey Questions

Governor's Prosperity Council

The Prosperity Council is an outside advisory group convened by Governor Kotek to help shape strategies for Oregon's economic prosperity and growth. The council includes representatives from different regions of the state, key industries, and labor, and is focused on three main areas: business climate, workforce, and tools for growth. Its role is to develop practical recommendations for the near, medium, and long term in each of these areas.

Council meetings began in January 2026 and will conclude in June 2026, when a final report of recommendations will be delivered. This statewide survey will be circulated widely and will remain open through March 20, 2026 so the council can consider this input as it develops its recommendations. **As a note, all survey responses will be included in the public record.** The survey will take approximately 15 minutes to complete.

* Name (first and last)

* Email address

*What is your 5-digit zip code?

Are you representing yourself or your organization/business?

- Myself
- Organization/Business
- Both

Business/Organization Information

To better understand whose input we are receiving, please tell us more about your business or organization.

What business/organization are you representing?

Are you in the public or private sector?

- Public
- Private
- Non-profit

What industry do you work in?

What is your Oregon-based team's headcount?

- 1 - 20 people
- 21-100 people
- 101-500 people
- 500-1000 people
- 1000+ people
- I don't know

Detailed Input on Focus Areas of Your Choosing

Please share specific challenges, needs, or solutions related to a specific focus area. You may submit as many ideas as you'd like.

The Prosperity Council's focus areas are defined below.

- ◆ **Business climate:** Oregon's business climate reflects the extent to which the state provides a predictable and competitive environment for employers through practical policies related to regulation, permitting, and taxation, while also maintaining long-term revenue stability to support public services and economic growth.
- ◆ **Workforce:** Oregon's workforce environment reflects how well the state's education, training, and talent development systems align Oregonians' skills with the needs of employers, particularly in growing sectors, and how effectively those systems adapt over time to support economic opportunity and a competitive labor market.
- ◆ **Tools for growth:** Oregon's economic development toolkit reflects the set of policies, programs and investments (such as site readiness, land use and permitting processes, incentives, infrastructure, and local initiatives) that shape the state's ability to attract new businesses and support the growth and expansion of existing employers.

Focus area you are providing input on

- ◆ Business climate
- ◆ Workforce
- ◆ Tools for growth

What challenge would you like addressed in the Prosperity Council's recommendations? What is the biggest barrier or friction point in this area?

What solution or specific change would you make?

What would success look like in 2–3 years?

Who has to act for this to happen? (i.e. legislature, local governments, employers, education/training partners, etc.)

What existing state programs and policies does Oregon have that are most helpful to you that you want to see continue?

What promising models or effective best practices have you seen in other states that you'd like Oregon to emulate?

Additional Input

What other ideas or input would you like the Prosperity Council to know?

Survey Data

Item No.	Item Description	Unit	Quantity	Rate	Amount	Remarks
1
2
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Area	Code	Description	Unit	Rate	Value	Percentage	Notes	Remarks
Area 1	Code 1	Description 1	Unit 1	Rate 1	Value 1	Percentage 1	Notes 1	Remarks 1
Area 1	Code 2	Description 2	Unit 2	Rate 2	Value 2	Percentage 2	Notes 2	Remarks 2
Area 1	Code 3	Description 3	Unit 3	Rate 3	Value 3	Percentage 3	Notes 3	Remarks 3
Area 1	Code 4	Description 4	Unit 4	Rate 4	Value 4	Percentage 4	Notes 4	Remarks 4
Area 1	Code 5	Description 5	Unit 5	Rate 5	Value 5	Percentage 5	Notes 5	Remarks 5
Area 1	Code 6	Description 6	Unit 6	Rate 6	Value 6	Percentage 6	Notes 6	Remarks 6
Area 1	Code 7	Description 7	Unit 7	Rate 7	Value 7	Percentage 7	Notes 7	Remarks 7
Area 1	Code 8	Description 8	Unit 8	Rate 8	Value 8	Percentage 8	Notes 8	Remarks 8
Area 1	Code 9	Description 9	Unit 9	Rate 9	Value 9	Percentage 9	Notes 9	Remarks 9
Area 1	Code 10	Description 10	Unit 10	Rate 10	Value 10	Percentage 10	Notes 10	Remarks 10
Area 2	Code 11	Description 11	Unit 11	Rate 11	Value 11	Percentage 11	Notes 11	Remarks 11
Area 2	Code 12	Description 12	Unit 12	Rate 12	Value 12	Percentage 12	Notes 12	Remarks 12
Area 2	Code 13	Description 13	Unit 13	Rate 13	Value 13	Percentage 13	Notes 13	Remarks 13
Area 2	Code 14	Description 14	Unit 14	Rate 14	Value 14	Percentage 14	Notes 14	Remarks 14
Area 2	Code 15	Description 15	Unit 15	Rate 15	Value 15	Percentage 15	Notes 15	Remarks 15
Area 2	Code 16	Description 16	Unit 16	Rate 16	Value 16	Percentage 16	Notes 16	Remarks 16
Area 2	Code 17	Description 17	Unit 17	Rate 17	Value 17	Percentage 17	Notes 17	Remarks 17
Area 2	Code 18	Description 18	Unit 18	Rate 18	Value 18	Percentage 18	Notes 18	Remarks 18
Area 2	Code 19	Description 19	Unit 19	Rate 19	Value 19	Percentage 19	Notes 19	Remarks 19
Area 2	Code 20	Description 20	Unit 20	Rate 20	Value 20	Percentage 20	Notes 20	Remarks 20
Area 3	Code 21	Description 21	Unit 21	Rate 21	Value 21	Percentage 21	Notes 21	Remarks 21
Area 3	Code 22	Description 22	Unit 22	Rate 22	Value 22	Percentage 22	Notes 22	Remarks 22
Area 3	Code 23	Description 23	Unit 23	Rate 23	Value 23	Percentage 23	Notes 23	Remarks 23
Area 3	Code 24	Description 24	Unit 24	Rate 24	Value 24	Percentage 24	Notes 24	Remarks 24
Area 3	Code 25	Description 25	Unit 25	Rate 25	Value 25	Percentage 25	Notes 25	Remarks 25
Area 3	Code 26	Description 26	Unit 26	Rate 26	Value 26	Percentage 26	Notes 26	Remarks 26
Area 3	Code 27	Description 27	Unit 27	Rate 27	Value 27	Percentage 27	Notes 27	Remarks 27
Area 3	Code 28	Description 28	Unit 28	Rate 28	Value 28	Percentage 28	Notes 28	Remarks 28
Area 3	Code 29	Description 29	Unit 29	Rate 29	Value 29	Percentage 29	Notes 29	Remarks 29
Area 3	Code 30	Description 30	Unit 30	Rate 30	Value 30	Percentage 30	Notes 30	Remarks 30

Item	Code	Material	Quantity	Unit	Value	Notes
1	101	Concrete	100	m³	1000	Foundation
2	102	Reinforcement	500	kg	5000	Structural
3	103	Brick	10000	units	100000	Walls
4	104	Plaster	500	m²	5000	Interior
5	105	Paint	100	liters	1000	Exterior
6	106	Roofing	200	m²	2000	Roof
7	107	Insulation	100	m³	1000	Energy
8	108	Windows	10	units	10000	Openings
9	109	Doors	5	units	5000	Access
10	110	Electrical	100	units	1000	Wiring
11	111	Plumbing	50	units	5000	Pipes
12	112	Sanitary	10	units	10000	Toilets
13	113	Furniture	100	units	10000	Interior
14	114	Lighting	50	units	5000	Electrical
15	115	Security	10	units	10000	Alarms
16	116	Landscaping	100	m²	1000	Ground
17	117	Site Prep	100	m²	1000	Clearing
18	118	Foundation	100	m³	1000	Base
19	119	Structural	500	kg	5000	Framework
20	120	Exterior	10000	units	100000	Cladding
21	121	Interior	500	m²	5000	Finishes
22	122	Roofing	200	m²	2000	Overhead
23	123	Insulation	100	m³	1000	Thermal
24	124	Windows	10	units	10000	Ventilation
25	125	Doors	5	units	5000	Access
26	126	Electrical	100	units	1000	Power
27	127	Plumbing	50	units	5000	Water
28	128	Sanitary	10	units	10000	Fixtures
29	129	Furniture	100	units	10000	Seating
30	130	Lighting	50	units	5000	Illumination
31	131	Security	10	units	10000	Protection
32	132	Landscaping	100	m²	1000	Greenery
33	133	Site Prep	100	m²	1000	Preparation
34	134	Foundation	100	m³	1000	Base
35	135	Structural	500	kg	5000	Framework
36	136	Exterior	10000	units	100000	Cladding
37	137	Interior	500	m²	5000	Finishes
38	138	Roofing	200	m²	2000	Overhead
39	139	Insulation	100	m³	1000	Thermal
40	140	Windows	10	units	10000	Ventilation
41	141	Doors	5	units	5000	Access
42	142	Electrical	100	units	1000	Power
43	143	Plumbing	50	units	5000	Water
44	144	Sanitary	10	units	10000	Fixtures
45	145	Furniture	100	units	10000	Seating
46	146	Lighting	50	units	5000	Illumination
47	147	Security	10	units	10000	Protection
48	148	Landscaping	100	m²	1000	Greenery
49	149	Site Prep	100	m²	1000	Preparation
50	150	Foundation	100	m³	1000	Base

Listening Session
Facilitators' Guide

FACILITATOR'S GUIDE

Thank you for your willingness to lead a listening session to inform the Oregon Prosperity Council's work. This guide provides a suggested meeting agenda, talking points, and includes the required report out template that project staff will synthesize for the Prosperity Council's review.

Facilitator Responsibilities

- **Before the meeting:**
 - Review the facilitator's guide
 - Select a location for your meeting
 - Schedule and invite participants (sample invitation language below)
 - Arrange for a note-taker or plan to take detailed notes
- **During the meeting.** Facilitate a discussion using the provided agenda and prompts in February - March 20, 2026.
- **After the meeting.** Submit notes using the [Google form](#) by March 20, 2026.

EXAMPLE EMAIL INVITATION

Hello [name],

[Introduce yourself if you are not already acquainted]. I have volunteered to facilitate a listening session to support the advancement of Oregon's economic prosperity and growth for Governor Kotek's Prosperity Council. I believe your insights and recommendations are important for this work and invite you to attend.

As you may have seen [in the news](#), the Prosperity Council is a statewide advisory group convened by Governor Kotek, representing diverse regions, industries, and labor. Over the next several months, the Council will develop near- and long-term recommendations focused on business climate, workforce, and tools for economic growth. The Prosperity Council will present their recommendations in June of this year.

Because you are an engaged member of the Oregon [\[business/arts/etc.\]](#) community, **we are inviting you to take part in this [\[Title\]](#) listening**

session, on [date] in person at [location]. If you are interested in participating, please respond to confirm your attendance.

Please let me know if you have any questions.

Thank you,
[Name]

[Consider adding the Prosperity Roadmap as an attachment in addition to the link in the email text]

HOLD YOUR MEETING

Meeting Agenda:

WELCOME [5 mins]

- Introductions [name, title, organization]
- Meeting objectives:
 - Gather practical, business-informed recommendations in three areas—Business Climate, Workforce, and Tools for Growth—to inform the Governor’s Prosperity Council’s recommendations for strengthening Oregon’s competitiveness, economic growth, and long-term revenue stability.
- Ground rules:
 - All comments and feedback will be shared but not attributed to individuals.
 - Any sensitive business information will not be included in the notes.
 - Assume good faith and expertise. Everyone is here to contribute insights from their experience.
 - Focus on actionable ideas. Stay within scope and frame input as a specific change Oregon can make—not just a problem.

LEVEL SETTING [5 mins]

Use the following overview to provide context. This does not need to be read verbatim; please summarize in your own words.

What is the Prosperity Council?

- A statewide group representing different regions, key sectors, and labor, convened by Governor Kotek as an outside advisory group to recommend strategies and actions to advance Oregon's economic prosperity and growth.
- The council is focused on strategies in three areas: Business Climate, Workforce, and Tools for Growth.
- The council's charge is to develop near-, medium-, and long-term recommendations in each of the three focus areas.
- Council meetings began in January 2026 and will conclude in June 2026, after delivering their report of recommendations.

How is economic development being defined?

- Improving conditions for businesses to start, invest, and grow (e.g., regulatory predictability, access to capital, infrastructure, suitable sites)
- Building a skilled workforce so employers can hire and workers can access good-paying, career-connected opportunities
- Using public tools and partnerships (e.g., incentives, technical assistance, site readiness, cluster strategies) to unlock private investment and productivity

FOCUS AREA DISCUSSION

The Prosperity Council has organized its work around three focus areas: Business Climate, Workforce, and Tools for Growth. Facilitators should use their judgment to focus discussions on the topic(s) that best align with participants' experience and expertise. Some sessions may naturally focus on one area, while others may span two or all three.

Facilitators should prompt the discussion of each focus area first by reading the focus area description. Facilitators may also consider having these descriptions available for the participants to read and refer back to during the discussion:

- **Business Climate:** Oregon's business climate reflects the extent to which the state provides a predictable and competitive environment for employers through practical policies related to regulation, permitting, and taxation, while also maintaining long-term revenue stability to support public services and economic growth.
- **Workforce:** Oregon's workforce environment reflects how well the state's education, training, and talent development systems align Oregonians'

skills with the needs of employers, particularly in growing sectors, and how effectively those systems adapt over time to support economic opportunity and a competitive labor market.

- **Tools for growth:** Oregon's economic development toolkit reflects the set of policies, programs and investments (such as site readiness, land use and permitting processes, incentives, infrastructure, and local initiatives) that shape the state's ability to attract new businesses and support the growth and expansion of existing employers.

Then begin the discussion using the same core questions (below) to guide the conversation.

Core discussion questions (apply to all focus areas)

- What challenge would you like addressed in the Prosperity Council's recommendations? What is the biggest barrier or friction point in this area?
- What solution or specific change would you recommend to address this challenge?
- What would success look like in 2-3 years?
- Who has to act for this to happen? (i.e. legislature, local governments, employers, education/training partners, etc.)
- Which existing state programs and policies does Oregon have that you want to see continue? What programs or policies have been most useful for you?
- What promising models or best practices have you seen in other states that you'd like Oregon to emulate?

CLOSING THE MEETING

- Thank your participants for attending and offering their ideas.
- We will compile the report out and send it to the Prosperity Council for their work to define near-, medium- and long-term recommendations in these focus areas.
- The Prosperity Council will present their recommendations in June.

AFTER THE MEETING: NEXT STEPS

Submit your report out ASAP

Please enter your report out of the discussion using this [Google form](#) so that it can make its way to the committee.

If you encounter technical difficulties, please reach out to Kath Nester (nester@econw.com).

Send thank you email to your participants

Within a few days of the meeting, we recommend sending a follow-up and thank-you to all meeting attendees. Here is a start that you can customize:

“Hello _____,

I am following up with you to extend my gratitude for your participation in the Prosperity Council Listening Session.

If you have any questions or concerns for the Prosperity Council, you can contact them at Prosperity.Roadmap@oregon.gov. You can also keep track of the Prosperity Council’s work on the [website](#), and fill out the [online survey](#) if you have further recommendations.”

Submissions & Feedback

Oregon Prosperity Council

Submissions & Feedback — Contents

47 submitted documents, arranged by date of submittal.

University of Oregon Institute for Policy Research & Engagement
Oregon State Board of Agriculture
Oregon Workforce Partnership
NXTClean Fuels
Oregon State University
Oregon Business & Industry / DHM Research
Pacific Power
Westside Economic Alliance
Lois Neistat (Individual / Concerned Oregonians)
SEDCOR
Lois Cho, CHO Wines
Oregon Fire District Directors Association
Portland Metro Chamber (2026 State Legislative Action Plan)
Portland Metro Chamber (2026 Regional Policy Agenda)
Alice Dale (SEIU Labor Consultant)
Oregon Business Council
Portland Seed Fund
Oregon Tech Entrepreneurs & Investors
Energy Trust of Oregon
Clean and Resilient Economy Contributors
Portland Metro Chamber
Tillamook County Creamery Association
Jordan Pape (Individual, Eugene)
Oregon Business & Industry
Jacqueline Danos (Individual, Yachats)
Central Oregon Land Watch
Alice Dale (SEIU) & Robert Camarillo (Oregon State Building & Construction Trades Council)
Microsoft Corporation
Energy Trust of Oregon
Oregon Employer Coalition
Move Oregon Forward
Oregon Association of Nurseries
FuelCloud Founders
Cascadia High-Speed Rail Advocates
Oregon Forest Industries Council
Oregon Winegrowers Association
Oregon Public University Presidents
Oregon State University
Oregon Public Universities
Pew Charitable Trusts

Appendix E — Submissions & Feedback

Our Oregon

Oregon Semiconductor Industry Coalition

Oregon Farm Bureau

Oregon Trails Coalition

Building Resilience Coalition

Wild Salmon Center

Tax Fairness Oregon



Reorganizing Oregon's Economic Development Ecosystems: Lessons from Other States

June 12, 2025

Jasper Riogeist, Graduate Research Assistant, Institute for Policy Research & Engagement

Robert Parker, Director of Strategy & Technical Solutions, University of Oregon Institute for Policy Research & Engagement

Josh Bruce, Associate Director of Applied Research, University of Oregon Institute for Policy Research & Engagement; Program Director UO EDA University Center of Economic Development

Please direct inquiries to Bob Parker (rgp@uoregon.edu) or Josh Bruce (jdbruce@uoregon.edu).

Oregon faces growing economic challenges. Businesses are leaving the state. Job and population growth trail national trends, and rural regions face persistent stagnation. These are not isolated issues; they reflect a broader problem: Oregon lacks a coordinated, comprehensive statewide economic development strategy. While housing, education, and behavioral health have been named state priorities by Governor Kotek, economic development has not. And yet, without a healthy economic development ecosystem, Oregon will struggle to make meaningful or efficient progress on any of its goals. In this white paper, we examine economic development ecosystem models, drawing insights from other states to propose an alternative framework for Oregon.

Oregon's economic development ecosystem is shaped by a decentralized network of organizations: state agencies, regional groups, nonprofits, and private industry. However, this network currently lacks clear leadership, shared directions, and articulated desired outcomes. In this white paper, we examine economic development ecosystem models, drawing insights from other states to propose an alternative framework for Oregon.

Business Oregon exists to support economic development, but it does not currently lead a unified statewide strategy. Other states do this differently. Case studies from Pennsylvania, New York, Michigan, Colorado, and Kentucky offer models that Oregon could adapt to strengthen coordination, align regional efforts, and improve outcomes.

This white paper makes the case for treating economic development as a core state priority and for building a more intentional statewide economic development ecosystem. It outlines current economic risks, examines why Oregon is losing ground, and highlights how structural fragmentation—across agencies, regions, and funding streams—undermines coordinated progress. Drawing on examples from other states, it identifies policy tools and ecosystem design features that support stronger alignment, leadership, and outcomes. It recommends a central ecosystem model led by the Governor and coordinated through a central agency such as Business Oregon.

The choice is not between economic development and other goals. Economic development is what makes the other goals possible.

Imagine that Oregon’s economic development ecosystem embraces a consistent and wholistic strategy to coordinate implementation of economic development efforts across lines: public and private and nonprofit, local and regional and state, urban, rural and frontier. What benefits would that bring and what organizational framework would support it?

The Foundation of Oregon’s Priorities

Oregon’s current statewide priorities—housing and homelessness, education, and behavioral health—are well-chosen and widely supported. Each addresses a pressing need. However, progress in these areas is fundamentally tied to the strength of Oregon’s economy. Without sustained job growth, rising incomes, and business investment, the state will struggle to generate the necessary resources and momentum. Economic development is what drives state and local tax revenues, which in turn provides the funding to address the states pressing problems. Economic development is foundational to Oregon’s future, and yet it is not currently treated as a formal state priority.

This omission is particularly significant given Oregon’s tax structure. Because the state relies so heavily on income tax, job creation is one of the few levers policymakers can pull to increase public revenues without raising tax rates. While there has been growing interest in structural tax reform, it is more politically feasible and economically immediate to focus on expanding the number and quality of jobs in Oregon’s economy. A larger, more productive workforce increases the tax base, allowing the state to better fund essential services, including healthcare and housing.

This is not simply about revenue. Economic development is a key driver of social and economic resilience and opportunity. When more Oregonians can access stable employment, affordable housing becomes more attainable, school districts see more consistent enrollment and funding, and behavioral health systems face less strain. Simply put, without a healthy economic development ecosystem, the state cannot advance its other priorities as effectively or as efficiently as it otherwise could.

At present, Oregon lacks a unified, forward-looking strategy for economic development. The ecosystem is made up of many capable actors—state agencies, regional groups, economic development districts, nonprofits, and business partners—but there is no central plan, no clear coordination, and no agreed-upon outcomes.

Oregon Business Climate

Economic Strengths and Opportunities in Oregon

Oregon is not starting from scratch. The state has economic assets that many others would envy. In CNBC’s 2024 Top States for Business rankings, Oregon placed 9th in innovation—reflecting strong research capacity, a skilled workforce, and a culture of entrepreneurship (CNBC, 2024). The state also performs well on quality-of-life indicators and has deep institutional strengths in higher education, advanced manufacturing, and the outdoor economy.

Oregon is also a leader in high-tech and traded sector industries. The state maintains a strong trade surplus, exporting more than it imports, with one in eight Oregon jobs connected to international trade as of 2023. Its export portfolio is broad, spanning high-tech electronics, machinery, transportation

equipment, agricultural products, and professional services. Oregon’s geographic location—along the Pacific Rim—offers businesses efficient access to global markets via air, sea, rail, and road infrastructure. While industrial land and broadband availability remain uneven, Oregon’s port and logistics systems offer a competitive foundation for growth.

The state’s high-tech economy continues to be a pillar of strength. Oregon plays a central role in the semiconductor and electronics supply chain and consistently ranks highly for innovation and technology output. Universities contribute licensed technologies and skilled graduates, and a growing clean energy sector is positioning Oregon as a leader in the green economy. Foreign direct investment also plays a visible role in several industries, further diversifying the state’s base.

At the regional level, traditional resource industries remain significant contributors. Agriculture, forestry, and wood products continue to drive economic activity in rural areas, with increasing attention to sustainability and value-added processing. Small and mid-sized businesses are especially important: they make up a large share of Oregon’s exporters and are often key drivers of community resilience, particularly outside the urban core.

Entrepreneurship and small business development receive meaningful support across the state through nonprofit networks, local governments, and targeted state programs. Combined with Oregon’s generally high quality of life, these factors can help attract and retain talent, even in a highly mobile labor market.

That said, Oregon’s investment in economic development has not always matched its potential. While the state invests in infrastructure, comparative data from the Council for Community and Economic Research (C2ER) suggests that Oregon ranks near the bottom among its peers in per capita economic development spending when infrastructure is excluded. Without a clearly defined statewide strategy or performance metrics, many investments are difficult to align or evaluate. A coordinated plan could better ensure that resources—whether financial, institutional, or geographic—are directed toward outcomes that serve the whole state, especially in rural and under-resourced regions.

Taken together, Oregon has the ingredients for a competitive, future-facing economy. The opportunity lies in how the state organizes and mobilizes those ingredients—through stronger ecosystem structure, statewide coordination, and a clear understanding of the outcomes it aims to achieve.

The Problems Oregon Faces

Despite these strengths, Oregon is facing a number of economic warning signs. Businesses and jobs are leaving the state. According to recent report by the University of Oregon’s Institute for Policy Research & Engagement (IPRE), a growing number of Oregon companies are being courted by out-of-state recruiters. The study found that Oregon businesses are being actively targeted by out-of-state recruiters—and in many cases, successfully. Of the Oregon businesses contacted by out-of-state economic development entities, 68% ultimately chose to relocate or expand operations outside of the state (IPRE Business Recruitment Report, 2024).

This is part of a broader trend. Oregon’s population and job growth now lag behind national averages. While the U.S. economy has continued to expand, Oregon’s GDP and employment growth have slowed. In the Portland metro area – long considered the engine of the state’s economy – job losses, rising commercial vacancies, and business closures have prompted concern about a potential “doom loop,” in

which economic decline, falling tax revenues, and public service cuts feedback on each other (The Oregonian, 2025).

In rural Oregon, the problems are different but no less urgent. Many rural communities face persistent economic stagnation, marked by limited access to capital, declining population, and slow job growth. These areas are often cut off from emerging industries and the infrastructure needed to support them. While some rural regions have begun to diversify, the pace of change is slow and uneven.

The state also faces compounding structural constraints: housing remains unaffordable in most urban and rural markets alike; healthcare and childcare systems are strained; and basic infrastructure, including broadband and industrial land, is not keeping pace with demand. These are social, infrastructure, and public finance challenges, but they are also economic development challenges. They shape workforce participation, business location decisions, and regional competitiveness.

A looming demographic shift will add further strain. According to the Oregon Employment Department, nearly one quarter of Oregon’s workforce is over the age of 55. As these workers retire, the state faces the loss of deep institutional knowledge and critical skillsets—not easily or quickly replaced. At the same time, delayed retirements and a lack of new job openings can create bottlenecks for younger and mid-career workers, limiting economic mobility and innovation across sectors.

These trends are not destiny, but they point to a need for deliberate action. Without a coordinated strategy, Oregon risks falling further behind and failing to deliver on the potential its assets and investments suggest it can achieve.

The Current State of Oregon’s Business Climate

Recent national rankings paint a sobering picture of how Oregon is perceived as a place to do business. In CNBC’s 2024 “Top States for Business” report, Oregon ranked 28th for overall economic strength and 48th in business friendliness—two categories driven by input from business leaders and measurable indicators like cost of doing business, regulation, and infrastructure (CNBC, 2024). The state fared no better in Chief Executive’s 2024 rankings, placing 43rd out of 50, or in the Tax Foundation’s 2025 State Tax Competitiveness Index, where Oregon ranked 30th overall and 49th in corporate tax environment.

These national rankings reflect more than perception; they align with the tangible trend of businesses leaving the state. As previously noted, this includes the significant finding that 68% of Oregon businesses targeted by out-of-state economic development entities ultimately chose to relocate or expand operations elsewhere (IPRE Business Recruitment Report, 2024).

The report identified a range of factors driving these decisions: regulatory complexity, tax burden, lack of industrial land, unaffordable housing, and infrastructure constraints. While none of these challenges are unique to Oregon, the combination and persistence of these issues has highlighted a broader issue with Oregon’s economic climate: a growing perception that the state is a harder place to do business, expand, or invest. Without a coordinated strategy to address these challenges—and to play to Oregon’s strengths—the state risks continued slippage in competitiveness and outcomes.

Strategic Analysis

Why Businesses Leave, Stay, or Grow in Oregon

To better understand why businesses choose to leave Oregon, expand elsewhere, or stay and grow in-state, this section draws on the push/pull/anchor framework from the *External Business Recruitment* report produced by the Institute for Policy Research & Engagement (IPRE) for Business Oregon.

This framework breaks business decision-making into three categories: Push factors that drive businesses away, pull factors that attract them elsewhere, and anchor factors that keep them rooted in place

Push Factors

Push factors are internal barriers or disincentives that make doing business in Oregon more difficult. These are the reasons companies begin to consider leaving in the first place. The most frequently cited include:

- Regulatory complexity—permitting timelines and compliance processes are often seen as slow, fragmented, and hard to navigate.
- Tax burden—while Oregon lacks a sales tax, its corporate and personal income tax rates are comparatively high and often unpredictable.
- Lack of available land and infrastructure—especially industrial land that is site-ready for expansion.
- High housing costs—which limit the ability to attract or retain a stable workforce.
- Workforce gaps—both in technical talent and in basic labor supply, particularly in rural areas or fast-growing sectors.

These factors don't operate in isolation. When they compound, they create an environment that feels increasingly difficult to operate in, especially for mid-sized and growing firms.

Pull Factors

Pull factors are external incentives offered by other states to draw Oregon companies away. The IPRE report makes clear that Oregon businesses are being actively recruited by other states—and that many are responding. Common pull factors include:

- Lower tax burdens
- More aggressive incentive packages, including direct financial offers tied to job creation
- Simplified permitting and regulatory environments, which reduce time-to-market
- Direct outreach from governors or state agencies, signaling that business attraction is a high priority elsewhere

These efforts are often highly coordinated and targeted. Businesses that feel undervalued or unsupported in Oregon are more likely to listen.

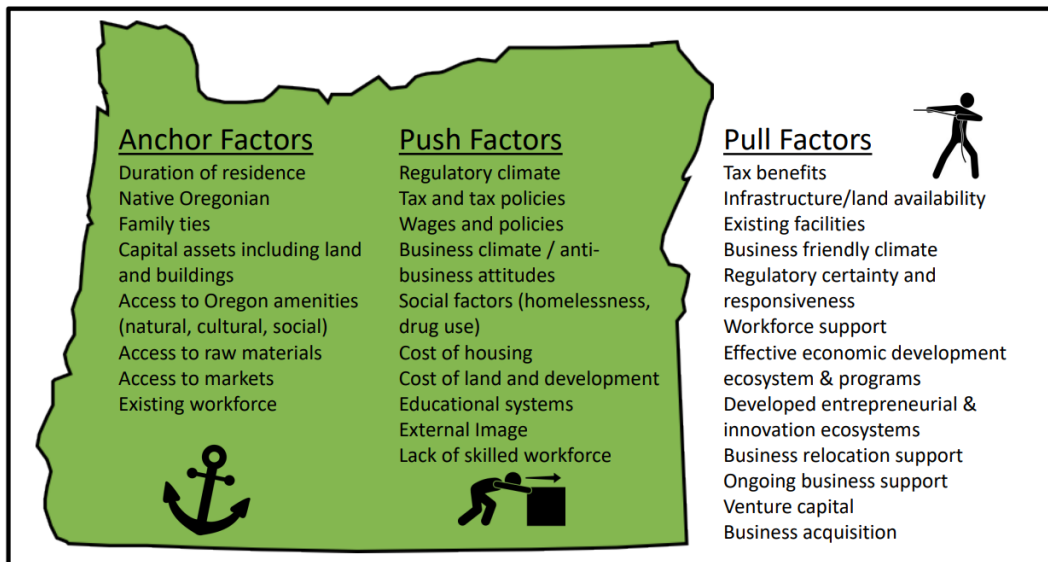
Anchor Factors

Not all businesses leave. Many remain committed to Oregon because of the unique value the state provides. Anchor factors are the characteristics that keep companies rooted—and can serve as a foundation for future growth:

- Access to talent, including through higher education partnerships
- Quality of life and natural environment, a frequent asset in recruiting talent
- Existing industry clusters and local supply chains, which lower costs and foster innovation
- Local leadership and civic relationships, including municipal governments, chambers, and nonprofit partners
- Long-term relationships with employees, communities, and other institutions, which are not easily replicated elsewhere
- While these factors are harder to measure than tax rates or incentives, they matter deeply -- particularly for Oregon-headquartered companies with long-standing local ties.

A coordinated economic development strategy should be designed to address all three categories. That means reducing push factors, resisting pull factors, and reinforcing anchor factors through deliberate ecosystem design. Oregon has the building blocks. What it needs is a plan to align them.

Exhibit 1: Push, Pull, Anchor Framework



Source: IPRE Business Recruitment Report, 2024

Understanding Economic Development Ecosystems: Types of Organizational Structures

An *economic development ecosystem* is a network of interconnected organizations and institutions within a region that collaborate to enhance the area's economic well-being. Economic development ecosystems typically encompass public agencies (state and local governments, economic development districts),

private-sector players (businesses, investors, industry associations), and nonprofit or academic partners (chambers of commerce, universities, workforce organizations) all working in concert. This ecosystem approach is vital for effective state and regional development strategies because no single entity can drive growth alone – economic development thrives in ecosystems, not silos. By coordinating efforts across sectors, regions can align their resources and expertise toward shared goals. In short, when government, businesses, and community organizations act in partnership, they amplify each other’s efforts and build a more resilient, competitive regional economy. Several economic development ecosystem models exist which are discussed in the following sections.

Centralized/Hierarchical Model

This structure features a clear central authority, often a state governor a single organization or government agency, that takes the lead in directing economic development efforts. Decision-making and resource allocation are concentrated at the top of the hierarchy. Public Economic Development Organizations (EDOs) frequently adopt this model, organizing themselves into departments or divisions based on geography, service, or subject area, with department heads reporting to an Executive Director. For instance, a city or county EDO might have departments for business development, business finance, and community development, all operating under the direction of an Executive Director.

This model can offer strong leadership, clear lines of authority, and enhanced accountability, ensuring that efforts are aligned with a central strategy. Financial analysis, reporting, and overall data management can also be simplified in a centralized structure. However, a highly centralized approach may lack the flexibility and responsiveness needed to address the diverse needs of ecosystem participants. It can also potentially hinder innovation by limiting autonomy and relying on top-down decision-making. The rigidity and formal hierarchies inherent in this structure can sometimes inhibit collaboration and create barriers to task completion.

Decentralized/Networked Model

In contrast to the centralized approach, the decentralized model emphasizes collaboration and partnerships among various independent organizations and institutions. There is no single dominant entity; instead, the ecosystem functions through interconnected relationships and shared goals. The economic development ecosystem in Raleigh, North Carolina exemplifies this model, with small business owners at the center of a network involving the City of Raleigh and numerous external partners. The Ecosystem Economy, in general, relies on a network where value is co-created through collaboration between diverse participants. Network organizational structures are often seen as versatile, scalable, and adaptable.

This model can foster innovation by bringing together diverse perspectives and expertise. It can also be more responsive to localized needs and opportunities. However, the success of a decentralized model hinges on strong communication and coordination mechanisms to prevent fragmentation and duplication of efforts. Building trust and establishing shared objectives among the network participants are also critical for effective collaboration. Managing the complexity of multiple interdependencies is a key challenge in this structure.

Public Sector Driven Model

In this model, government entities, such as local or regional development agencies, take the primary responsibility for initiating, funding, and managing economic development initiatives. These organizations

often operate with public funds and are accountable to government bodies. Many states, including Connecticut, run economic development programs through several freestanding public agencies, each responsible for different programs and services like business financing and tax incentives. The Canadian Yukon Economic Development organizational structure, with a Deputy Minister at the top overseeing various directorates like Regional Economic Development and Business and Industry Development, provides an example of a public sector-driven model.

This structure can ensure public accountability and alignment with broader government policies and priorities. Public sector entities often have access to significant financial resources and the authority to implement large-scale projects. However, this model might be susceptible to political influences and bureaucratic processes, potentially leading to slower decision-making and reduced agility. Engaging the private sector effectively can also be a challenge if the approach is overly top-down.

Private Sector Driven Model

In this structure, economic development efforts are primarily led and funded by private businesses, industry associations, or business-led organizations. These entities often have a strong focus on market needs and business growth. Private EDOs are typically governed by a board of directors composed of individuals with diverse business expertise. A Regional Business Council, with a board drawn from CEOs and business leaders across various sectors, and committees focused on areas like business attraction and workforce development, would represent a private sector-driven model.

This model can bring strong business acumen, efficiency, and a market-oriented approach to economic development. Decisions are often made quickly and are directly aligned with the needs of the business community. However, a purely private sector-driven approach might prioritize the interests of its members over broader community benefits and could face challenges in securing public trust and accessing public resources. Coordination with public sector entities might also require deliberate effort.

Public-Private Partnership Model

This approach combines the resources and expertise of both the public and private sectors through formal agreements and collaborative initiatives to achieve shared economic development goals. Public-private EDOs are often governed by a mixed board of directors that includes representatives from business, labor, civic groups, nonprofit organizations, and government agencies. Interlocal Partnerships, formal agreements between public agencies to jointly exercise powers, and collaborations with Corporate Partners, where both entities cooperate to promote economic growth, are examples of this model.

This structure can leverage the strengths of the different sectors, combining public resources and oversight with private sector efficiency and innovation. It can lead to more sustainable and impactful outcomes by aligning the interests of diverse stakeholders. However, establishing clear roles, responsibilities, and accountability mechanisms is crucial. Careful negotiation and management are required to avoid potential conflicts of interest and ensure that shared goals are effectively pursued.

Regional Development Organization Model

This model focuses on economic development at a multi-jurisdictional level, fostering collaboration among several local governments or communities within a specific region. RDOs, which can include Economic Development Districts (EDDs) and Councils of Governments (COGs), provide planning and development services to their member local governments. The Advance Albany County Alliance (New

York), with its proposed Local Development Corporation (LDC) governed by a board representing business, civic, philanthropic, academic, non-profit, and public sector leaders from across the county, exemplifies a regional approach. Similarly, the Wisconsin Regional Economic Development Partners map illustrates a network of eleven regional organizations working across the state.

This model allows for addressing economic issues that extend beyond the boundaries of individual communities, enabling the development of economies of scale and coordinated regional strategies. It facilitates access to federal and state funds for regional initiatives. However, aligning the diverse interests of multiple member jurisdictions and ensuring an equitable distribution of benefits can be challenging. Strong communication and a shared regional vision are essential for success.

Factors Influencing the Choice of Structure

The selection of the most appropriate organizational structure for an economic development ecosystem is influenced by a variety of contextual factors. The size and complexity of the community, region, or state play a significant role; larger, more diverse economies might necessitate more decentralized and collaborative models to effectively address varied needs and opportunities. Conversely, smaller communities might find a more centralized approach to be efficient.

The specific economic goals and priorities of the community or region are important in determining the structure. Whether the focus is on attracting large businesses, nurturing entrepreneurship, or developing specific industry clusters will dictate the type of structure that can best support these objectives. For instance, fostering a startup ecosystem might benefit from a decentralized network that provides ample support and resources for entrepreneurs.

The resources available to the community, both financial and in terms of human capital, will also constrain the options for organizational structure. Communities with limited resources might need to leverage existing organizations or adopt more streamlined models, potentially through public-private partnerships to share the burden.

The political landscape and history of the area are critical considerations. Existing political dynamics, the level of trust among stakeholders, and any historical precedents of collaboration (or lack thereof) will influence the feasibility and effectiveness of different structures. Overcoming entrenched political interests or building trust among partners might be necessary steps in choosing and implementing a particular model.

Finally, the desired level of centralization versus decentralization is a fundamental choice that will shape the organizational structure. A community that values efficiency and top-down control might favor a centralized model, while one that prioritizes innovation, local autonomy, and broad participation might opt for a decentralized network. Understanding the trade-offs between these approaches is essential for making an informed decision.

The next section summarizes the most common tools and structures identified in the case studies and outlines how they might inform ecosystem design in Oregon.

What We Learned from Case Study States (Pennsylvania, New York, Michigan, Colorado, Kentucky)

Many states have taken deliberate, structured approaches to managing their economic development ecosystems with many driven by executive leadership at the gubernatorial level. Their strategies differ—reflecting differences in geography, governance, and political culture—but they share a common feature: each has defined a clear role for state-level coordination and made strategic choices about how economic development functions are organized and delivered.

To better understand how Oregon might strengthen its own approach, we examined five states: Pennsylvania, New York, Michigan, Colorado, and Kentucky. These were selected because they represent a range of institutional models, geographic settings, and policy tools. Some are centralized, others more regionally distributed. Some focus on distressed areas, others on industry sectors or regional innovation. Together, they offer a diverse set of models Oregon can learn from. Specifically:

- **Pennsylvania** was chosen for its strong executive leadership in economic development.
- **New York** was selected to find insights into effective regional approaches.
- **Michigan** was picked for its public-private partnerships.
- **Colorado** was chosen to look at a model focusing on high-tech information ecosystems and supporting rural communities.
- **Kentucky** was selected for its emphasis on rural communities.

This work was not intended to evaluate which state performs “best.” Rather, it was designed to identify practical tools, structures, and strategies that have been implemented elsewhere – and that Oregon might consider adapting if appropriate. The research was based on publicly available materials, including strategic plans, agency reports, legislative documents, and economic development overviews produced by the states themselves. We focused on the role of government agencies, quasi-public entities, and nonprofit partners in delivering and coordinating economic development activities.

Our review looked at:

- Governance structures and the role of central coordinating agencies
- Regional and local implementation mechanisms
- Public-private partnerships and nonprofit delivery partners
- Urban and rural development strategies
- Alignment with workforce, infrastructure, and revitalization goals
- Legal authorities, where relevant

Across the five states, we found a variety of tools and approaches that support coordination, focus, and impact. These include regional economic planning bodies tied to state funding (as in New York), statutorily empowered development authorities (as in Pennsylvania), formal regional partnerships with flexible implementation mandates (as in Kentucky and Colorado), and state-level strategies that integrate place-based investments (as in Michigan).

These examples are not offered as blueprints. Oregon’s political culture, economic structure, and administrative history differ in important ways. But, like a telescope in an astronomy experiment, these tools are effective when the conditions are right and can be valuable additions to Oregon’s policy toolbox. Oregon can evaluate, adapt, or repurpose these methods to suit its own goals, institutional capacity, and regions.

We first describe the different types of organizational structures that states have and discuss their characteristics, advantages, and disadvantages. We then go over what tools and lessons were learned from the case study states.

Case Study State Organizational Structure Analysis

This section uses the above discussed organizational structures and applies them to each case study state.

Pennsylvania

Pennsylvania’s economic development ecosystem is anchored by a strong state-level department (the Department of Community and Economic Development, or DCED) that provides centralized leadership with significant input from the governor. This public sector-driven, hierarchical structure at the state level is complemented by a broad network of regional and local authorities.

Every county has at least one economic development organization (often an Industrial Development Authority or nonprofit corporation) enabled by state law to issue bonds and finance projects. These county-level and multi-county entities serve as Regional Development Organizations, acting as intermediaries that deliver state programs (for example, certified county economic development organizations help administer state loans and grants).

Pennsylvania also makes extensive use of public-private partnerships. At the statewide level, the nonprofit Team Pennsylvania Foundation—co-chaired by the Governor and a private-sector leader—convenes business, government, and civic partners to advance economic priorities. Major cities employ hybrid models as well (for instance, Philadelphia’s PIDC is a jointly governed city-chamber economic development corporation). Overall, Pennsylvania’s system is primarily centralized under DCED’s guidance, but it leverages regional authorities and public-private collaborations to implement projects at the local level.

A potential challenge is ensuring coordination across this diverse landscape of agencies, though programs like the CEDO network aim to align local efforts with state strategy.

New York

New York’s ecosystem features a centralized state authority combined with structured regional input. The lead entity is Empire State Development (ESD), a state public-benefit corporation that serves as the central economic development agency. ESD’s hierarchical oversight is balanced by an innovative regional framework: the state is divided into ten Regional Economic Development Councils (REDCs), which are multi-sector advisory boards that develop regional plans and influence the distribution of state funding.

This approach blends a Public Sector Driven, top-down strategy with Decentralized/Networked collaboration at the regional level. Each REDC is essentially a public-private partnership body—composed

of local business leaders, academia, and government officials—that prioritizes projects for state support in its region.

At the local level, city and county governments have their own development entities, including Industrial Development Agencies (IDAs) and local development corporations, which implement projects and provide incentives in alignment with state programs. New York also coordinates efforts through formal mechanisms like the Consolidated Funding Application, where state agencies and REDCs work together on project funding decisions. In summary, New York’s model is state-driven and centralized in oversight, but with robust regional public-private councils ensuring that bottom-up input guides investment across diverse areas of the state. One note is that this multi-layered system requires careful alignment of state and regional goals, which New York manages through the REDC process and governor’s directives.

Michigan

Michigan organizes its economic development ecosystem around a public-private partnership at the state level as the primary driver. The Michigan Economic Development Corporation (MEDC) is the flagship agency—it was established in 1999 via an interlocal agreement and operates as a public-private partnership rather than a typical state department. MEDC leads business attraction, community development, and even tourism branding (e.g. the “Pure Michigan” campaign) with a centralized structure, but its governance involves both state and private stakeholders (overseen by the Michigan Strategic Fund, a public board of appointees). This gives Michigan a somewhat Centralized/Hierarchical framework at the top, while still engaging the private sector in decision-making.

Alongside MEDC, the state’s Department of Labor and Economic Opportunity coordinates workforce programs and the Office of Rural Prosperity, ensuring public agencies align with MEDC’s economic goals. At the regional level, Michigan is divided into 14 planning regions under the Michigan Association of Regions, which function as Regional Development Organizations to coordinate multi-county economic strategies.

These regional councils, along with local workforce development boards and economic development partners, create a decentralized network of collaboration that feeds into the state’s plans. In practical terms, Michigan’s system is led by a state-coordinated PPP (the MEDC), supported by regional councils that help tailor state initiatives to local needs, and by public agencies that integrate workforce and community development efforts. This blended model leverages private-sector agility through MEDC while maintaining public accountability via the Strategic Fund and regional input, though it requires clear roles to avoid overlap.

Colorado

Colorado’s economic development ecosystem can be characterized as state-led but highly collaborative, embodying both Public Sector Driven and Decentralized/Networked elements. The Colorado Office of Economic Development and International Trade (OEDIT) is the central state agency, operating under the Governor’s Office to drive strategy and coordinate programs statewide. This provides a clear hierarchical leadership and integration with the Governor’s priorities.

At the same time, Colorado places a strong emphasis on regional and local partnerships. The state works with regional development organizations such as Councils of Governments and federally designated Economic Development Districts that cover multiple counties (e.g. Region 9 Economic Development District in Southwest Colorado), which help plan and implement economic initiatives across jurisdictions.

In urban areas, influential public-private partnerships like the Metro Denver Economic Development Corporation bring together counties, cities, and the business community to promote regional growth. Many counties and cities have their own economic development councils or partnerships (for example, the Adams County Regional Economic Partnership and others), which are often business-led but coordinate closely with OEDIT programs.

This networked approach means that while Colorado has a central strategy, much of the delivery is decentralized through regional collaboration and private-sector engagement. In summary, Colorado's model is a hybrid: a strong central agency sets direction and offers resources, but implementation is carried out in partnership with regional coalitions and local public-private entities, allowing for flexibility and local initiative within an overall coordinated framework. This collaborative structure helps adapt to Colorado's diverse regional economies, though it also relies on strong communication channels to keep state and local efforts aligned.

Kentucky

Kentucky's economic development system features a centralized state authority coupled with formal regional structures and partnerships. The Kentucky Cabinet for Economic Development (KCED) is the primary state agency leading job creation and business investment efforts, functioning as a cabinet-level department driving policy and programs from the top. This public sector-driven, hierarchical model at the state level is anchored by KCED's divisions focused on business attraction, existing industry support, entrepreneurship (KY Innovation), workforce, and international trade, all coordinated under the Cabinet's leadership.

Complementing this central agency is a network of 15 Area Development Districts (ADDs)—multi-county regional planning and development organizations that provide support and help implement economic initiatives across the state. These ADDs exemplify the Regional Development Organization model, ensuring that rural and regional needs are incorporated into statewide plans. Coordination between the state and these regions (and among various agencies) is institutionalized through bodies like the Kentucky Economic Development Partnership Board and the Kentucky Workforce Innovation Board, which bring together public officials and private sector representatives. Notably, Kentucky's Partnership Board includes business leaders alongside government, effectively making the governance of KCED a public-private partnership in itself.

Additionally, Kentucky often utilizes public-private partnerships for project delivery—for example, working with private investors on infrastructure or using nonprofit intermediaries for site development—to expand the state's capacity for economic development. In essence, Kentucky's structure is state-centric (centralized public sector) in vision and funding, but it actively devolves planning and implementation through regional districts and engages private stakeholders in boards and projects. This approach has helped Kentucky address local needs through its ADDs, though it requires ongoing collaboration between the central Cabinet and the regional/local entities to ensure unified goals and avoid gaps in service delivery.

Table 1 summarizes the primary and secondary ecosystem structures for the case study states.

Table 1: Case Study State’s Organizational Structure Table Summary

State	Primary Structure(s)	Secondary Structure(s)
Pennsylvania	Centralized/Hierarchical; Public Sector Driven (strong state department oversight)	Public-Private Partnerships; Regional Development Organizations (state-local partnerships and local/regional authorities)
New York	Centralized/Hierarchical; Public Sector Driven (state authority leads strategy)	Public-Private Partnerships; Regional Development Organization (regional councils with mixed public-private leadership)
Michigan	Public-Private Partnership; Centralized/Hierarchical (state’s lead agency is a PPP)	Regional Development Organization; Decentralized/Networked (multi-county regional councils and collaborative boards)
Colorado	Public Sector Driven; Decentralized/Networked (state-led but collaboration-focused)	Public-Private Partnerships; Regional Development Organization (local/regional EDO partnerships and councils)
Kentucky	Public Sector Driven; Centralized/Hierarchical (state cabinet leads)	Public-Private Partnerships; Regional Development Organization (state board with private sector input, multi-county districts)
Oregon	Decentralized/Networked	Public Sector Driven, Regional Development Organization

Source: Institute for Policy Research and Engagement

A Toolkit for Ecosystem Design: Lessons from Other States

The case study states reviewed – Pennsylvania, New York, Michigan, Colorado, and Kentucky – offered a range of policy tools and structural strategies that help them coordinate and deliver economic development more effectively. While no two states are alike, several common elements emerged. These elements can serve as a practical toolkit that Oregon can consider, adapt, or repurpose based on its own needs and context.

First, each state maintains clear state-level leadership, often directly involving the Governor’s office as a top priority. In every case, a central agency is empowered to lead and align statewide efforts. These include the Pennsylvania Department of Community and Economic Development, New York’s Empire State Development, the Colorado Office of Economic Development and International Trade, and the Kentucky Cabinet for Economic Development. These agencies not only coordinate programs and funding but often serve as the primary point of contact for both public and private partners. Their leadership ensures that economic development goals are tied to broader state priorities and guided by a consistent strategy.

Second, regional and local partnerships are formalized and empowered. Rather than relying on informal networks, these states have built structured regional frameworks to implement their goals. For example, New York has ten Regional Economic Development Councils that develop regional strategies and compete

for state funding based on how well their plans align with state goals. Kentucky relies on Area Development Districts to support multi-county planning and implementation. These structures promote both horizontal and vertical alignment -- between local and regional actors, and between regions and the state.

Third, each state employs comprehensive strategies that go beyond recruitment. The emphasis is not solely on attracting businesses from elsewhere, but on retaining existing businesses and helping them expand. States align their strategies with workforce development, infrastructure investment, housing availability, and quality-of-life concerns. In Michigan, for example, economic development efforts are place-based and focused on revitalizing distressed areas, integrating land use, infrastructure, and workforce in a single strategy.

Fourth, workforce development is a central focus. States understand that economic development depends on talent availability. Colorado's approach to rural economic development includes direct alignment with community colleges and sector-based workforce partnerships. Public agencies often work alongside education institutions and employers to ensure training aligns with economic goals and regional needs.

Fifth, states recognize the distinct needs of urban and rural areas. Colorado stands out for its Rural Colorado initiative, which is led by a dedicated Rural Opportunity Office within the Office of Economic Development and International Trade. These strategies acknowledge that rural communities require different tools than urban ones, and often require more tailored, flexible approaches. Kentucky has taken a similar approach in eastern Kentucky, where collaborative networks like Shaping Our Appalachian Region (SOAR) have supported broadband expansion and community revitalization in historically underserved areas.

Sixth, public-private partnerships are used to expand capacity. Nonprofit partners, industry organizations, and regional development entities are often enlisted to help deliver services, broker investments, and convene stakeholders. These partnerships allow states to be more flexible and responsive, particularly in areas where state staffing or direct control is limited.

Finally, states offer a wide range of funding tools and incentives. These include loans, tax credits, flexible grants, and site development support. Pennsylvania's Industrial Development Authorities play a particularly strong role in this area, helping finance hospitals, manufacturing facilities, and infrastructure that create jobs and expand capacity. Many states also tie funding to performance metrics, using outcomes to guide future allocations and refine strategy.

Takeaways

Oregon's economic development ecosystem is broad, active, and filled with capable partners. In a 2022 assessment of Oregon's economic development ecosystem, IPRE identified more than 850 organizations that are actively working on economic development statewide. While each contributes to local and regional efforts, these actors operate within a system that lacks a unified statewide strategy, shared outcomes, or clear coordination.

Oregon's ecosystem primarily functions as a Decentralized/Networked model. Instead of a single central authority with strategic oversight, economic development work is carried out by a diverse and loosely connected network of state agencies (like Business Oregon, Housing and Community Services, and the Employment Department), regional economic development organizations (such as Oregon Economic Development Districts), and local governments. These entities engage in economic development independently or through ad hoc partnerships, but there isn't a mechanism for aligning their efforts or even for encouraging them to collaborate.

At the state level, Business Oregon serves as the main public economic development agency, placing Oregon somewhat within a Public Sector Driven model. However, Business Oregon doesn't currently function as a central coordinating agency, nor does it currently have the authority to establish statewide priorities or align local and regional actors. Its role is largely programmatic, administering incentive programs, grants, loans, and technical assistance. No single office or entity is tasked with setting statewide economic development priorities, and existing strategic initiatives (like the Equitable Economic Recovery Plan) are episodic rather than structurally integrated across the full ecosystem.

Oregon also uses a Regional Development Organization structure through its network of federally designated Economic Development Districts (EDDs). While these cover most of the state and work on regional Comprehensive Economic Development Strategies (CEDs), their capacity varies and they aren't formally integrated into a statewide coordination framework. Additionally, local workforce development boards, regional chambers of commerce, and public-private groups contribute to implementation at different scales, but their connections to state leadership are often informal and inconsistent.

In contrast, stronger economic development ecosystems in other states typically rely on a more structured model. These models feature state-level leadership that provides clear direction, establishes outcomes, and ensures alignment across regions and institutions. The tools observed in these successful systems form the core of effective economic development, providing leadership at the state level, coordination regionally, and implementation flexibility locally. They enable tailored strategies for both rural and urban communities and help integrate economic development with workforce, housing, and infrastructure systems. Crucially, these states organize their ecosystems around clear goals and empower their coordinating agencies with the authority and capacity to achieve them.

Oregon doesn't need to adopt these models wholesale; however, each offers tested components that could strengthen Oregon's own approach. Before evaluating or applying these tools, Oregon must first define what it wants its economic development system to accomplish. Strategy comes before structure, and structure is only useful when built around clear priorities.

Table 2: Oregon’s Organizational Structure Summary

State	Primary Structure(s)	Secondary Structure(s)
Oregon	Decentralized/Networked	Public Sector Driven, Regional Development Organization

Source: Institute for Policy Research and Engagement

Recommendations for Oregon

The preceding sections have outlined the strengths and weaknesses of Oregon’s current economic development ecosystem, highlighted structural trends and risks, and drawn insights from five case study states. While Oregon’s context is unique, the lessons from other states offer useful direction. The following recommendations aim to build on Oregon’s existing assets and commitments while addressing the structural gaps that limit statewide coordination, impact, and competitiveness.

Transition to a centralized/hierarchical and public sector driven primary ecosystem structure.

Oregon should shift from its current loosely coordinated network to a more centrally structured ecosystem model, blending centralized leadership with empowered regional implementation.

- **Primary Structure:** Centralized/Hierarchical + Public Sector Driven
 - Led by the Governor with a designated coordinating agency (e.g., Business Oregon).
 - Features clear statewide strategy, priorities, and performance metrics.
- **Secondary Structure:** Regional Development Organization Model
 - Empowers regional entities to implement initiatives within the statewide framework.
 - Formalizes roles, expectations, and alignment mechanisms for regional and local partners.

Oregon’s current decentralized model is diffuse and lacks strategic alignment. A more centralized structure could reduce duplication, improve coordination, and enable the achievement of statewide priorities. Regional implementation could preserve local responsiveness and innovation while supporting broader state goals.

Make economic development a central state priority.

As outlined in The Foundation of Oregon’s Priorities section, Oregon’s current state priorities—housing, education, and behavioral health—are deeply connected to the strength of its economy. Economic development should be formally recognized as a fourth pillar, with commensurate leadership and attention. Without focused investment in job creation and business growth, the state will struggle to generate the revenue and social stability needed to achieve its other goals.

Establish a statewide economic development strategy.

As described in the Takeaways section, Oregon’s current ecosystem is decentralized and loosely connected. Developing a clear, coordinated strategy—led by the Governor and housed within a central agency such as Business Oregon—would create alignment across agencies, regions, and funding streams. This strategy should define statewide goals and outcomes while allowing for regional flexibility in implementation.

This approach aligns with Business Oregon's Priority 4: "Lead Development in Oregon's Economic Development Strategies." As the state's economic development agency, Business Oregon is uniquely positioned to orchestrate prosperity and drive a shared vision across Oregon's diverse regional economies.

Clearly define economic development outcomes.

Economic development should not be treated as a vague aspiration. It must be tied to specific, measurable outcomes: job growth, wage gains, business retention, rural revitalization, and more. Defining these outcomes publicly and concretely allows for accountability, public support, and focused policy design.

Develop alignment tools to support coordination.

States like New York and Kentucky have created formal frameworks -- such as regional development councils and area development districts -- to align local planning with state priorities. Oregon could explore similar tools to improve vertical coordination across government levels, and horizontal coordination across sectors. This may include shared planning frameworks, designated conveners, or resource allocation tied to regional collaboration.

Embed economic development into broader systems.

Case study states have shown the value of integrating economic development with workforce development, housing, and infrastructure. Michigan's place-based revitalization efforts, for instance, coordinate land use, education, and business development to support distressed areas. Oregon could explore how strategy can be embedded into adjacent systems to increase impact and avoid duplication.

Fund shared planning capacity, especially in rural regions.

Effective economic development requires technical capacity -- grant writing, project development, interagency coordination for example -- that is unevenly distributed across Oregon. States like Kentucky and Colorado have invested in regional planning support structures that help under-resourced areas compete for funding and implement complex projects. Oregon could consider a similar investment in regional planning infrastructure, particularly in rural communities.

Create statewide metrics to track ecosystem health.

Several case study states use performance metrics not only to measure program success but to assess the health of the ecosystem as a whole. Oregon should develop and publish shared metrics -- such as job quality, project pipeline, capital access, and geographic equity -- to track progress and guide adjustments.

These recommendations are intended to guide discussion, not prescribe a specific model. They build from Oregon's current strengths, respond to persistent challenges, and draw directly from the practical experience of other states. The recommendations share a belief in deliberate design: the idea that economic development is not something that happens on the margins, but something that must be organized, resourced, and governed with intention.

Ultimately, Oregon does not need to replicate the systems of other states. But Oregon does need to make deliberate choices about the kind of economic outcomes it wants to pursue and design its ecosystem to support those outcomes. That work includes identifying statewide priorities, aligning institutions, and equipping regional partners with the tools and support they need to deliver on shared goals.

Conclusion

Oregon is well-positioned to develop a stronger, more intentional economic development strategy. The state has the institutional capacity, public commitment, and regional talent to build a system that reflects its values and supports its long-term prosperity. The state also has models to draw from—tools and frameworks already tested in other states, and lessons learned from its own experience.

However, without coordinated action, Oregon risks further decline in competitiveness, job creation, and revenue. A fragmented ecosystem, however well-intentioned, simply cannot compete with states that organize deliberately around their economic goals; without strategy, outcomes are left to chance, and without leadership, resources are misaligned.

The core recommendation of this report is for Oregon to shift from a loosely coordinated network model to a more hierarchical ecosystem model, with the Governor's Office providing strategic leadership and Business Oregon serving as the coordinating and implementation hub. This does not mean eliminating local control or regional responsiveness. Rather, it means defining statewide goals and enabling local and regional partners to align their work within a common framework—supported by shared tools, resources, and accountability.

Oregon's recent *Equitable Economic Recovery Plan* offers a step in this direction. Developed by Business Oregon following the COVID-19 pandemic, the plan outlined six strategic imperatives to support a more inclusive, resilient economy—including broadband expansion, childcare access, workforce reskilling, and support for small and BIPOC-owned businesses. However, the plan did not result in a fully coordinated statewide framework. It remains one of several valuable but disconnected efforts.

Any effective strategy must begin by clarifying what outcomes the state wants to achieve. Those outcomes flow from priorities, and those priorities could be set by a central entity accountable to the public. The Governor, as the only statewide elected executive, is best positioned to set this vision. Business Oregon, as the state's principal economic development agency, is well positioned to coordinate and implement it. Still, economic development is often misunderstood by the public, and opposition to new initiatives can arise from confusion about their purpose. Oregon must therefore invest not just in good policy, but in clear communication.

A coordinated ecosystem will not solve every challenge. But without one, Oregon will continue to operate without direction, without metrics, and without the structural capacity to compete effectively with other states.

The next step is to move from diagnosis to design. While agreement on every detail is not required, a shared commitment is necessary to move forward.

December 19, 2025

The Honorable Tina Kotek
Governor of Oregon
900 Court St NE
Salem, OR 97301

Dear Governor Kotek,

On behalf of the State Board of Agriculture, I write to express our support for your December 3, 2025, announcement of the Prosperity Roadmap and to ensure that Oregon's founding traded sector, Agriculture and Food & Beverage, is fully integrated into this effort. Agriculture and Food & Beverage have long been cornerstones of Oregon's prosperity, supporting more than 531,000 jobs, anchoring economic activity in every county, and generating an estimated \$2.4 billion in exports with an overall \$42 billion economic impact to the state annually.

On the same day you announced the Prosperity Roadmap, our Board heard from a panel of orchardists at our quarterly Board Meeting in Hood River. Their message was urgent: rising labor costs, complex regulatory frameworks, and regulatory disparities between Oregon and neighboring states have created a challenging economic environment that threatens the long-term viability of one of Oregon's longest standing and iconic agricultural sectors. A November 2025 Oregon State University study highlighted the growing burden of regulation costs, finding that small pear growers pay as much as \$696 per acre in regulatory compliance costs alone, representing as much as 6.6% of total revenue and placing significant strain on already thin operating margins.

We share these challenges with you to highlight that Agriculture and Food & Beverage sit at the intersection of many of your prosperity initiatives: workforce, technology, transportation, energy, permitting, land-use, and domestic and international trade policies. Our sector's perspective and lived experience are uniquely positioned to help inform strategies that strengthen the entire economic system.

We share your assessment: Oregon's economy requires a deliberate and aggressive strategy to retain businesses and accelerate growth. The reports we heard in Hood River are not isolated. Producers statewide report that escalating input costs, regulatory fatigue, and intensifying global competition have narrowed profit margins and pushed family farms to a critical inflection point. As the next generation questions whether they can afford to continue, the consequences threaten the economic stability of Oregon's rural communities.

We believe the Oregon Prosperity Council is the right vehicle to turn these challenges into opportunity. For the Roadmap to succeed, however, it must reflect not only emerging industries, but also the natural-resource economy that provides stability, scale, and statewide reach. We

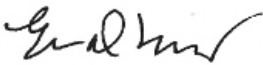
respectfully request the appointment of a representative from the Agriculture and Food & Beverage sector to the Council.

This partnership is essential for three reasons:

- **A stabilizing traded sector:** While technology fuels innovation and high growth, it can be cyclical. Agriculture and Food & Beverage provide durable, statewide economic output sustaining communities across the state through market shifts and economic downturns.
- **A fully integrated rural-urban value chain:** Agriculture uniquely connects rural production, urban processing, and global trade through Oregon's ports. Including this perspective ensures the Prosperity Roadmap advances a truly "One Oregon" economy.
- **Land-use and site-readiness expertise:** We noted your emphasis on industrial site readiness. As stewards of working lands, the agricultural community can help the state navigate land-use tensions in ways that expand economic opportunity while preserving long-term sector viability.

Agriculture and Food & Beverage representation on the council is a necessity for a long-term sustainable economy. The State Board of Agriculture stands ready to partner with you and contribute immediately to the success of the Prosperity Roadmap.

Sincerely,



Elin Miller, Chair
State Board of Agriculture

CC:

Lisa Charpilloz Hanson, Director, Oregon Department of Agriculture
Geoff Huntington, Senior Natural Resources Advisor, Office of Governor Tina Kotek
Courtney Crowell, Regional Solutions Coordinator, Office of Governor Tina Kotek
Sarah Means, Workforce, Labor, and Higher Education Advisor, Office of Governor Tina Kotek
Kelly Scannell Brooks, Transportation, Infrastructure, and Economic Development Advisor, Office of Governor Tina Kotek
Vince Porter, Deputy Chief of Staff for Public Administration, Office of Governor Tina Kotek



Recommendations to Advance Oregon's Prosperity Roadmap and Modernize Oregon's Workforce Leadership

Executive Summary

Governor Kotek's Prosperity Roadmap sets near-term administrative actions and a 2027 legislative framework to retain and grow businesses, catalyze job creation, and accelerate statewide economic growth. Oregon's workforce system—governed by the Workforce and Talent Development Board (WTDB) and delivered through nine Local Workforce Development Boards (LWDBs) and WorkSource Oregon centers—offers a platform to align governance, performance, and industry engagement with the Roadmap (via the approved 2024–2028 WIOA Combined State Plan.)

This brief proposes eight actions in two time horizons (≤6 months and the 2027 legislative session). The proposed actions borrow proven elements from other states where public workforce system resources, including TANF, SNAP E&T, and WIOA programs are aligned under a streamlined state/regional governance structure with unified performance reporting.

The recommendations also introduces a new regional industry council model staffed by LWDBs. Councils consolidate industry engagement across K–12, community colleges, and universities, creating a single employer-led table to identify needs, inform curricula, scale work-based learning, and measure results.

Recommendations

1. Support Prosperity Programs (LC130)

The \$15M state investment in workforce development will support not only preparing people to qualify for employment but will also support talent development within existing companies to ensure they have the talent needed to stay in business and/or potentially expand.

2. Clarify & Modernize Executive Order 13-08

Rationale: EO 13-08's intent—reducing fragmentation, empowering LWDBs, reestablishing roles and responsibilities—remains sound but needs modernization to align with the Roadmap.

Near-term (≤6 months): Issue an EO 13-08 Modernization Addendum that (a) codifies the roles and responsibilities of LWDBs as accountable resource coordinators and conveners for sector partnerships; (b) clarifies WTDB's statewide policy authority and multi-agency implementation; and (c) creates a joint performance compact linked to Roadmap KPIs.

2027 session: Codify WTDB multi-partner policy authority, unified reporting, co-investment rules, and data-sharing standards across public workforce system partners, including HECC-OWI, OED, DHS, VR, BOLI and Business Oregon.

3. Streamline State-Level Governance & Program Administration

Rationale: WTDB's Continuous Improvement Committee (CIC) calls for clearer authority and exploration of WIOA reorganization; the Roadmap adds a Chief Prosperity Officer (CPO) and Prosperity Council to anchor accountability.

Near-term (≤6 months): Stand up an Office of Workforce System Performance to unify policy implementation, performance management, and reporting across programs; launch a unified scorecard.

2027 session: Consider administrative consolidation of programs that make up Oregon's public workforce system.

4. Align TANF Employment & Training with WIOA (Borrowing Best Practices)

Rationale: Aligning TANF E&T with WIOA improves co-enrollment, case management, and outcomes. Texas administers TANF Choices through the Workforce Commission and local Boards; Florida integrates TANF/SNAP E&T in its Combined Plan; Michigan's PATH is co-run by DHHS and LEO; Colorado Works integrates with workforce centers.



Near-term (≤6 months): Pilot TANF–WIOA co-enrollment in two-three regions with shared intake, single employment plans, co-funded supports, and joint reporting; execute MOUs to co-locate TANF employment services in WorkSource centers.

2027 session: Statutorily authorize TANF E&T alignment with WIOA and empower WTDB to set cross-program policies for co-enrollment, performance, infrastructure funding, and shared provider lists.

5. Build a Unified Performance & Data System Tied to the Roadmap

Near-term (≤6 months): Launch an Oregon Talent Dashboard that mirrors Colorado’s (top jobs, credential gaps, equity metrics, regional outcomes) and publish unified WorkSource metrics quarterly.

2027 session: Mandate interagency and system partner data-sharing agreements and align statutory performance reporting with the WIOA plan cycle.

6. Lift Up the WorkSource Oregon Data System

Near-term (≤6 months): Ensure the new system can accommodate the functionality to enroll all high school graduates and post secondary graduates into the new WorkSource Oregon data system.

2027 session; codify the requirement to enroll all high school and post secondary graduates into the WorkSource Oregon data system.

7. Tie Workforce Delivery to Fast-Tracked Projects & Investment Tools

Near-term (≤6 months): Require workforce execution plans for fast-tracked economic development projects under the Roadmap (talent pipelines, training seats, supportive services, LWDB accountability); integrate WorkSource business services into Business Oregon outreach and regional solutions activities.

2027 session: Modernize incentives to link state support with local hiring, training, and job-quality metrics reported via the Talent Dashboard.

8. Regional Industry Councils (RICs): Consolidating Employer Engagement Across Education & Workforce

Purpose: Create employer-led Regional Industry Councils (RICs) for high-demand sectors (e.g., Health, Construction, IT/Analytics, Advanced Manufacturing) staffed by LWDBs. RICs provide a single table for industry to articulate regional skill and talent needs, streamline engagement across K–12, community colleges, and universities, and establish a curriculum feedback loop and outcomes measurement.

Charter & Governance

Charter: RICs are convened and staffed by LWDBs under WTDB policy; co-chaired by employers and education leaders (CC/University/ESD).

Scope: Identify occupational demand, skills and credential requirements, job-quality standards, and work-based learning opportunities.

Authority: Recommend curriculum updates to K–12 CTE, community college programs, and university departments; advise on program approval and capacity targets; inform industry changes and outlook.

Alignment: RICs operate within labor-shed aligned regions and report to WTDB and the CPO's Prosperity Council to tie outcomes to Roadmap KPIs.

Membership

Employers (anchor firms, SMEs, and unions where applicable).



LWDB leadership and sector partnership staff (convener, data lead).

Education partners: ESD superintendents/CTE directors, community college deans, university department chairs, adult education and apprenticeship sponsors.

Public partners: HECC-OWI, OED, Business Oregon, VR, DHS (TANF), local governments/regional solutions.

Operating Model

Quarterly RIC meetings with a published agenda, minutes, and action trackers; annual sector action plans.

Data backbone via the Oregon Talent Dashboard and regional LMI to identify top jobs, skills gaps, and equity gaps.

Curriculum Feedback Loop: standardized templates for competency frameworks, course/module changes, and equipment needs; shared calendar for program review cycles.

Work-Based Learning: set targets for paid internships, youth apprenticeships, clinicals, and OJT placements; align funding and braided supports (WIOA, TANF, Perkins, state grants, etc.).

Outcome Measurement: common KPIs—enrollment, completion, credential attainment, employment, wages, retention, employer satisfaction; quarterly publication on the dashboard.

Equity & Access: track participation and outcomes for priority populations; ensure wraparound supports (childcare, transportation, tools, stipends).

Implementation Timeline

Near-term (≤6 months):

- 0–90 days: Identify priority sectors per WTDB Talent Assessment; select pilot regions; recruit co-chairs; approve RIC charters.
- 90–180 days: Publish first sector action plans and curriculum feedback packages; launch shared intake for paid work-based learning (youth + adults); start dashboard reporting [2, 17].

2027 session: Codify RICs and sector partnerships in statute; establish multi-agency funding contribution and performance-based grants tied to Roadmap outcomes.

SUMMARY

Near-Term Action Plan (January–June 2026)

1. Issue and pass Prosperity Programs bill
2. Issue EO 13-08 Modernization Addendum (roles, authority, performance compact)
3. Stand up an Office of Workforce System Performance to unify policy implementation, performance management, and reporting across programs; launch a unified agency scorecard.
4. Launch TANF–WIOA co-enrollment pilots with MOUs and co-location in WorkSource center
5. Stand up Office of Workforce System Performance and unified scorecard; release Oregon Talent Dashboard MVP
6. Require WorkSource Oregon to build a data system capable of enrolling all high school or post secondary graduates



7. Require workforce execution plans for fast-tracked economic development projects under the Roadmap (talent pipelines, training seats, supportive services, LWDB accountability); integrate WorkSource business services into Business Oregon outreach and regional solutions activities.
8. Form initial RICs in two pilot regions; deliver curriculum feedback packages and work-based learning targets.

Proposals for the 2027 Legislative Session

1. Codify WTDB multi-partner policy authority, unified reporting, co-investment rules, and data-sharing standards across public workforce system partners, including HECC-OWI, OED, DHS, VR, BOLI and Business Oregon
2. Consider administrative consolidation of programs that make up Oregon's public workforce system.
3. Statutorily authorize TANF E&T alignment with WIOA and empower WTDB to set cross-program policies for co-enrollment, performance, infrastructure funding, and shared provider lists.
4. Mandate interagency and system partner data-sharing agreements and align statutory performance reporting with the WIOA plan cycle.
5. Codify the requirement to enroll all high school and post secondary graduates into the WorkSource Oregon data system.
6. Modernize incentives to link state support with local hiring, training, and job-quality metrics reported via the Talent Dashboard.
7. Create Sector Partnership & RIC statute with flexible multi-agency funding and performance-based grants

Appendices

- A. Draft EO 13-08 Modernization Addendum – bullets for roles, authorities, and performance compact.
- B. Sample MOU Outline – DHS (TANF), HECC-OWI (WIOA), LWDBs for co-location and co-enrollment.
- C. Regional Industry Council Charter Template – purpose, governance, membership, KPIs.
- D. Unified Metrics Dictionary – definitions and data sources for dashboard reporting.

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OREGON WORKFORCE
PARTNERSHIP

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TINA KOTEK
GOVERNOR

December 30, 2025

Colonel Dale Caswell, Jr.
Commander and District Engineer
Portland District
U.S. Army Corps of Engineers
333 SW 1st Avenue
Portland, OR 97204

RE: Support for NXTClean Fuels Project at Port Westward, Oregon

Dear Colonel Caswell,

I am writing to express my support for the proposed NXTClean Fuels facility at Port Westward in Columbia County, Oregon. This \$3 billion private investment represents a significant opportunity for rural Oregon, both economically and environmentally, and has undergone rigorous review and permitting at the state and county levels.

NXTClean Fuels has worked closely with state agencies and local communities to ensure the project meets, and in many cases exceeds, Oregon's environmental protection standards. The facility has received a Removal-Fill Permit from the Oregon Department of State Lands and a 401 Water Quality Certification from the Oregon Department of Environmental Quality. It also underwent a comprehensive Cleaner Air Oregon review, which confirmed that local communities will not be adversely impacted by construction or operation. Public engagement has been robust, and the company has demonstrated a strong commitment to transparency and responsiveness.

The project is expected to generate over 3,000 union construction jobs and 240 permanent positions, with thousands more indirect jobs across the region. It will also contribute more than \$45 million annually in tax revenue to the State of Oregon and Columbia County, and over \$5.5 million in fees to the Port of Columbia County. These are meaningful impacts for our rural communities.

From an environmental standpoint, NXTClean Fuels will produce Renewable Diesel and Sustainable Aviation Fuel, displacing up to 750 million gallons of fossil fuels annually and reducing over 7 million tons of carbon dioxide emissions. The facility's ultra-low carbon intensity fuels, derived from recycled organic feedstocks, align with Oregon's climate goals and offer immediate air quality benefits.

Colonel Dale Caswell, Jr.
December 30, 2025
Page 2

Additionally, the company has committed to restoring over 470 acres of adjacent land into vibrant wetlands. This will be one of the largest private restoration efforts along the Columbia River. The initiative will enhance habitat, improve water quality, and provide flood mitigation benefits.

Given the extensive state-level vetting and the broad coalition of support from labor organizations, environmental leaders, local governments, and business groups, I respectfully urge the U.S. Army Corps of Engineers to give full and timely consideration to this project. Oregon stands ready to support the federal review process and collaborate to ensure that this project moves forward responsibly and efficiently.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Tina Kotek". The signature is fluid and cursive, with the first name "Tina" and last name "Kotek" clearly distinguishable.

Governor Tina Kotek

TK:ta

cc: Leah Feldon, Director, Oregon Department of Environmental Quality
Kaitlin Lovell, Director, Oregon Department of State Lands
Brenda Bateman, Director, Oregon Department of Land Conservation and Development
State Senator Suzanne Weber
State Representative Cyrus Javadi



Oregon State
University

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Corvallis, Oregon 97331

P 541-737-4133
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TO: Office of Governor Tina Kotek, Business Oregon, Oregon Prosperity Council

FROM: President Jayathi Murthy, Oregon State University

DATE: January 30, 2026

RE: Oregon Prosperity Roadmap & Economic Development Strategy Framework; OSU Alignment, Gaps, and Strategic Contributions

Oregon is at a critical economic inflection point. Population growth has slowed and the workforce is aging, private-sector and traded-sector growth continues to lag national trends. These dynamics heighten the urgency for a coordinated, statewide strategy that strengthens productivity, innovation, and workforce readiness while ensuring growth. The Prosperity Roadmap and the Oregon Economic Development Strategy Framework provide an important opportunity for aligning statewide assets around these challenges and accelerating durable, inclusive economic growth.

Oregon State University (OSU) appreciates the opportunity to provide input on the draft Oregon Economic Development Strategy Framework. As Oregon's land-grant university, OSU recognizes the importance of economic competitiveness, resilience, and shared prosperity as core to the state's future and to our institutional mission. These priorities are embedded in OSU's Prosperity Widely Shared strategic plan and guide our research, education, Extension, and economic engagement efforts statewide. In FY2024, OSU generated \$3.5 billion in statewide economic impact and supported 22,141 jobs, underscoring the university's role as a pillar of Oregon's economy. OSU operates programs in all 36 Oregon counties through the OSU Statewides, ensuring and equitable access to education, innovation, and economic opportunity.

OSU's value to the Prosperity Roadmap and the Oregon Economic Development Strategy Framework can be summarized in three integrated capabilities: talent development, translation of research into companies and jobs, and statewide delivery through our Extension and regional presence. Together with the state and in partnership with Oregon's universities, community colleges, and other partners, OSU is committed to leveraging these capabilities to advance workforce readiness, innovation, and regional prosperity across Oregon.

OSU aligns closely with the vision and goals articulated in the Governor's Prosperity Roadmap and Business Oregon's Economic Development Strategy Framework and views them as an important framework for advancing Oregon's long-term economic competitiveness, resilience, and shared prosperity. As the plan moves toward

implementation, OSU offers the following perspective on how the university can support and strengthen execution across key strategy areas.

Workforce and Talent Development

Workforce is a central pillar of the Prosperity Roadmap and a foundational strength of OSU. The university produces graduates aligned with priority sectors statewide and contributes directly to workforce outcomes reflected in national competitiveness benchmarks, including CNBC's Top States for Business Workforce Rank. OSU can further support implementation by aligning degree production, credentials, applied learning, and upskilling with sector and regional workforce needs, in coordination with the Higher Education Coordinating Commission (HECC), employers, and state agencies. This includes expanding work-integrated learning and employer partnerships that improve talent readiness and retention. OSU Ecampus, ranked sixth nationally, further expands this capacity by delivering flexible, high-quality online education statewide, supporting credentialing, reskilling, and upskilling for working adults and incumbent workers aligned with industry and regional needs.

OSU is the first U.S. university to offer both M.S. and Ph.D. degrees in AI and is the #3 producer of engineering-based computer science bachelor's degrees nationally—directly aligned with Oregon's priority sectors. OSU's economic impact data underscores this role as a workforce engine. The university has more than 238,000 alumni, with 134,592 living and working in Oregon, generating an estimated \$258.5 billion in lifetime economic impact and supporting approximately 1.4 million jobs statewide. In addition, OSU plays a connective role in Oregon's higher education and workforce ecosystem, working closely with community colleges, regional partners, and state agencies to strengthen pathways from education to employment.

Company Attraction, Growth, Retention, and Innovation

OSU plays an important role in supporting company attraction, growth and retention through long-term research partnerships, applied R&D, access to specialized facilities, and deep technical expertise. These relationships often anchor companies in Oregon and enable continuous innovation. OSU's national and global industry partners also represent prime targets for business attraction and expansion, leveraging existing research and talent relationships to reduce relocation risk and accelerating integration into the state's economy. OSU spinouts anchor jobs in Oregon, including Inpria (acquired for \$514M), Agility Robotics (over \$550M raised), and NuScale Power (valued at \$2B+). Since 2013, OSU has generated nearly 200 startups that have attracted close to \$2 billion in capital investment, demonstrating the university's ability to translate research into scalable companies. These firms have the potential to grow and remain in Oregon when supported by the right mix of capital, infrastructure, and long-term ecosystem support.

The State of Oregon supports several programs that provide long-term, sustainable funding mechanisms that support partnerships between public universities and the state, support innovation and economic development and bolster key state sectors. These tools should be recognized as part of Oregon's economic development system, not as isolated university initiatives. Some examples include:

- **University Innovation Research Fund (UIRF)** provides a state match for competitive federal research awards that focus on economic development and/or innovation.

- **University Development Venture Fund**, which seeds capital supporting company formation and early growth.
- **The Oregon Metals Initiative**, which supports Oregon’s metals sector by leveraging state dollars and our public research universities to partner with local metals companies to conduct research into metals, metals manufacturing, and metals product design.
- **State Programs**, which consist of line-item appropriations in the Higher Education Coordinating Commission’s budget for programs that address economic development, natural resource stewardship, and other issues identified as high priorities for the state. These State Programs facilitate the integration of the universities’ multiple missions of instruction, research, and service, and include programs like the Tallwood Design Center (collaboration between OSU and UO), the Fermentation Lab (OSU) and Engineering Technical Sustaining Fund (supporting programs at all seven public universities)

Sector-Based Strategies

OSU is well positioned to support the state’s sector-based strategies by serving as a neutral convener and analytical partner, as evidenced by the university’s recent efforts leading multi-institution, public-private coalitions such as FAST (NSF Region Innovation Engine) and the CorMic EDA Tech Hub, which accelerates microfluidics-based manufacturing and startups. The university is prepared to help identify priority sectors, align research and workforce pipelines, and convene industry, state agencies, local governments, and communities around shared goals.

The university is committed to help align research, workforce development, and industry needs within priority sectors such as semiconductors, mass timber, food & beverage, AI & robotics, clean tech, healthcare and other emerging clusters, strengthening coordination across regions and institutions.

Evaluation of Emerging Industries and Policy Choices

OSU is prepared to deploy its applied research and analytical capacity to support evaluation of emerging industries and policy decisions. This includes providing evidence-based analysis of opportunities, risks, and tradeoffs associated with new industries or regulatory frameworks, such as clean tech, critical minerals mining or other emerging sectors. Leveraging this expertise can inform strategic investments and reduce implementation risk.

Company Retention Through Predictable Ecosystems and Regulatory Certainty

Company retention is influenced by workforce availability, regulatory clarity, and ecosystem stability. Regulatory certainty is a critical factor in both attraction and retention. OSU is prepared to bring faculty expertise in water resources, land use, public policy and ecosystem development to support the state in designing regulatory frameworks that are rigorous, predictable, and informed by applied research. Leveraging OSU’s analytical capacity can support better policy design, faster implementation, and reduced risk for companies making long-term investment decisions in Oregon.

Infrastructure and Place-Based Development

As an anchor institution, OSU is prepared to support infrastructure and real estate development that enables economic growth. This includes innovation districts, research facilities, and industry-adjacent spaces that support company growth, talent attraction, and regional development. Coordination between state, local, and institutional partners can maximize the economic impact of these investments.

Rural Prosperity Through the OSU Statewides

The OSU Statewide Public Service Programs — OSU Extension Service, Oregon Agricultural Experiment Station, and the Oregon Forest Research Laboratory — provide transformational research and education to support Oregon's vital agriculture and forest products industries. The institution's research forests and fourteen agricultural experiment and research station locations ensure Oregon's commodities thrive, supporting our state and local economies.

OSU Extension Service is a statewide asset that advances economic prosperity in rural communities by supporting small businesses, producers, workforce skills, and community capacity. Extension provides a direct pathway for translating research into practice and stands ready to play an expanded role in implementing statewide economic strategies in rural and resource-dependent regions.

OSU Extension programs reach approximately 90,000 youth annually through 4-H, supported by more than 8,000 volunteers and over 600 employees, providing a direct and scalable pathway to implement statewide economic strategies in rural and resource-dependent regions.

Closing

OSU is committed to supporting the successful implementation of the Oregon Economic Development Strategy and stands ready to serve as a strategic partner. Leveraging OSU's capabilities across workforce development, sector strategy, innovation, regulatory analysis, infrastructure, and rural prosperity can strengthen execution and improve long-term outcomes for Oregon. OSU is prepared to work with the state to define clear, measurable commitments aligned with shared goals, including workforce-aligned work-based learning, employer-engaged upskilling, applied industry research and pilots, and startup creation and scale-up support that directly contribute to job creation and private-sector investment across Oregon.

We appreciate the opportunity to contribute and look forward to continued collaboration as the plan advances.



Jan. 30, 2026

Oregon Business & Industry (OBI) recently commissioned a statewide voter survey conducted by DHM Research in advance of the 2026 legislative session.

OBI commissioned this research to better understand what Oregonians see as the state's most urgent challenges, with an emphasis on taxes, regulations, affordability and economic competitiveness. The findings reinforce that voters are concerned about the direction of the state and are looking for solutions that improve economic competitiveness and ease cost pressures.

We are sharing this memo and data to provide policymakers with insights into Oregonians' values and beliefs and to help inform policy discussions during this year's legislative session.

Thank you for your commitment to advancing our shared goal of improving Oregon's economic competitiveness.

Sincerely,

A handwritten signature in blue ink, appearing to read "Angela Wilhelms".

Angela Wilhelms
President & CEO
Oregon Business & Industry
angelawilhelms@oregonbusinessindustry.com

January 30, 2026

To: Angela Wilhelms and Preston Mann, Oregon Business & Industry
From: John Horvick and Tony Iaccarino, DHM Research
Re: OBI 2026 Legislative Survey Executive Summary

SURVEY METHODOLOGY

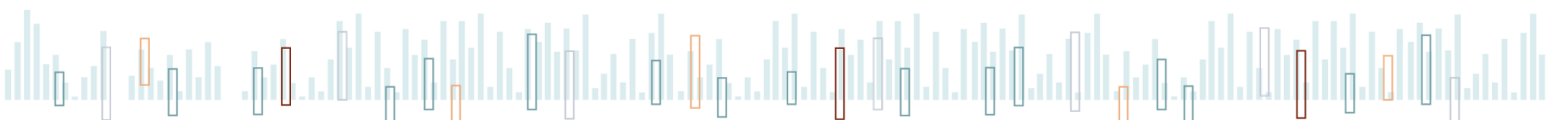
This mixed-mode survey, combining phone and text-to-online approaches, engaged 600 registered Oregon voters across the state. The sample size enables comprehensive analysis of voter opinions overall and across demographic subgroups. Statistical weighting by age, gender, race, education level, income, party affiliation, and area ensures that results accurately represent the registered voter population. The margin of error for the full sample is $\pm 4.0\%$. Due to rounding, some totals may differ by ± 1 from the sum of individual responses.

KEY FINDINGS

- **Voters are pessimistic about the direction of the state.** Only 26% say the state is heading in the right direction, with positivity remaining stubbornly low since 2021. Most voters say the problems facing the state are getting worse: 85% saying cost of living and 77% say housing affordability are worsening.
- **Elected leaders get low ratings for job performance.** 64% disapprove of Governor Tina Kotek's job performance, 64% disapprove of the Oregon Legislature's performance, and 55% disapprove of President Donald Trump's performance.
- **Economic outlook is poor and Oregonians are struggling to get by.** 73% rate Oregon's current economic conditions as poor, an increase from 60% in 2021. 68% say conditions are getting worse, an increase from 62% over the same period. Nearly half have difficulties paying for essentials like groceries, healthcare, utility bills, auto insurance, and home mortgage or rent.
- **Voters blame high taxes and excessive regulations for Oregon's sluggish economy.** 52% think Oregon's economic growth rate is slower than the national average, 42% about the same, and 4% faster. Asked to explain the slow growth, 23% mention high taxes and 21% mention excessive regulations. No other reasons are cited as often.
- **Voters favor a pro-growth strategy to tackle upcoming state budget deficits.** 52% prefer reducing regulations and creating incentives to spur economic growth, jobs, and tax revenue. 27% support spending cuts, and 12% favor raising taxes to fully fund programs. Voters favor the first approach, regardless of party affiliation.

VOTER SENTIMENT

Positivity about the direction of the state remains low. Only 26% say the state is heading in the right direction. Positivity has remained low, hovering below 40% since 2021. Partisanship shapes outlook, with only 5% of Republican and 23% of NAV/Other voters saying the state is headed in the right direction, compared to 46% of Democratic voters. Still, even among Democratic voters, fewer than half are positive about the direction of the state.



Asked to articulate in their own words the most important problem facing the state, voters most often mention issues related to government and leadership. While homelessness is mentioned by 21% of voters as the single-biggest problem in the state, the following issues, taken together, are mentioned by 50% of voters: government mismanagement (13%), taxes and tariffs (13%), Democratic leadership (12%), Republican leadership (7%), and budget cuts (5%).

Voters say key problems are getting worse. Most see the following problems as worsening: overall cost of living (85%), housing affordability (77%), homelessness (67%), access to affordable healthcare (65%), quality of K-12 education (61%), availability of quality jobs (54%), and the condition of streets, roads, and highways (53%).

Consider:

- Slide 1: “Positivity about the direction of the state remains low and has declined since 2025.” (showing right direction trends)
- Slide 2: “Perceptions about the direction of the state are partisan, with NAV/Other voters and Republicans less optimistic.” (showing right direction by party)
- Slide 3: “When asked to identify Oregon’s most important problem, voters most often point to political issues, followed by social and economic issues.” (showing categories of most important problems)
- Slide 4: “Taken together, political issues such as government mismanagement, taxes, tariffs, political leadership, and funding are viewed as the state’s biggest problems.” (showing breakdown of the state’s most important problems)
- Slide 5: “When it comes to key problems facing Oregon, most say the problems—especially cost of living and housing affordability—have been getting worse in recent years.” (showing better, same, or worse on key problems)

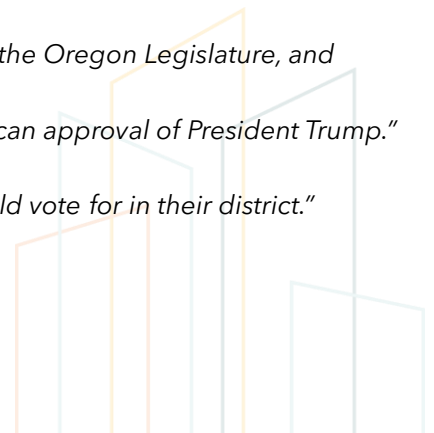
JOB APPROVAL AND UPCOMING ELECTIONS

Voters disapprove of the job performance of their elected leaders. 64% disapprove of Governor Kotek’s performance, 64% disapprove of the Oregon Legislature’s performance, and 55% disapprove of President Trump’s performance. While partisanship shapes perceptions of job performance, Republicans are more approving of their leaders than Democrats: 88% of Republicans approve of President Trump’s performance while 63% of Democrats approve of Governor Kotek’s performance.

If state legislative elections were today, voters are divided on who they would vote for in their districts. 45% would vote for the Republican Party candidate and 42% would vote for the Democratic Party candidate. Here too, there is stronger support among Republicans (92%) for their own party candidates than among Democrats for their own (75%), with NAV/Other voters leaning Republican (42%).

Consider:

- Slide 6: “Voters disapprove of the job performance of Governor Kotek, the Oregon Legislature, and President Trump.” (showing job performance ratings)
- Slide 7: “Democratic approval of Governor Kotek is softer than Republican approval of President Trump.” (showing approval ratings by party)
- Slide 8: “If the election were today, voters are divided on who they would vote for in their district.” (showing overall preference for legislative candidates)



- Slide 9: “Democratic support for Democratic candidates is softer than Republican support for Republican candidates.” (showing preference by party)

ECONOMIC OUTLOOK

Voters are pessimistic about Oregon’s economy and are struggling to make ends meet. 73% rate

Oregon’s economic conditions as poor, an increase from 60% in 2021. Only 20% rate the economy as good. These ratings are shared across region and income levels, with a minimum of 70% of voters in the Portland metro area, Willamette Valley, and the rest of the state rating conditions as poor; along with a minimum of 69% across all income groups. Partisan ratings are more mixed, with 89% of Republicans, 74% of NAV/Other voters, and 58% of Democrats rating the state’s economy as poor.

68% of voters say economic conditions in Oregon are getting worse, an increase from 62% in 2021. 27% say economic conditions are staying the same. Only 2% say they are getting better. Voters are more likely to blame Governor Kotek than either President Trump or the Oregon Legislature for the state’s worsening economic conditions. Among those who say economic conditions are getting worse, 43% blame Governor Kotek, while 29% blame President Trump, and 22% blame state legislators. Democrats are more likely to blame Governor Kotek than Republicans are to blame Trump: 14% of Democrats blame Governor Kotek, while only 2% of Republicans hold President Trump responsible.

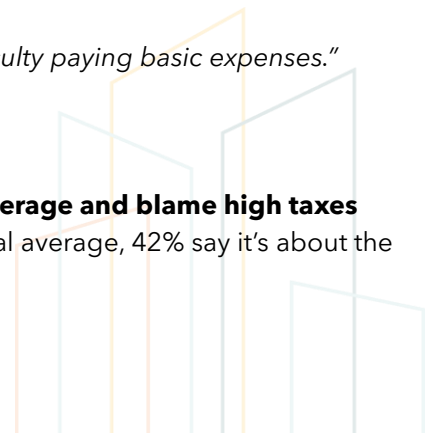
Roughly half the state’s voters say it’s difficult to pay for basic expenses. 51% find it difficult to pay for groceries, 46% for healthcare, 46% for home energy bills, 44% for auto insurance, and 43% for home mortgage or rent. Lower-income and middle-income voters have the greatest difficulty paying for basic expenses, with a minimum of 50% across both income levels reporting difficulties. For voters in low-income households earning less than \$50,000, 70% say it’s difficult to pay for groceries.

Consider:

- Slide 10: “Most voters currently rate economic conditions in Oregon as poor. The negative outlook has increased since 2021.” (showing OBI survey ratings over time)
- Slide 11: “Most groups rate Oregon’s economic conditions as poor. Partisanship shapes perceptions of the economy.” (showing 2026 ratings by area, party, and income)
- Slide 12: “Most voters say economic conditions in Oregon are getting worse.” (showing OBI survey outlook over time)
- Slide 13: “Voters are more likely to back Governor Kotek for Oregon’s worsening economic conditions.” (showing who to blame)
- Slide 14: “More Democrats blame Governor Kotek than Republicans blame Trump, with NAV/Other voters more likely to blame Governor Kotek.” (showing blame by party)
- Slide 15: “About half of voters have difficulties paying basic expenses.” (showing difficulty in various areas)
- Slide 16: “Middle-income and lower-income voters have the most difficulty paying basic expenses.” (showing difficulty by income level)

ECONOMIC GROWTH

Voters say the state’s economic growth rate is slower than the national average and blame high taxes and excessive regulations. 52% say the growth rate is slower than the national average, 42% say it’s about the



same, and 4% say it's faster. Asked to explain in their own words why growth has been slower, 44% of voters mention either high taxes (23%) or excessive regulations (21%). No other reasons are mentioned as often.

Consider:

- Slide 17: "Most voters believe Oregon's economic growth rate is slower than the national average. They prefer it to be faster." (showing assessment of growth rate v. preference for growth rate)
- Slide 18: "More than 4 in 10 voters point to high taxes and excessive regulations as the main reasons for the state's slow economic growth. Nearly 1 in 5 blame Democratic leaders." (showing open-ended explanations)

TAXES AND REGULATIONS

Voters think businesses in Oregon are over-taxed and over-regulated. 56% of voters think taxes on businesses in Oregon are too high. 16% say they are about right. Only 9% think they are too low. Republicans (87%) are more likely than Democrats (28%) to think business taxes are too high, with NAV/Other voters (58%) more likely to agree with Republicans.

When it comes to issues like the environment, health, and workplace, 46% of voters think businesses are over-regulated, compared to 27% who think businesses are regulated about right, and only 15% who think they are under-regulated. Republicans (76%) and NAV/Other voters (49%) are more likely than Democrats (21%) to share the view that businesses are over-regulated.

93% of voters believe businesses simply pass along tax and regulatory costs to consumers in the form of higher prices. 76% believe Oregon should pause any new regulations until businesses have time to meet new requirements and to learn whether they are working—a belief that has remained consistent since 2021.

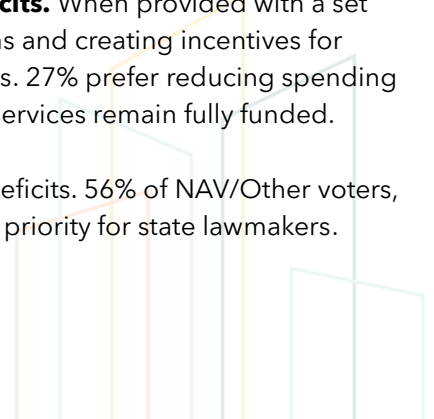
Consider:

- Slide 19: "Voters think business taxes in Oregon are too high. Views are partisan, with a majority of NAV/Other voters agreeing with Republicans that taxes are too high." (showing overall view and partisan view)
- Slide 20: "A plurality of voters think businesses are over-regulated on issues related to the environment, health, and workplace. Here too a similar pattern is evident." (showing overall view and partisan view)
- Slide 21: "Nearly all voters believe businesses pass the cost of taxes and regulations onto consumers." (showing this belief)
- Slide 22: "Voter preference for pausing new regulations until they are proven effective has remained consistent since 2021." (showing preference over time)

A PATH FORWARD

Voters prefer a pro-growth strategy to address pending state budget deficits. When provided with a set of options to address Oregon's budget deficit, 52% prefer reducing regulations and creating incentives for economic growth to increase tax revenue through more jobs and higher wages. 27% prefer reducing spending to match available revenue. 12% prefer raising taxes to ensure programs and services remain fully funded.

Regardless of party affiliation, voters prefer a pro-growth strategy to address deficits. 56% of NAV/Other voters, 53% of Republicans, and 46% of Democrats think this approach should be the priority for state lawmakers.





Democrats are the least likely to embrace this approach, but they prefer it to other approaches: reducing spending (23%), and raising taxes (17%).

Consider:

- *Slide 23: "To address deficits, voters prefer a third option when provided: reduce regulations and create incentives to drive higher growth, jobs, wages, and tax revenue." (showing preference and also preference by party)*

About DHM Research

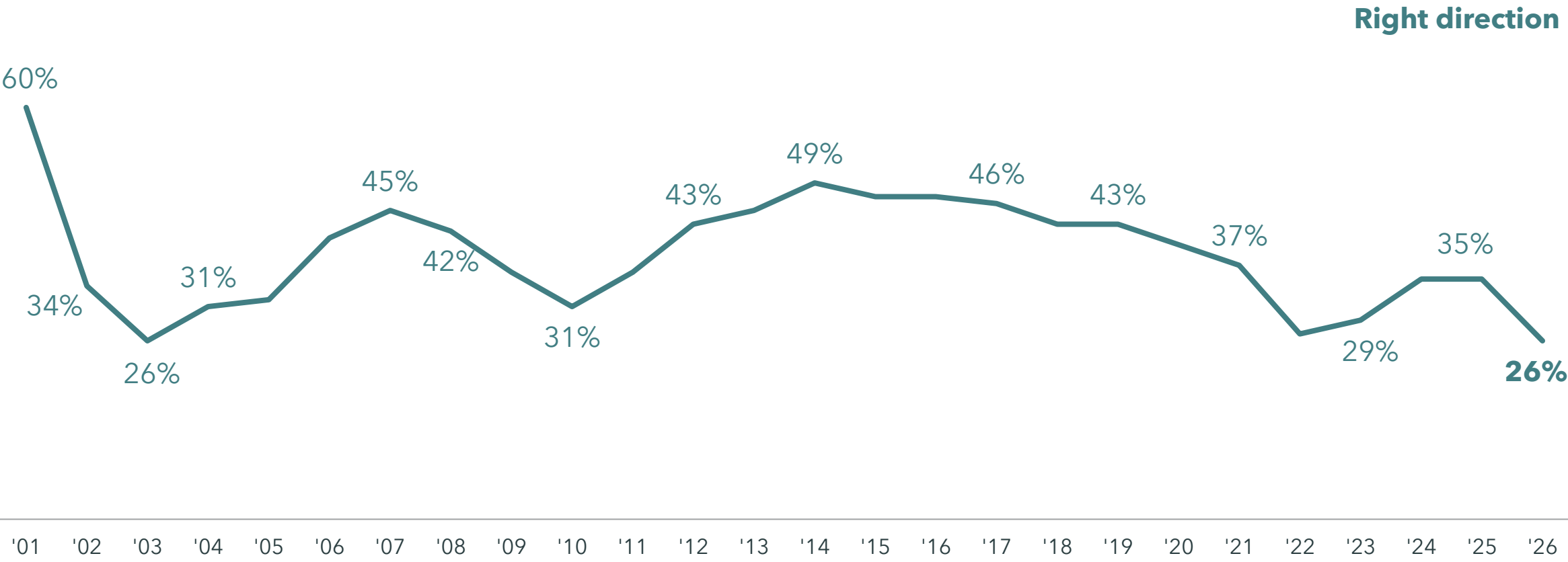
DHM Research is a nonpartisan research firm that specializes in measuring the values and priorities that drive public opinion. Our research provides high-quality, objective information to help organizations and leaders make informed decisions about complex issues. We have decades of experience in polling, public policy research, and how it can help shape communities. DHM is proud to be recognized as a B Corp-certified company that meets rigorous standards of social and environmental performance, accountability, and transparency.

About Oregon Business & Industry

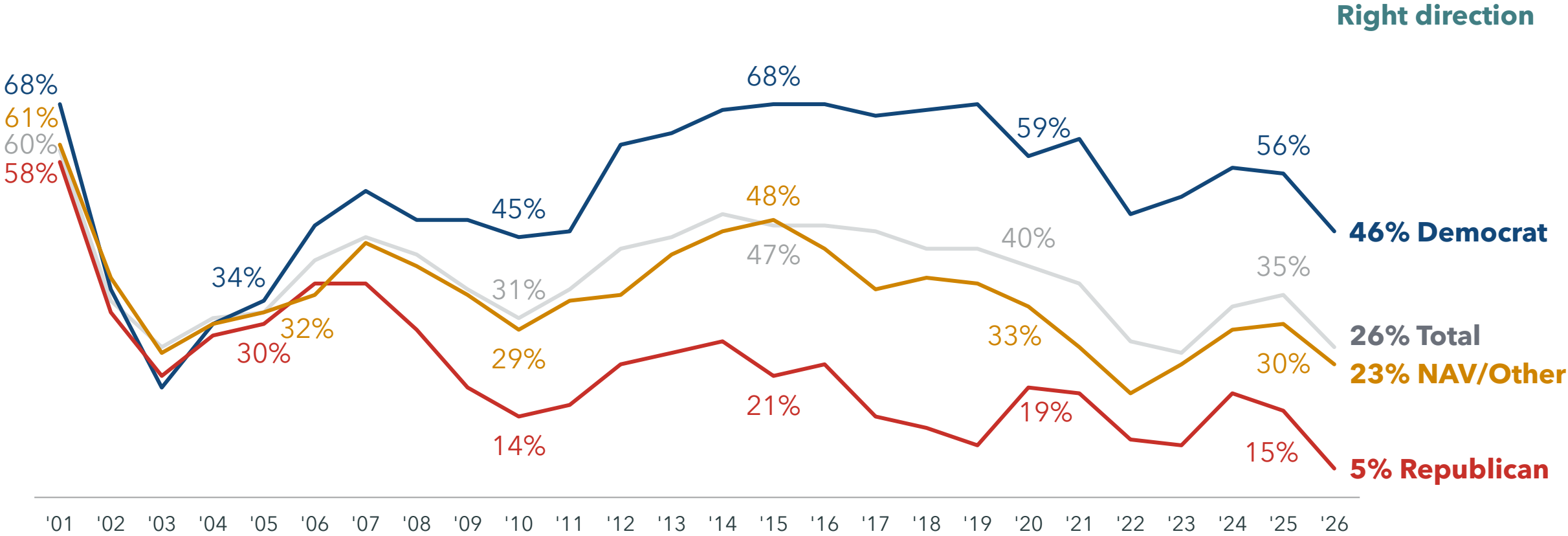
Oregon Business & Industry (OBI) is a leading business organization. As the statewide chamber of commerce, OBI's mission is to advocate for policies that create a healthy, prosperous and competitive Oregon for generations to come. OBI is also Oregon's affiliate for the National Association of Manufacturers and the National Retail Federation. Its member companies, 75% of which are small businesses, employ more than 250,000 Oregonians in a variety of industries and across all of Oregon's 36 counties. Learn more at www.oregonbusinessindustry.com.



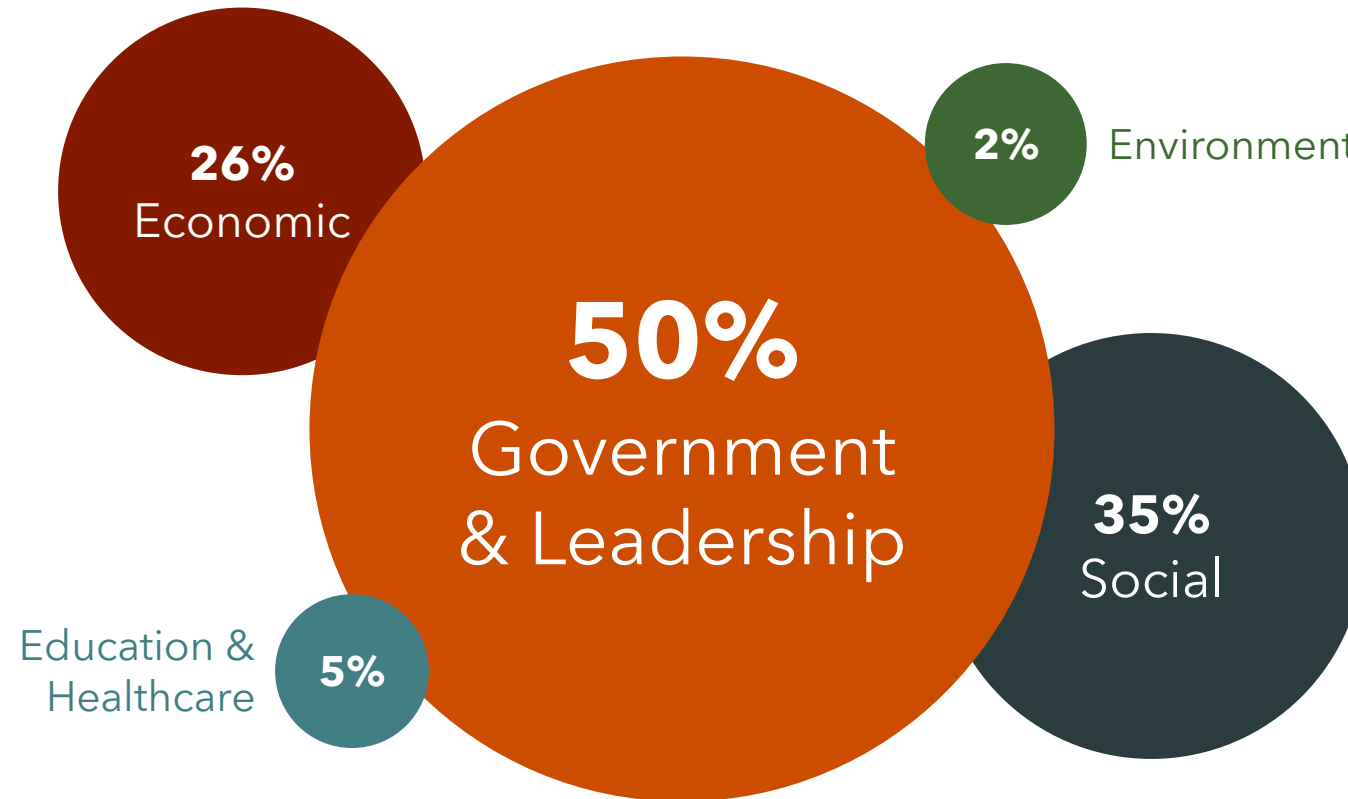
Positivity about the direction of the state remains low and has declined since 2025.



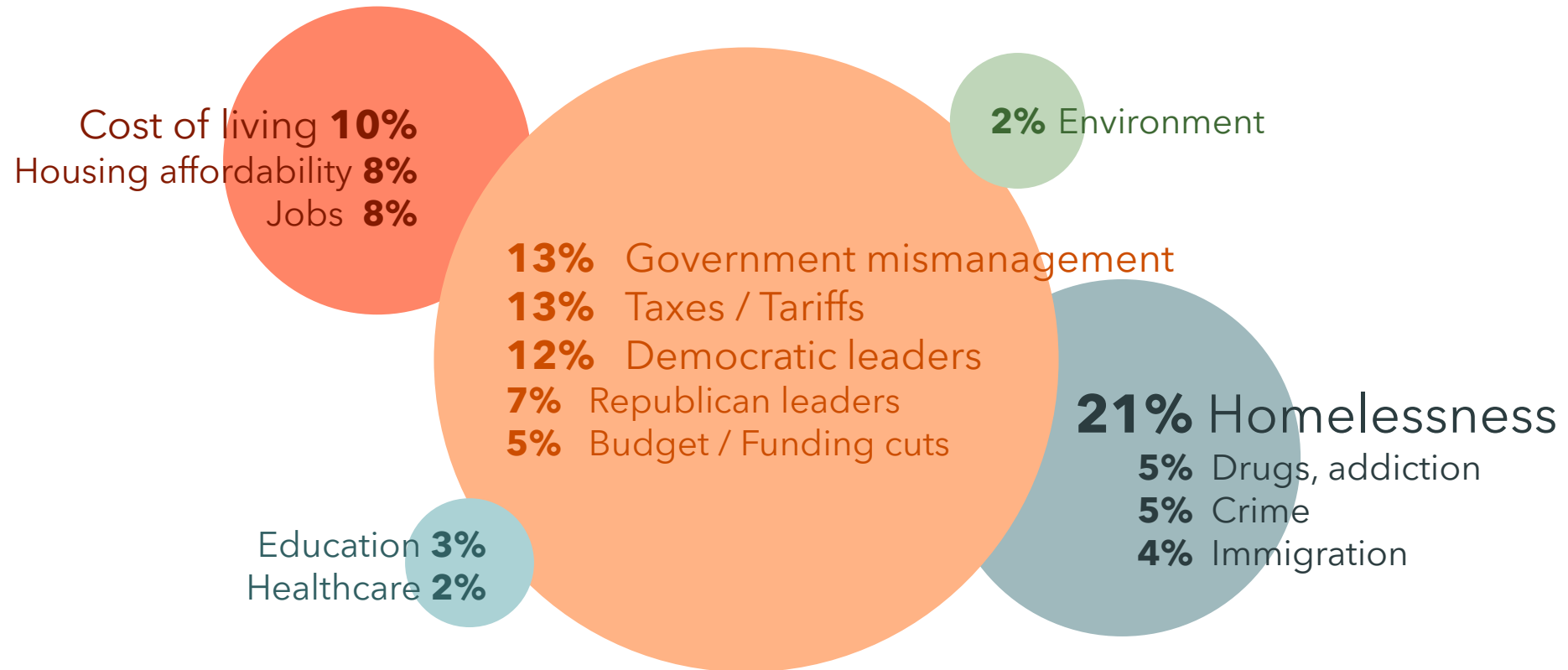
Perceptions about the direction of the state are partisan, with NAV/Other and Republican voters less optimistic.



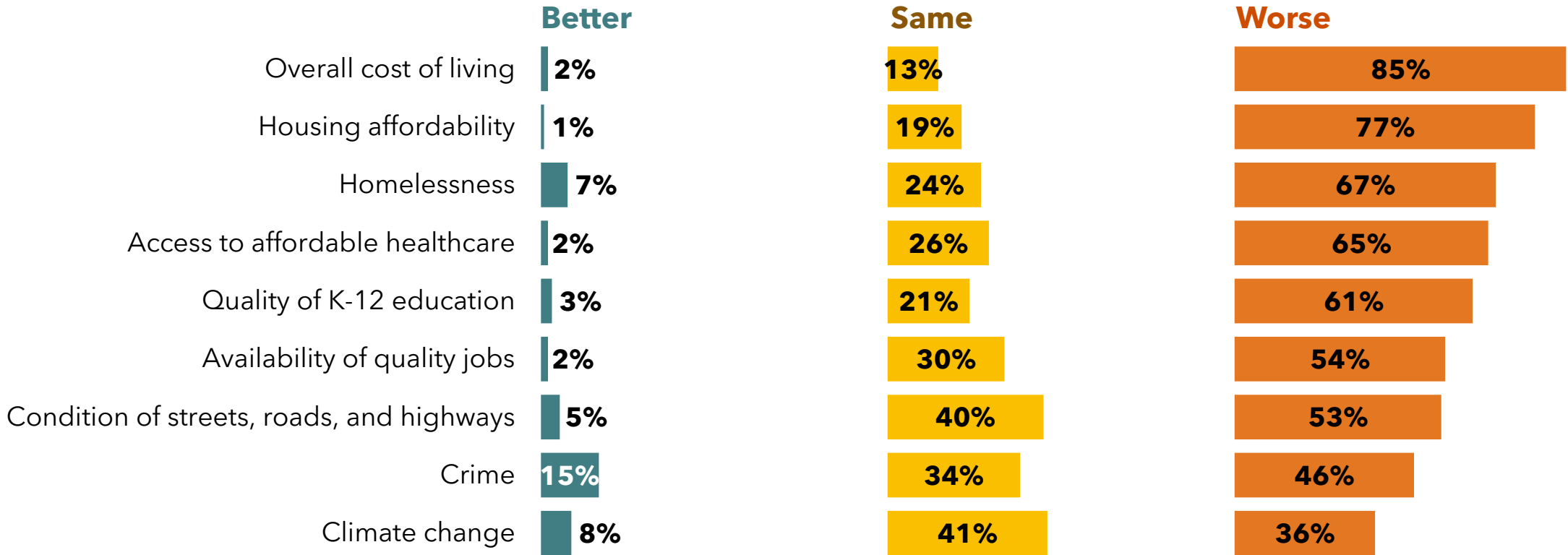
When asked to identify Oregon's most important problem, voters most often point to political issues, followed by social and economic issues.



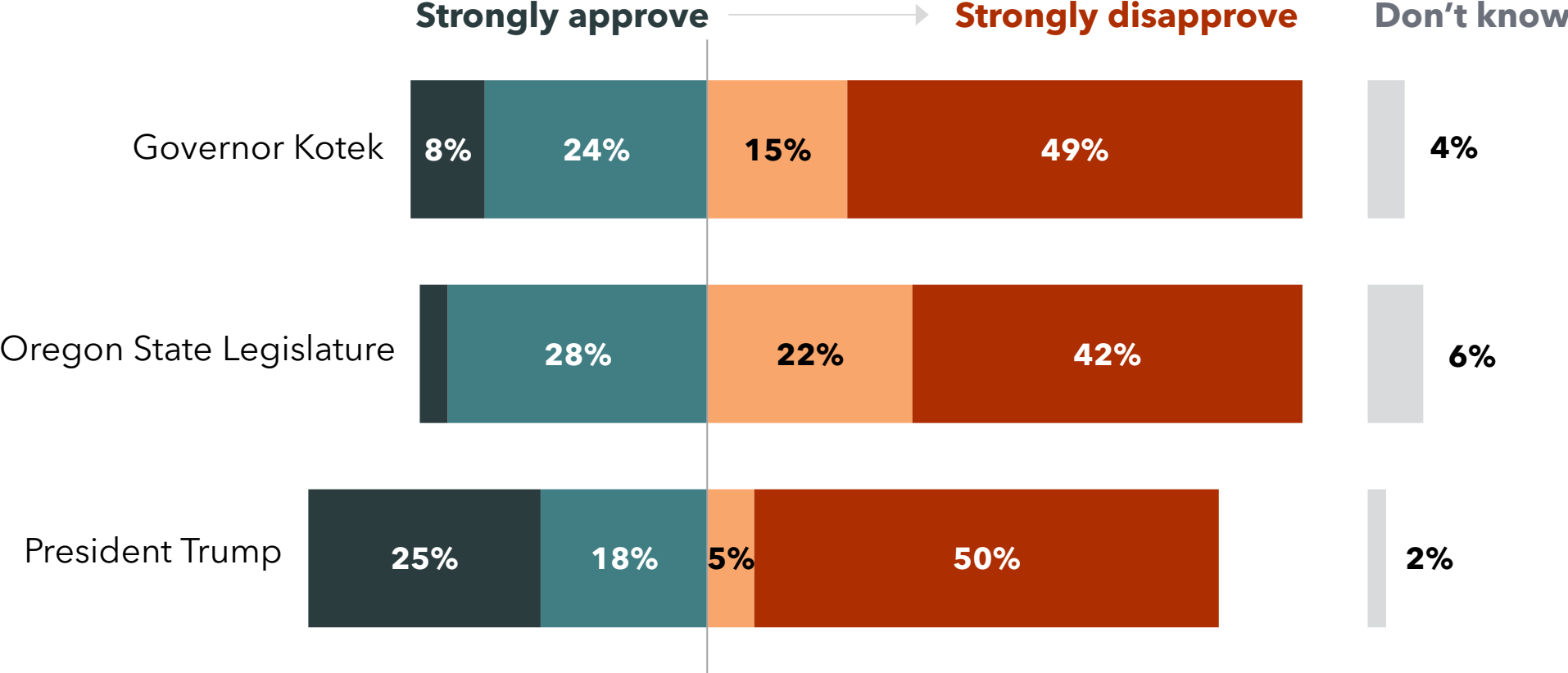
Taken together, political issues such as government mismanagement, taxes, tariffs, political leadership, and funding are viewed as the state's biggest problems.



When it comes to key problems facing Oregon, most voters say the problems—especially cost of living and housing affordability—have been getting worse in recent years.

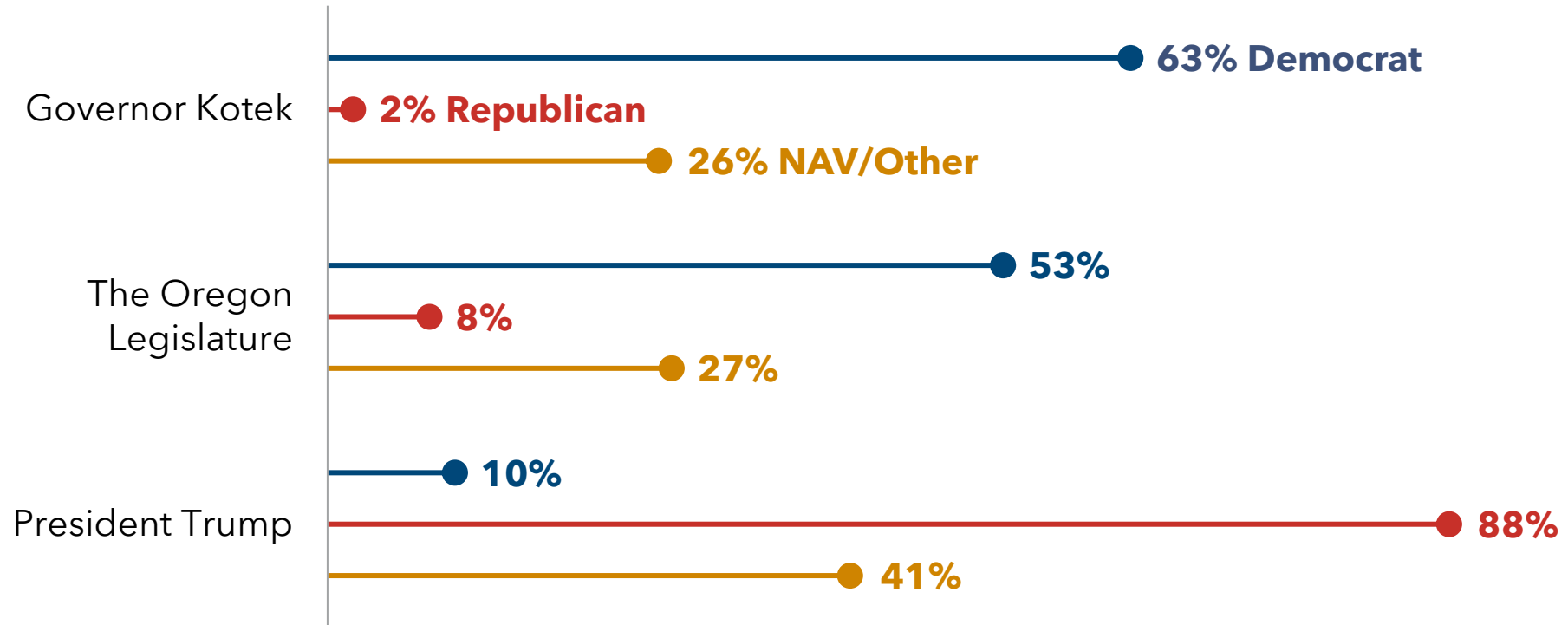


Voters disapprove of the job performance of Governor Kotek, the Oregon Legislature, and President Trump.



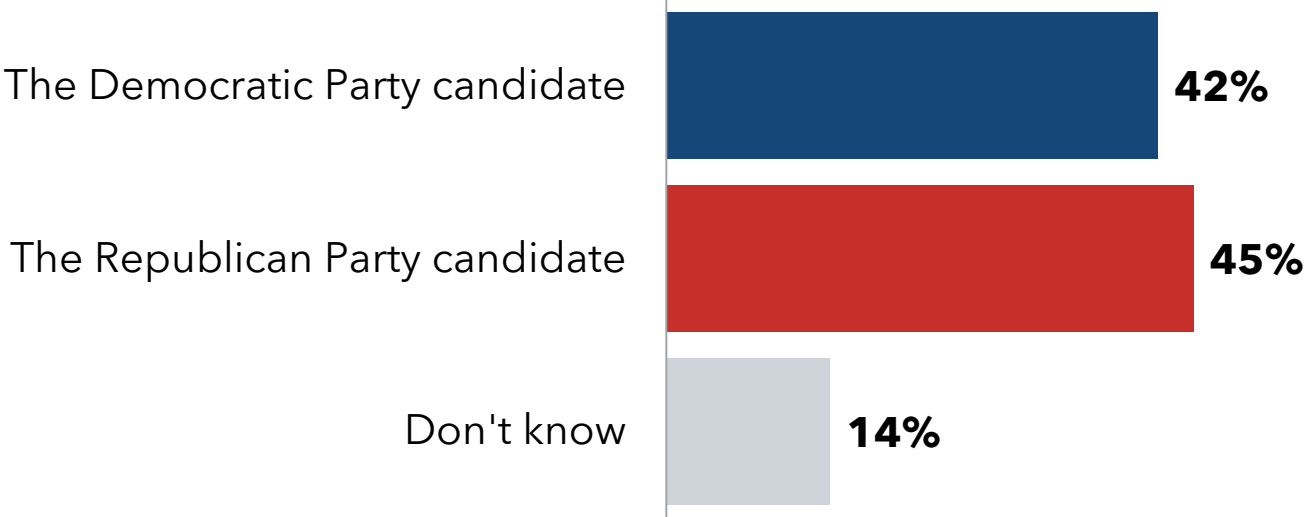
Democratic approval of Governor Kotek is softer than Republican approval of President Trump.

Approval of the job performance of the following people and groups



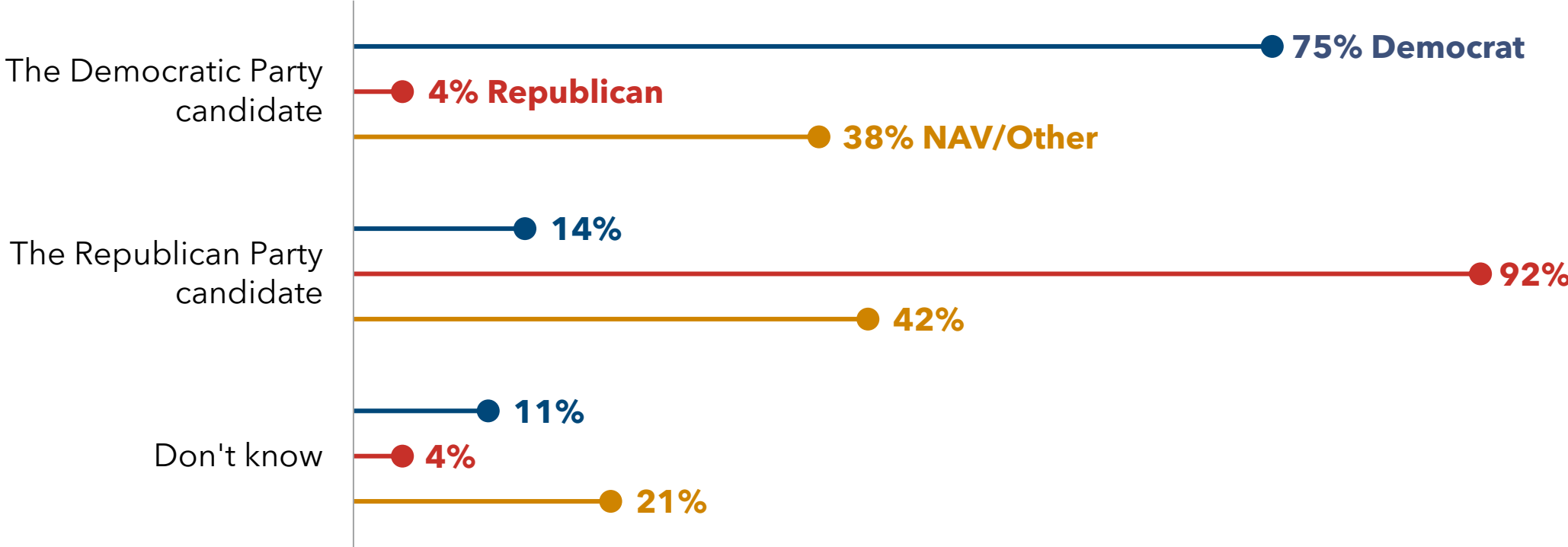
If the election for Oregon Legislature were today, voters are divided on who they would vote for in their district.

If the election for Oregon Legislature were today, who would you be more likely to vote for in the district where you live?



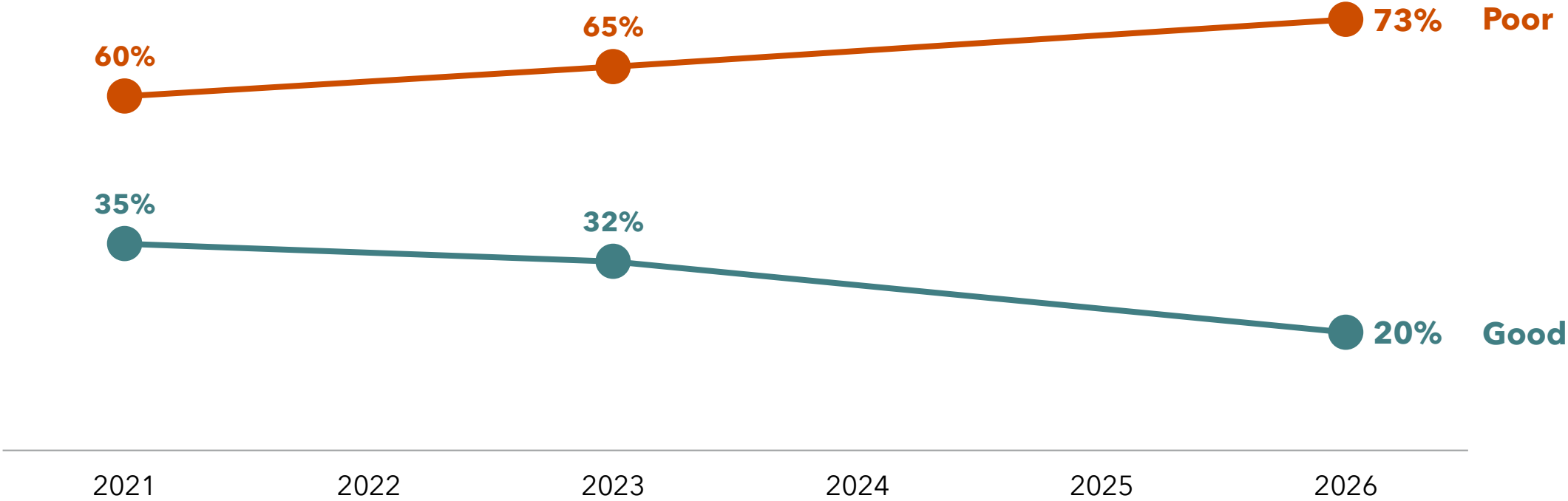
Democratic support for Democratic candidates is softer than Republican support for Republican candidates. NAV/Other voters lean Republican.

If the election for Oregon Legislature were today, who would you be more likely to vote for in the district where you live?



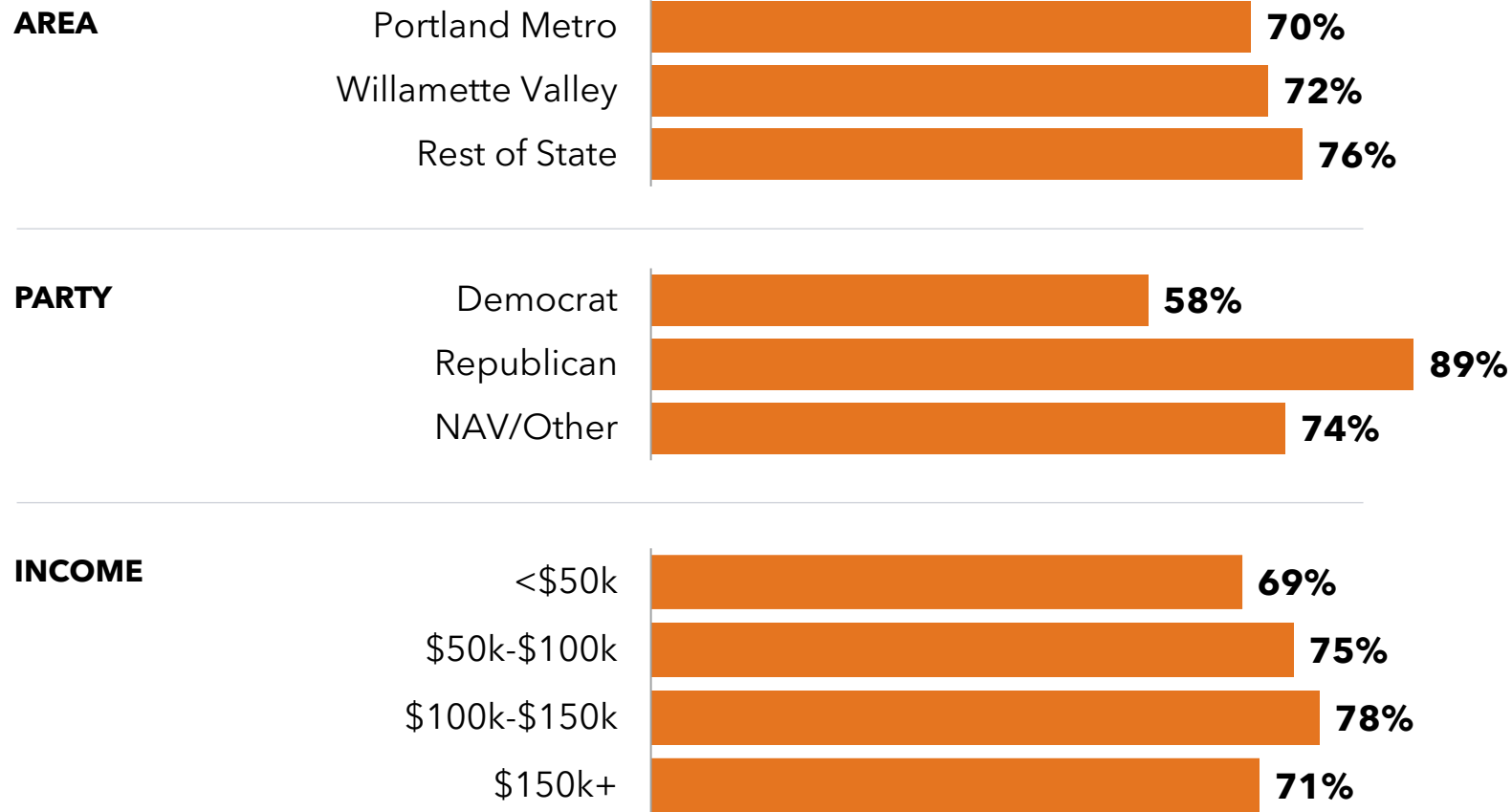
Most voters currently rate economic conditions in Oregon as poor. The negative outlook has increased since 2021.

How would you rate economic conditions in Oregon today?



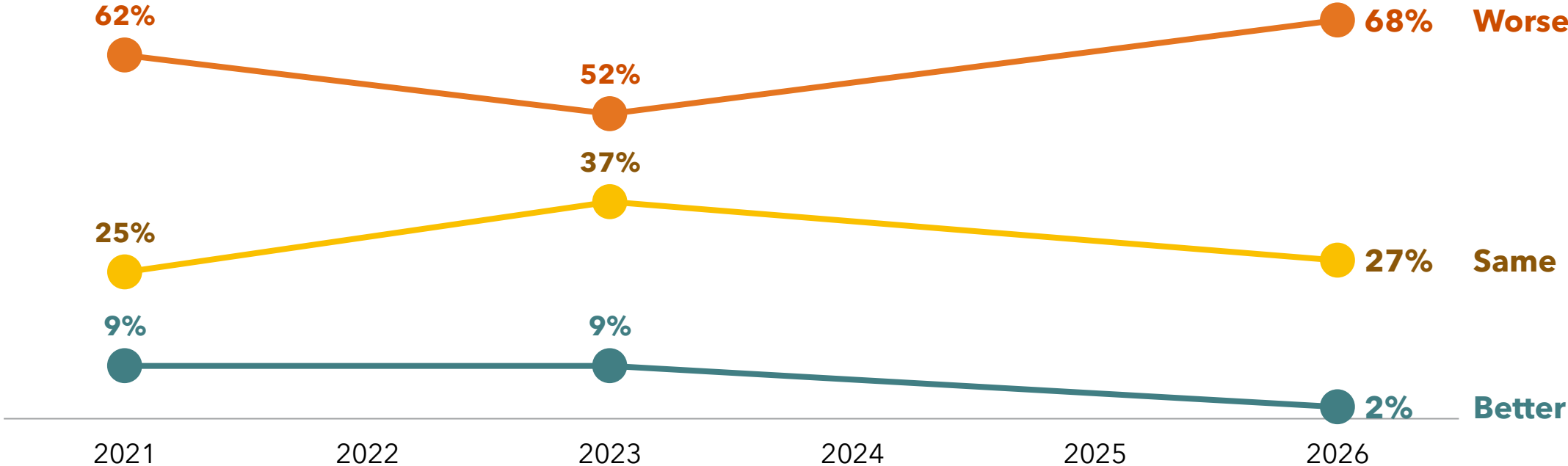
Most groups rate Oregon's economic conditions as poor. Partisanship shapes perceptions of the economy.

% who rate Oregon's economic conditions as **poor**



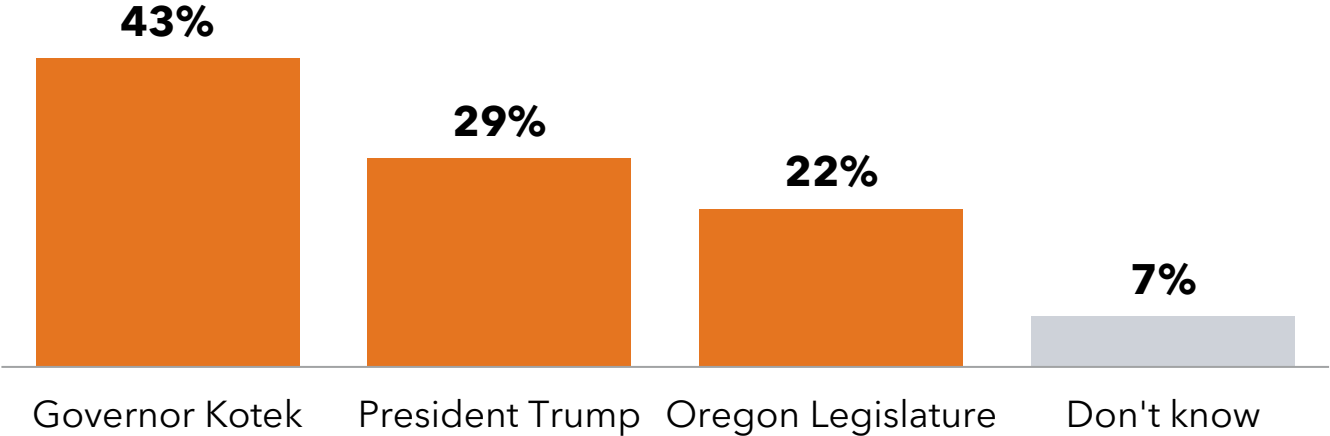
Most voters say economic conditions in Oregon are getting worse.

Would you say economic conditions in Oregon are getting better, staying the same, or getting worse?



Voters are more likely to blame Governor Kotek for Oregon's worsening economic conditions.

Who do you think is most responsible for Oregon's economic conditions getting worse?

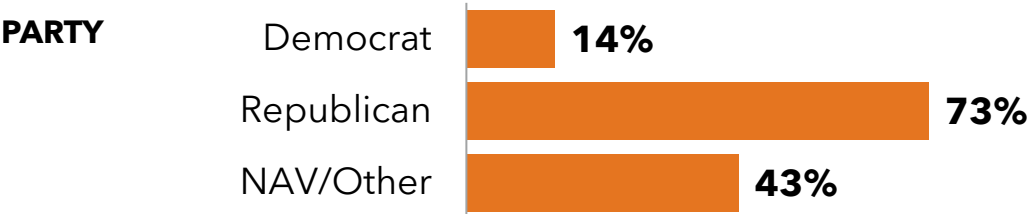


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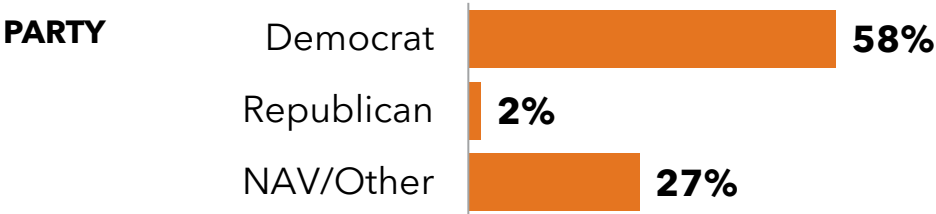
More Democrats blame Governor Kotek than Republicans blame President Trump, with NAV/Other voters more likely to blame Governor Kotek.

Who do you think is most responsible for Oregon's economic conditions getting worse?

% **Blame** Governor Kotek

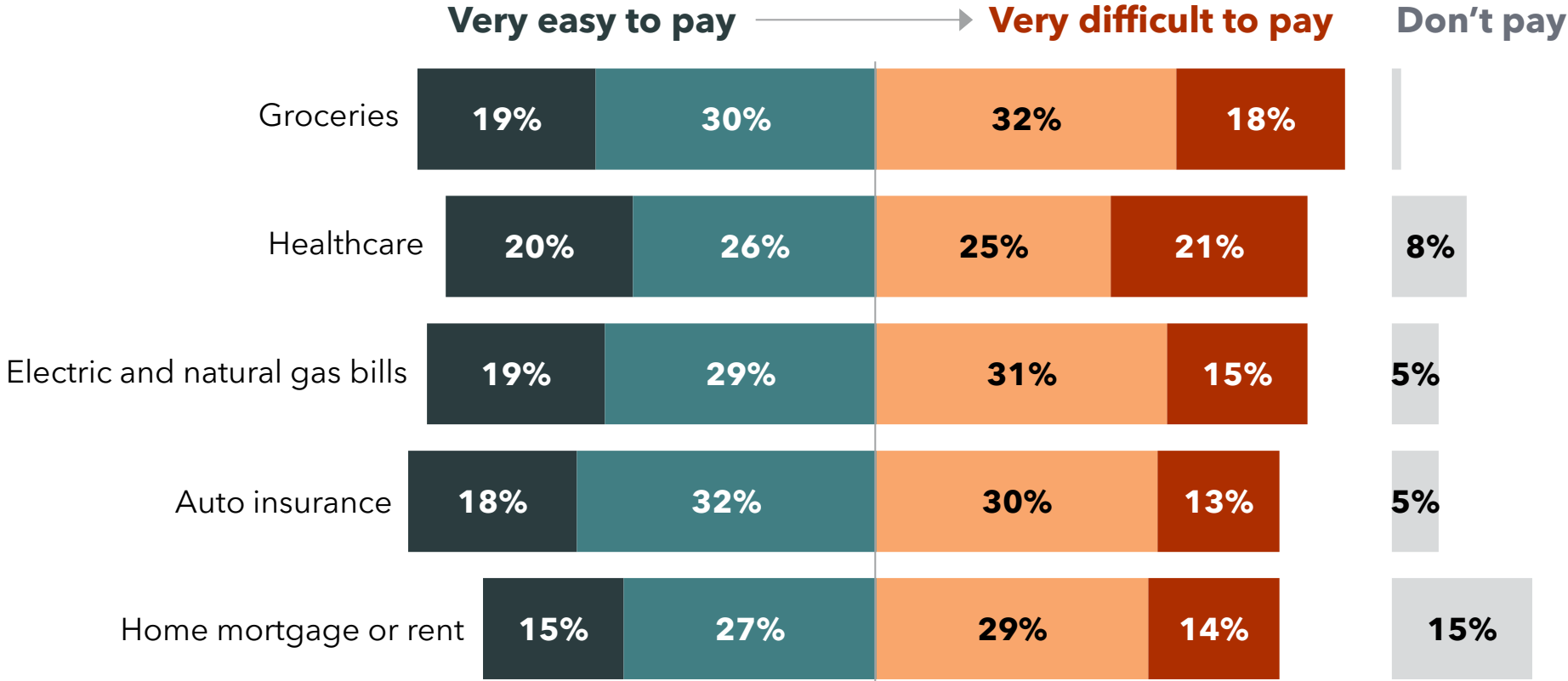


% **Blame** President Trump



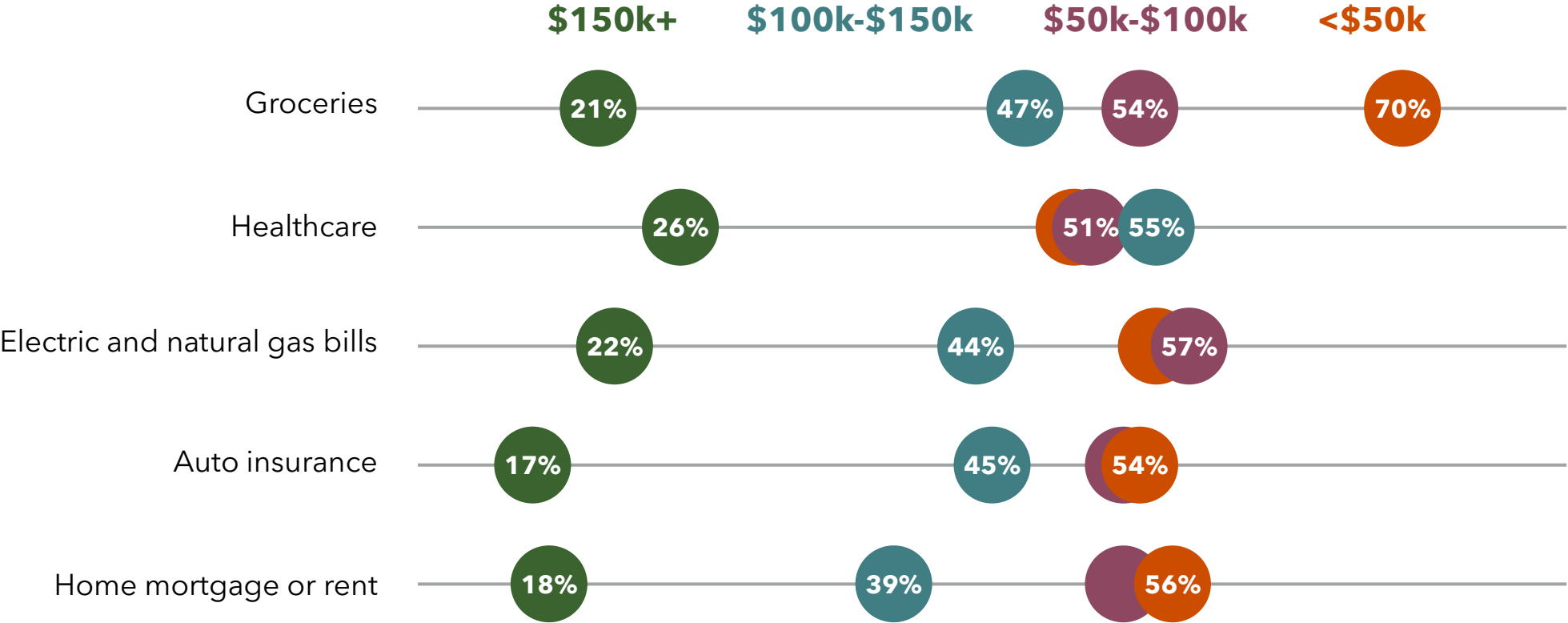
n=408

About half of voters have difficulties paying basic expenses.



Middle-income and lower-income voters have the most difficulty paying basic expenses.

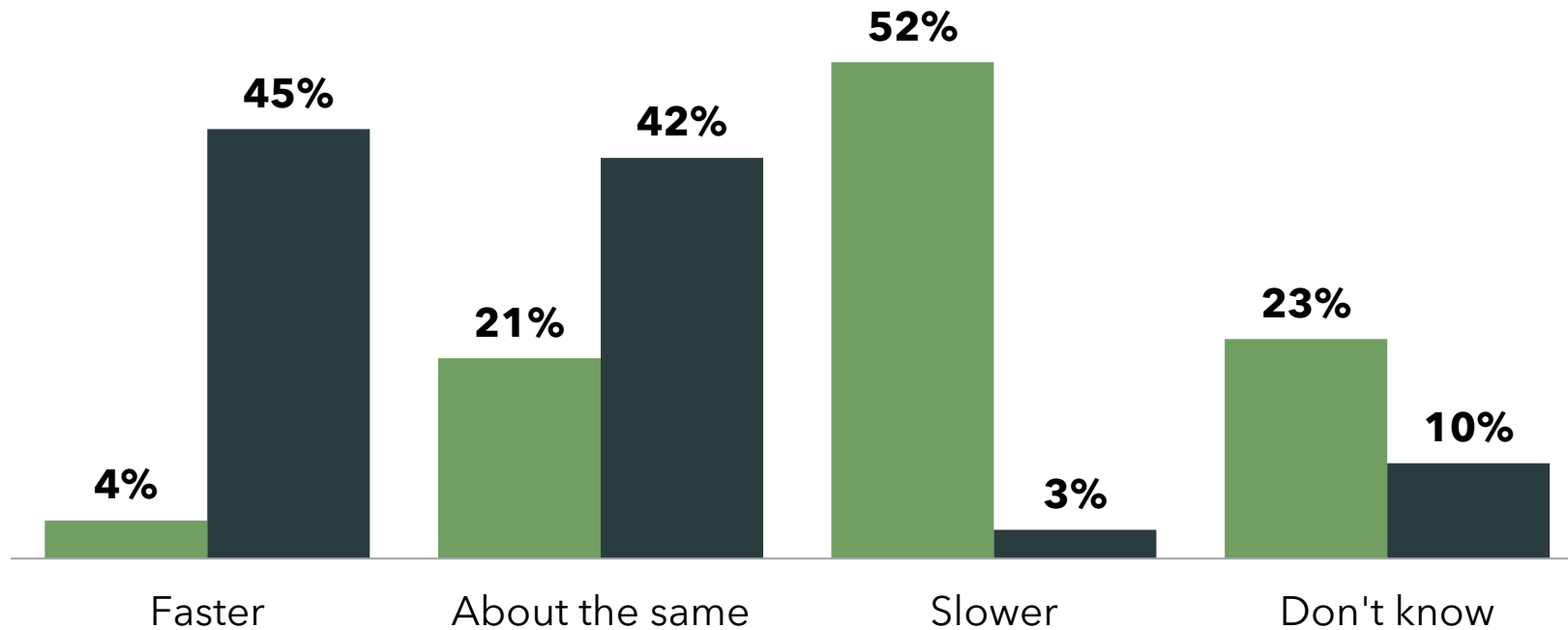
% Find it **difficult** to pay for the following expenses



Most voters believe Oregon's economic growth rate is slower than the national average. They prefer it to be faster than the national average.

Has Oregon's economic growth rate been faster, about the same, or slower than the national average?

Assessment vs **Preference**



More than 4 in 10 voters point to high taxes and excessive regulations as the main reasons for the state's slow economic growth. Nearly 1 in 5 blame Democratic leaders.

Government

23%	High taxes
21%	Excessive regulations
18%	Democratic leaders
9%	Government mismanagement
5%	Republican leaders

Economy

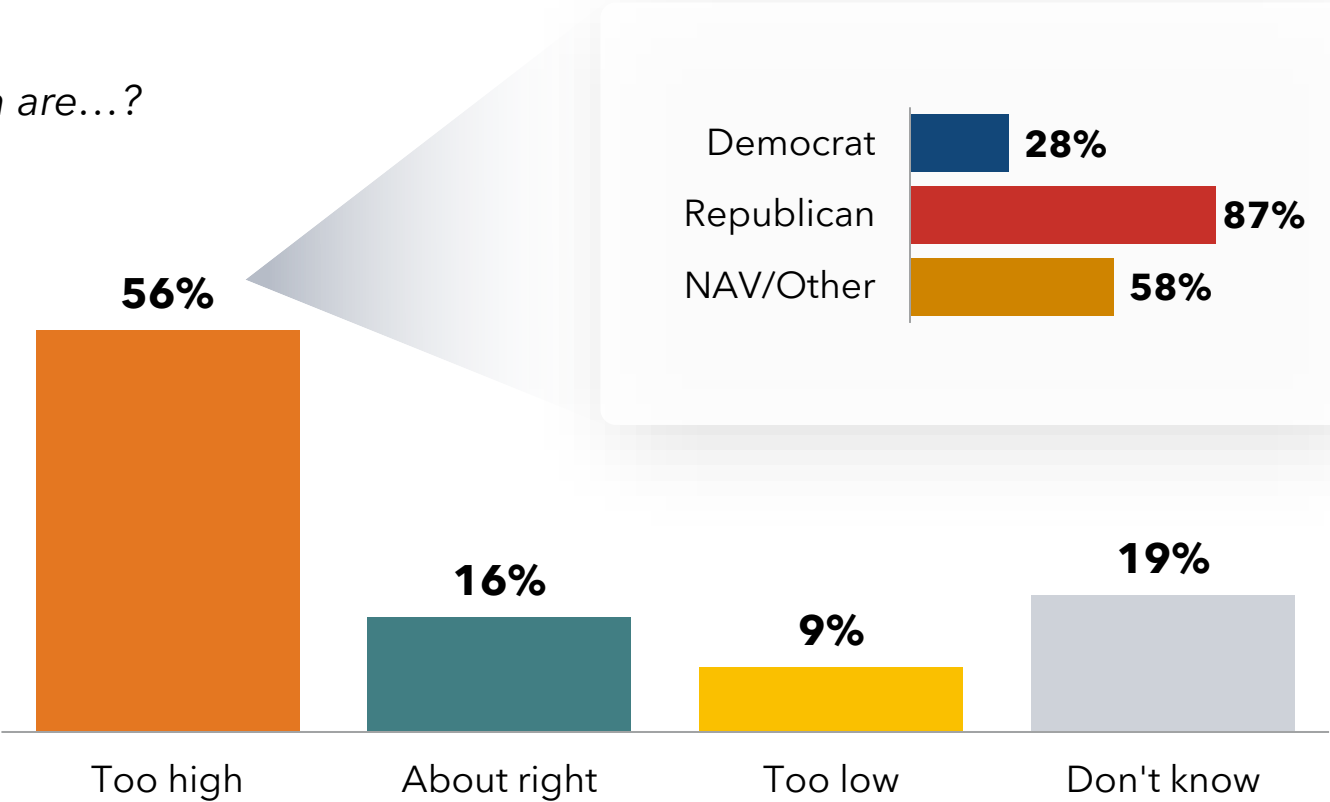
10%	High cost of living
8%	Lack of jobs
5%	Flight from state
5%	Housing affordability
3%	Corporate greed

Society

4%	Homelessness
3%	Crime
2%	Social services

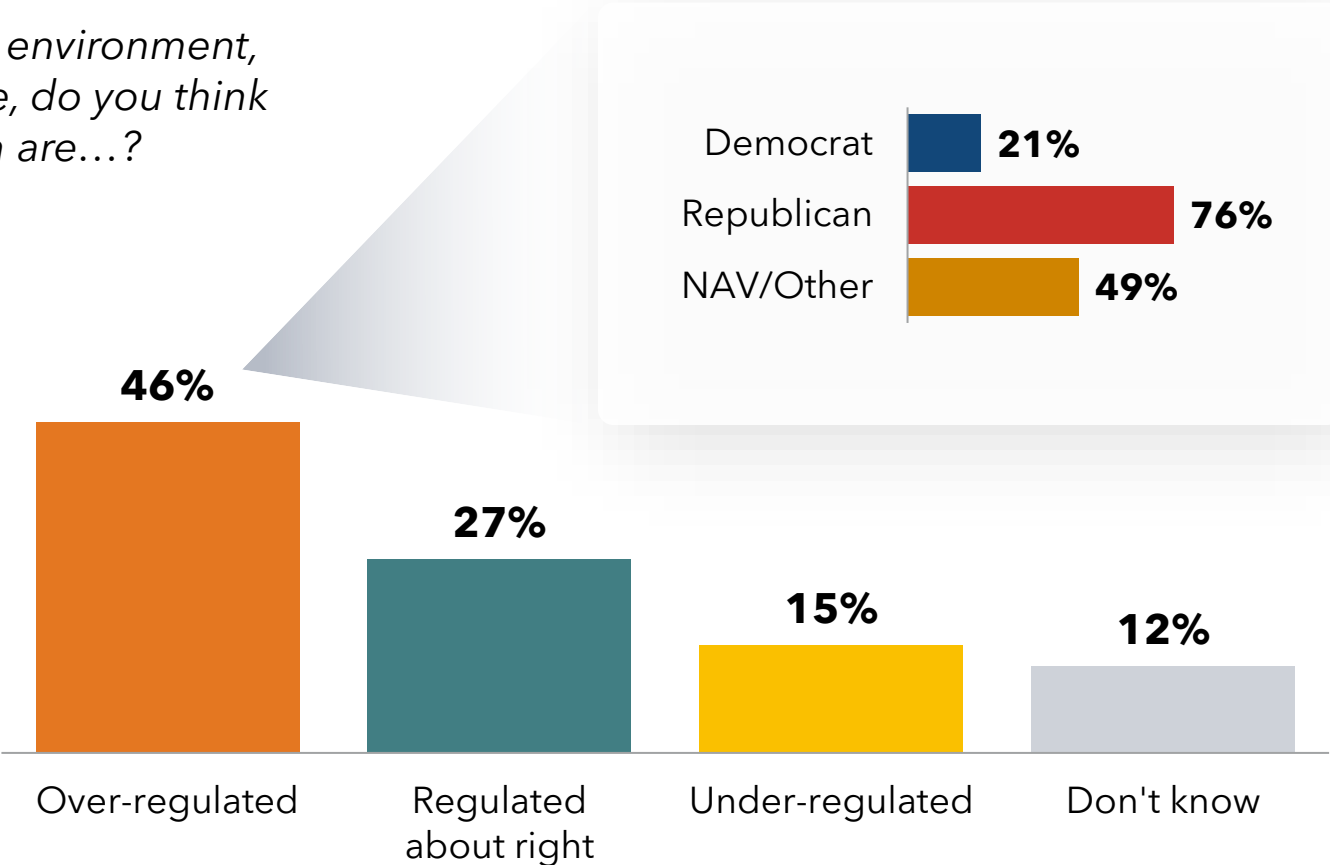
Voters think business taxes in Oregon are too high. Views are partisan, with a majority of NAV/Other voters agreeing with Republicans that taxes are too high.

Do you think taxes on businesses in Oregon are...?



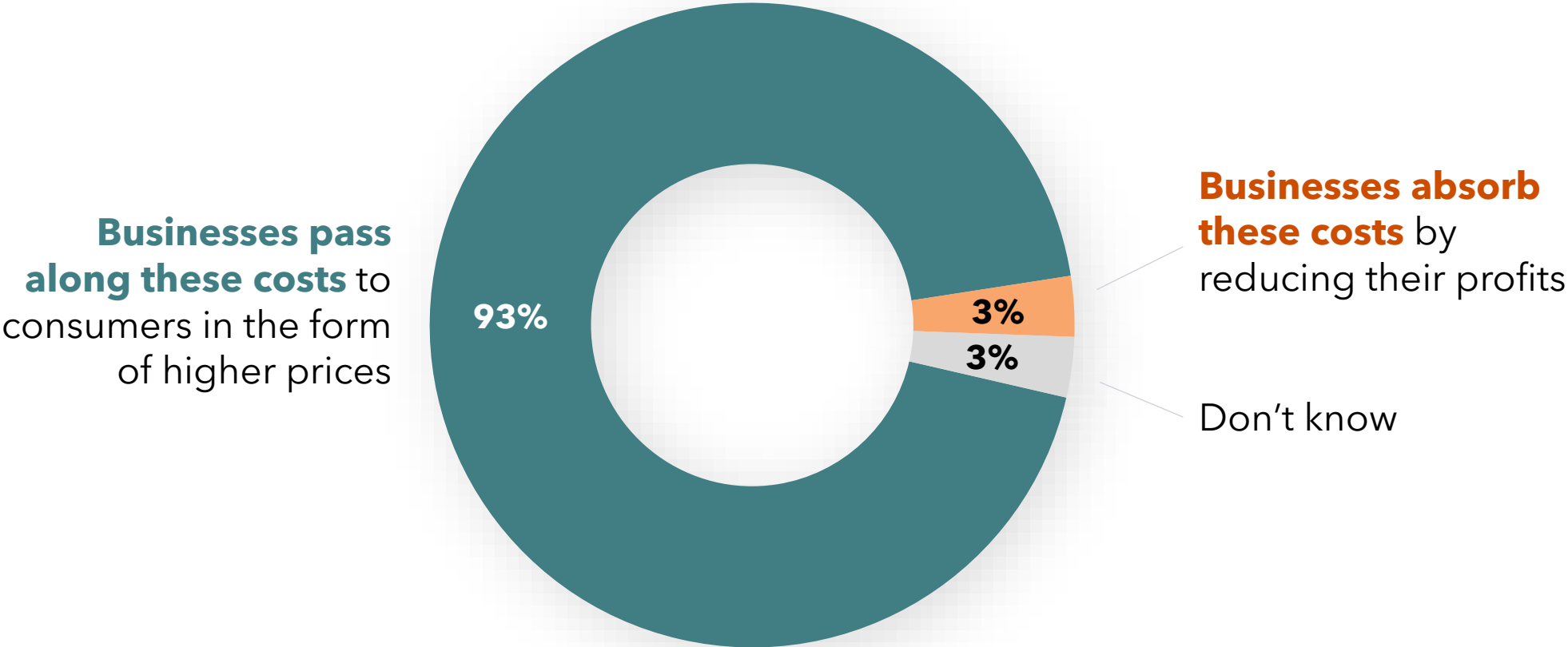
A plurality of voters think businesses are over-regulated on issues relating to the environment, health, and workplace. Here too, a similar partisan pattern is evident.

When it comes to the environment, health, and workplace, do you think businesses in Oregon are...?

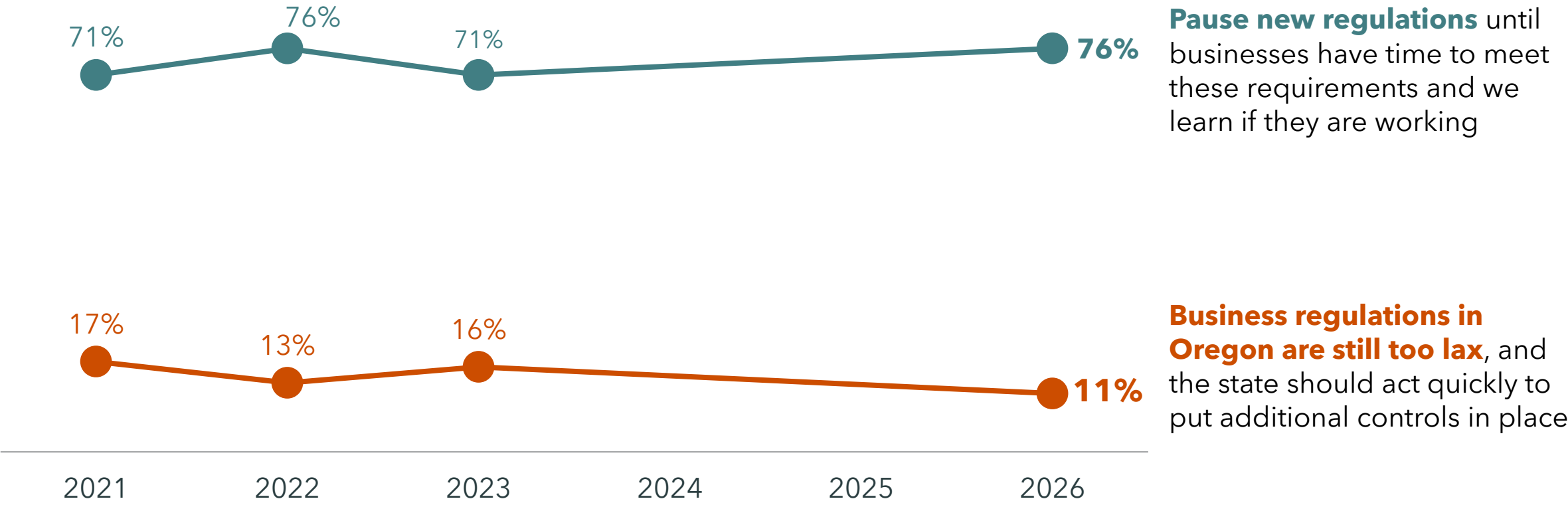


Nearly all voters believe businesses pass the cost of taxes and regulations onto consumers.

Which is more likely when state government enacts new taxes and regulations on businesses?

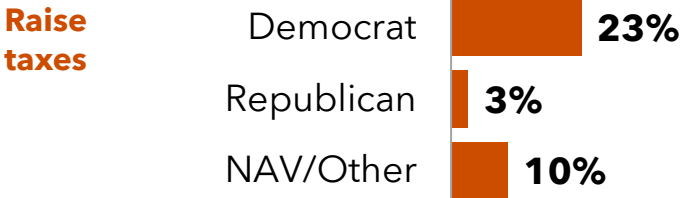
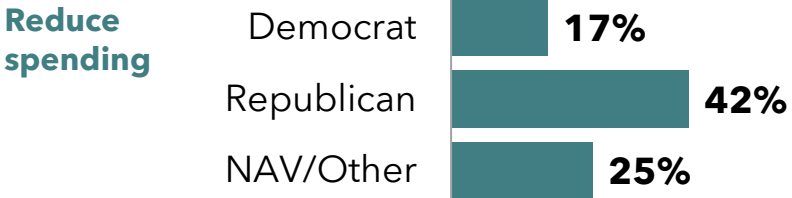
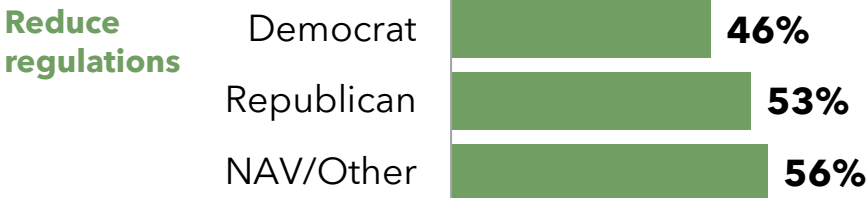
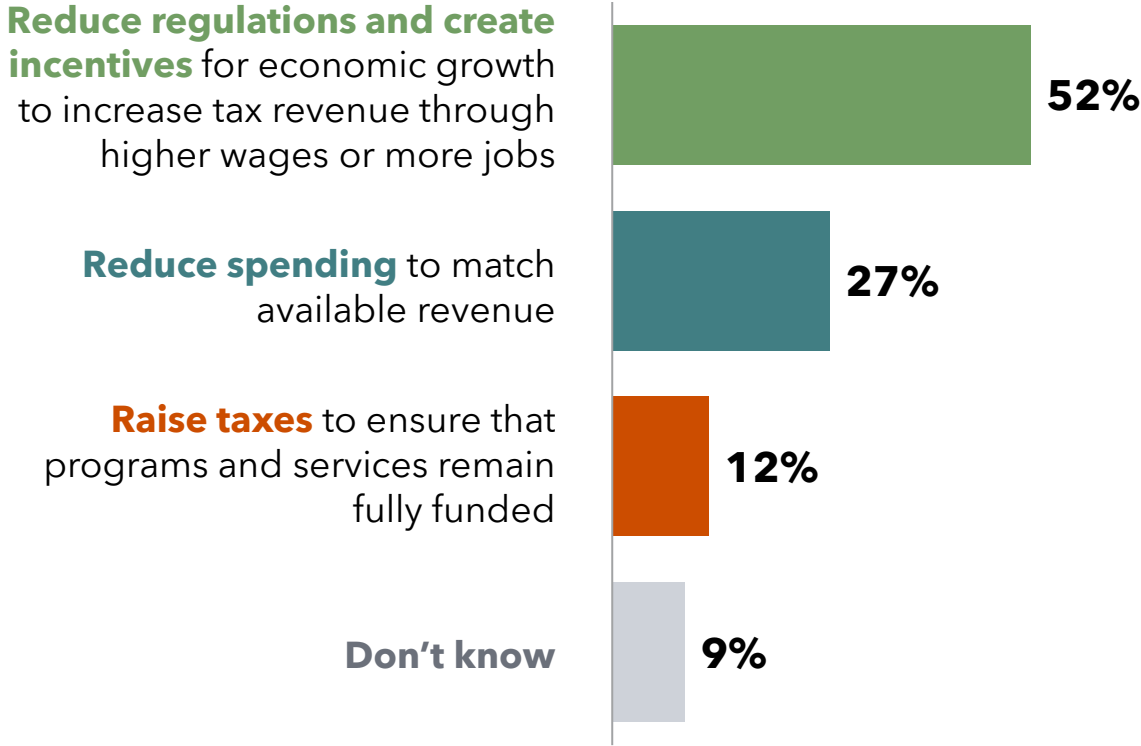


Voter preference for pausing new regulations until they are proven effective has remained consistent since 2021.



To address deficits, voters prefer a third option when provided: reduce regulations and create incentives to drive higher growth, jobs, wages, and tax revenue.

Which of these **three options** do you think should be the priority for state lawmakers?



FRAMEWORK FOR ENSURING FINANCIALLY HEALTHY UTILITIES AND CERTAINTY FOR CUSTOMERS RELATING TO INVESTMENT IN ELECTRIC ENERGY INFRASTRUCTURE IN OREGON

A framework is needed to facilitate strategic planning, development, construction and investment in electric energy infrastructure in Oregon to grow our economy, meet state energy goals, mitigate impacts of extreme weather, address reliability and achieve improved rate certainty for customers to address affordability. Progress toward development of this framework can be made with an appropriately scoped Commission-led study.

Foundational Principles

The following principles serve as the foundation of the study:

- Oregon’s regulated utility model plays a critical role in supporting fairly-priced energy, reliability and resiliency, sustainability, utility responsiveness and enabling economic growth.
- Oregon has taken important steps to set out policies to ensure improved certainty for customers, including multi-year rate plans and protection against cost causers.
- Sound energy policy, clear regulatory guidance, transparency, regulatory stability and regulatory efficiency are necessary to secure long-term energy investment.
- Wildfire affects everyone and Oregon needs solutions that emphasize community protection, wildfire prevention, responsible investment and rapid recovery.
- Healthy utilities are crucial to economic prosperity, growth and a competitive business environment.
- Oregon is focused on clean generation development, innovation and resource diversity to achieve a clean energy future.
- Transmission development is essential for delivering energy and meeting the shared objective of powering Oregon's economic growth.
- The modern era of demand growth requires new tools and mechanisms to meet load requirements in a timely and efficient manner, while protecting existing customers.
- We can bolster innovation, research and environmental stewardship by investing in new technologies and grid solutions, without compromising reliability or affordability, through robust and aligned data-driven analysis and transparent planning without overburdening the development of solutions with time-intensive process.
- Customer service, affordability and reliability can be secured by creating a policy and regulatory environment that enables investments for long-term value, system efficiency and future rate certainty.
- Establish, enhance and optimize cost-recovery mechanisms and transparent data-driven metrics to achieve balanced outcomes for customers, utilities and Oregon.

Study Framework

Using the foundational principles identified above, below are categories for collaboration to secure Oregon’s energy future.

Wildfire Policy

- Creation of a Wildfire Fund. The goal is to create a fund that could be accessed in the event of a catastrophic wildfire to compensate impacted individuals and businesses in a timely way and provide a shared safety net for utilities facing high wildfire costs, especially from catastrophic events. It is designed to make wildfire liability more predictable and manageable – protecting customers, stabilizing energy service and promoting investment in safety. Fund concepts create a pool of money potentially sourced from multiple contributors, including state governments, utilities (shareholders and customers) and other private industry partners related to wildfire prevention.
- Limitations of Liability. Along with funds, there should also be clear and effective limitations of liability relating to wildfires, including limitations on noneconomic damages. Limitations of liability are the single most effective measure for supporting utilities and reducing the cost of the risk borne by customers. Limitations of liability are a clear signal to investors about the risk they will bear by investing in a regulated utility in the state. Limitations of liability, in combination with a Wildfire Fund, also have the benefit of extending the overall life of funds created to compensate those affected by fires.
- Standards of Care. Defining standards of care by which a reasonable utility should operate to prevent wildfire provides certainty for utilities and customers. Wildfire mitigation plans are developed by utilities and approved by the Commission. Policies associated with certifying that a utility is operating to an approved wildfire mitigation plan should provide rebuttable presumptions in a court of law.
- Lowering The Costs. Limitations on attorneys fees and subrogation claims serve to reduce overall costs for utilities and customers. Certainty as to these costs help to ensure capital investment and lower costs for customers.

Regulatory Certainty and Efficiency

- Regulatory Lag. Regulatory lag results in a drag on a utility's financial ability to make continual progress in the investments needed to reliably serve its customers in a way that achieves state energy goals. It is important to more closely align cost recovery with when costs are incurred for all elements of revenue requirement. All tools, inclusive of cost-recovery mechanisms, that can improve efficiency and reduce regulatory lag should be explored (i.e., interim rate adjustments, trackers, true-up mechanisms, multi-year plans, etc.).
- Recovery of Operational Costs. New challenges in load growth and generation mix are creating a significant amount of volatility and uncertainty in the ability of utilities to recover the operational costs necessary to meet these challenges. Reviewing existing mechanisms, and the possible development of new mechanisms, to ensure that they are structured effectively to ensure that the incentives are aligned with the state's energy goals is important.

- Capital Recovery. Uncertainty in a utility's ability to recover costs for the capital investments needed to deliver on the state's energy goals can result in a drag on that utility's ability to make the necessary investments. Regulatory processes that can be used to improve certainty for the utility, with appropriate customer protections, will facilitate growth in needed energy infrastructure while promoting economic development, and these types of processes (i.e., pre-approvals) need to be evaluated.
- Guardrails. Customer protections are an important element of the clean energy transition. These protections serve as an important backstop to reign in potentially unexpected cost pressures that threaten affordability. A review of how these off-ramp protections are being, or could be, implemented, is needed to ensure they are able to function as intended considering both process and efficiency. Actions taken to trigger a guardrail need to be made in a timeframe that does not challenge effectiveness or that increases uncertainty and risk for the utility.



MEMORANDUM

Industrial Land Readiness Workgroup at Westside Economic Alliance

Date: February 11, 2026

WEA is pleased to bring you a summary memo resulting from months of workgroup discussion and collaboration with Metro staff. This memo is intended to be a starting point for a collaborative conversation where private sector partners can work with Metro to support a bright economic future for our region.

BACKGROUND

Metro is required to produce an updated Urban Growth Report (UGR) every six years as part of the growth management program. The UGR is used as the basis for urban growth boundary (UGB) expansion decisions. Throughout the 2024 UGR review process, participants raised concerns through various committees and Metro Council meetings about Metro's buildable lands methodology specific to counting industrial lands.

Metro's current methodology is not intended to specifically identify market-based industrial land needs for the region. The Buildable Land Inventory requires Metro to identify available lands that are currently zoned for industrial use but is not required to consider key site criteria factors based on market realities such as slope, utility infrastructure availability, and proximity to major highways.

While the UGR found that sufficient industrial lands for the next 20 years "exist" in the UGB, much of the land identified is not suitable to meet industrial development market demand due to site size, slope and other site constraints.

The most recent UGR was adopted in 2024 and used as the basis for the Sherwood West UGB expansion. In order to approve the City of Sherwood's UGB expansion request that included industrial lands, Metro staff used a targeted industry approach which showed that despite the substantial amount of industrial zoned land inside the UGB, this expansion was justified as none of those sites could meet the site needs of certain sectors.

In response to the UGR process and the concerns raised, members of MTAC asked MPAC and Metro Council to convene an Industrial Land Readiness Workgroup of industry experts to look more closely at Metro's buildable lands methodology. This memo is the result of that convening, providing background on the workgroup's discussions, goals and membership, along with recommended actions for Metro Council to consider.

WORKGROUP CONVENING

The **Industrial Land Readiness Workgroup** convened from February to September 2025. The workgroup's initial objective was to review the methodology used by Metro to count buildable employment industrial lands and present specific recommendations to better align the count of

buildable industrial land with market realities. However, upon convening, it quickly became apparent that the issues faced by the region are bigger than methodology alone and that actions should go beyond technical fixes to include more substantive changes.

The workgroup was comprised of commercial real estate brokers and developers, private sector planners, economists, and public sector partners including city, county, regional and state partners. Metro staff both participated in, and served as advisors throughout, the process. We hope this work can result in a model of what can happen when we bring together experts from across our region to a single table using a solution-oriented approach to tackle big problems.

Two goals emerged from this workgroup:

1. To help Metro create a forecast process with growth scenarios that consider economic development interventions and market demand to create more aspirational forecasts, while still meeting State requirements.
2. To encourage Metro Council to center economic development through creation of an economic development focused “table” composed of technical staff and industry experts to strategize on technical fixes to ensure that industrial land availability can meet market demands in a timely manner.

Over the course of the convening, the workgroup committed to educating ourselves about Oregon’s Statewide Land Use Planning Goal 9: Economic Development, forecasting and market analysis, and land readiness and investment needs for our region and state. It is within the context of this shared learning and the individual expertise offered by workgroup participants that we feel we can help Metro identify solutions that will unlock the potential of our region to grow a diverse and vibrant economy.

The WEA team produced a draft memo of recommendations and presented it to Metro Councilors and staff. During this series of meetings, WEA learned that Metro Council has formed an economic development working group, which includes Councilors Gonzales, Lewis and Simpson. WEA also learned that Metro staff is developing a proposal for Council consideration which includes actions that can be taken to support and enhance economic development in our region. “Job Ready Lands” will be one of their top priorities in this work.

As a result of collaboration with Metro staff and Council this memo has been updated. All of the original draft recommendations are retained but have been updated and reformatted to align and help shape the upcoming work of the Council on economic development. During this time, we also learned of the Governor’s Roadmap to Prosperity effort including the creation of an Oregon Prosperity Council. This new effort will create an elevated opportunity for this work to be integrated into future legislative action.

We are determined to help find a path forward for the region to develop a 20-year and beyond employment land supply and economic forecasting system that reflects market realities, supports economic growth, and bridges public and private sector perspectives concerning ongoing economic uncertainty. We believe our region must prioritize building a future-focused economy. In addition to forecasting updates and other measures, the public and private sectors must work together in a meaningful way.

WEA will continue to be clear that experts from the private sector are critical to the success of these efforts. We've identified the problems and provided reasonable solutions. This work needs to move in real-time and not be slowed down by years of work where the process becomes the outcome. We stand ready to work alongside Metro to help our region realize Jobs Ready Land that will benefit our workforce, our economy and our communities.

RECOMMENDATIONS TO METRO:

Recommendation #1: Metro Council should adopt a resolution that acknowledges a clear problem statement similar to below.

- Our existing Urban Growth Report does not tell the full story of the region's long-term land supply. Much of the industrially zoned land is inadequate or undevelopable and does not meet the needs nor the criteria of the market demand. Metro should acknowledge this issue and partner with us to develop a strategy to evolve our regional approach to more accurately reflect our "buildable" land supply and take action to ensure that we do have adequate and appropriate buildable industrial land available to support a bright economic future for our region.

Recommendation #2: Metro Council should provide additional direct support for jurisdictions.

- Allocation of funding through the 2040 Planning and Development Grants for cities to bring on full FTE or hire consultants to support planning efforts including, but not limited to, analysis of and changes to zoning, comprehensive planning, and other planning needs related to growth for the duration of their economic analysis project. This should happen by the end of 2026.
- Help jurisdictions utilize site-specific, mid-cycle industrial land UGB expansions as appropriate. No city has utilized this process since it became available in 2010. While it is encouraging that such a process exists, its under-utilization points to it either being inaccessible or not cost-effective for cities to pursue.
 - If necessary, an outside consultant should be brought in with Metro resources to work with local jurisdictions on identifying what support they need to be successful in their future planning processes.

Recommendation #3: Metro Council should consider changes to Title 11 to support efficiency and better use of public funds.

We understand that this work is connected to other elements of the UGB expansion process. In order to better streamline processes to support efficiency and use of public funds, some initial suggestions include:

- Acknowledge that the concept plan phase is required to include a robust visioning/public process, including preliminary infrastructure funding plan, preliminary transportation and utility plans, and preliminary zoning plans.

- Because the concept plan phase includes all the required elements, amend Title 11 to require that the comprehensive plan phase be focused only on implementing the approved concept plan.
- Metro could use money saved from a slimmed down comprehensive plan phase to seed an infrastructure fund (revolving loan fund) or affordable housing fund for new urban areas.

Recommendation #4: Metro Council should pursue the following recommended technical fixes to refine the counting of employment land. To be completed by the end of Q4 2026.

- Develop and adopt a Grading/Tiering System that considers, including, but not limited to, Lot size, Geometry, Slope, Natural Features, Access to Infrastructure, Contiguity with other developable parcels.
- Seek changes to state law to encourage ‘surplus’ land supply, including the surplus of certain TYPES of land as identified by market analysis and input from industry.
 - This should be completed in time for policy movement in the 2027 Legislative Session.

Recommendation #5: Metro Council should adopt a forward-looking, market-guided methodology when modeling growth.

- Future UGR economic modeling should work to predict future economic performance including results from planned economic development interventions and growth opportunities. Following DLCDC’s Goal 9 recommendation that aspirational forecasting guides the work done to prepare the Urban Growth Report.
 - When launching the Urban Growth Report process, Metro should adopt an aspirational directive when forecasting their available land supply.

Recommendation #6: Metro Council should create and staff an “implementers table” that focuses on regional economic development, specifically land availability and readiness. To be created by the end of Q1 2026.

- We recommend a **new table, to be staffed by Metro, that centers the voices of business and industry with a focus on economic development, specifically land availability and readiness.**
 - This table should include industry experts and technical staff and serve as an advisory group to MTAC, MPAC and Metro Council.
 - This table can provide insight into best practices and review best practices from other states where cities have the opportunity and resources needed to grow.
 - This table can help identify where there are gaps in staffing, revenue, and policy.
 - This table can collaborate to support bimonthly/quarterly technical work sessions around commercial real estate development topics for MPAC, MTAC, and Metro Council with private sector subject matter experts to educate on the importance and benefits and development hurdles and quality of land supply in UGB.
 - This table can identify changes to the state land use system that would support the outcomes described in this memo.

- This Table can be charged with identifying legislative and incentive gaps, workforce development needs, and regional synergies.
- This table can provide feedback and input into the Governor’s Oregon Prosperity Council & CEDS effort.
- **THE REPORT: Within one year, and then on an agreed upon periodic basis, this table should work with Metro staff to create a report that will outline economic realities and opportunities throughout the three counties.**
 - **We recommend that the first report be framed as a Regional Jobs Strategy to support future ongoing work. This strategy should be developed and adopted by the end of Q4 2026.**
 - This report should be presented to MTAC, MPAC and Metro Council and should be included as an addendum to the Urban Growth Report.
 - The report must discuss whether the current land supply meets market demands, identify if/where there is a mismatch and make recommendations to address the mismatch.
 - This report should also identify target industries, characteristics of land they require, identify locations where that land exists, and detail the improvements required to make that land development ready.
 - The report should identify technical fixes to existing Metro rules, plans or procedures for Metro Council consideration.
 - As an example, this report might echo the work done by the City of Hillsboro to provide economic projections and forecasts; it might provide lessons learned and highlight market successes and challenges; it would also be an opportunity to identify infrastructure and investment needs throughout the region.

Industrial Land Readiness Workgroup Members

NAME	ORGANIZATION	SECTOR
Elizabeth Mazzara Myers	Westside Economic Alliance	Convenor
Teddy Russell	Westside Economic Alliance	Staff
Kenneth Anderton	Port of Portland	Public Sector
Dan Dias	Hillsboro	Public Sector
Laura Edmonds	Clackamas County	Public Sector
Steve Koper	City of Tualatin	Public Sector
Steve Perkins	Clackamas County	Public Sector
Jamie Stasny	Clackamas County	Public Sector
Todd Duwe	Perlo	Private Sector
Steve Faust	3J Consulting	Private Sector
Gabriela Frask	Mackenzie	Private Sector
Jerry Johnson	Johnson Economics	Private Sector
Keith Leavitt	Confluence Strategies	Private Sector
Stu Peterson	Macadam Forbes	Private Sector
Ivy Quach	QB Fabrication & Welding	Private Sector
Kelly Ross	NAIOP/CAB	Private Sector
Steve Sieber	Trammell Crow	Private Sector
Brad Smith	Windsor Properties	Private Sector

Advisors

Eryn Kehe	Metro	Public Sector
Ted Reid	Metro	Public Sector
David Tetrick	Metro	Public Sector

Presenters

Leigh McIlvaine	DLCD	Public Sector
Gordon Howard	DLCD	Public Sector

NOTE: Metro staff attended the workshop and provided information and input but did not participate in the final drafting of the recommendations or memo. DLCD staff were invited as guest presenters and did not take part in the development of the recommendations or memo.

We have gotten to this point, in Oregon, because of the policies put in place over the last 40 years under progressive leadership, and doing the opposite is a logical solution if we want to end up in a different place.

Problems:

1. Too much regulation for businesses that has increased costs to operate in our state.
2. High taxes - income taxes, corporate activity tax, estate taxes, capital gains taxes
3. Poor k-12 results
4. Unfunded liabilities in PERS that cause more \$\$ to fund and fewer people to provide service
5. Outdated and Unrealistic Land Use Planning
6. Loosing companies to other states

Goals:

1. Keep existing companies in Oregon.
2. Attract new companies to Oregon.
3. Retain our Oregonians in our state.
4. Improve education and infrastructure
5. Get our fiscal house in order
6. Exit interviews with companies that have left Oregon

Keeping companies in Oregon and attracting new ones:

1. Eliminate recent regulations that have increased costs, decreased productivity and removed freedom of management in private industry.
 - a. Eliminate mandatory paid vacation
 - b. Eliminate paid leave
 - c. Eliminate state-wide rent control

2. Eliminate the corporate activity tax. It has driven up costs for companies and individuals while doing nothing to improve k-12 education, which is what the funds are earmarked for.

Solve PERS over the next 10 years:

1. The single biggest thing we can do for economic development is eliminate the high-cost of PERS by removing the unfunded liability. PERS is killing all government services from fire to police to k-12 to high education.
 - a. Earmark all tax receipts from the following toward paying down PERS:
 - i. capital gains tax income
 - ii. estate taxes
 - iii. Income taxes in excess of 4% over the previous biennium.
 - b. Use the earmarked funds to provide a 2 to 1 or 3 to 1 match for all agencies to receive \$2/\$3 for each \$1 they put toward paying down their PERS unfunded liability.

Improve our k-12 ranking to above median in the USA:

1. We must change the system if we want change. Give power to the education consumer – the child and the parent.
2. Implement a voucher system whereby competition becomes part of our education system. Allow choice to improve the results.
3. Separate the special needs budget from the total education budget. Special needs funding remains as is.
4. The remainder of the k-12 budget is divided by the # of students excluding special needs. This identifies what the state provides per student.
5. Give each student 85% of the amount the state currently provides per student. The student may use the funds to attend any public or private school they wish to attend.
6. Public schools receive an allotment from the 15% not given to students. The balance of their budget is funded by students choosing to go to their school. Poor schools will close

just like a poor restaurant. Quality schools will thrive just like any quality product or service.

Keep Oregonians in Oregon:

1. Eliminate the estate tax or increase the exemption to match the Federal exemption, which is currently \$15 million per person.
2. Reduce the capital gains tax from 9.9% to 3.9%.
3. Take the top tax rate of 9.9%, which was added in 2012 to 9%, and cap government spending growth to inflation + 1% per year. The goal being to gradually reduce the income tax rate if economic growth exceeds inflation +1%.
4. In the long run we would be better off with a diverse tax base including a 6% income tax, 3% capital gains tax, no estate tax and 5% sales tax. The only way this would ever work is if the tax code included a cap on revenue growth tied to inflation +1%. Without the cap, the citizens of Oregon will never trust adding a sales tax.

Increase state government efficiency:

1. Either cut the budget by 10% to force a focus on efficiency or hold the budget flat (no inflation adjustment) and allow time to trim people, departments and services that are bloated, unnecessary, or past their prime.

This is a starting point. There are other problems (infrastructure maintenance, homelessness, mental illness solutions, and others) that deserve attention in round II.

Higher Education

The problems that SOU are confronting are not unique to this institution. Recent financial estimates show that by 2031, without changes, all public universities in Oregon will have negative ending cash balances, leaving many in similar places to where SOU finds itself right now. Hopefully, our situation will be a clear warning sign for state lawmakers regarding the severity of the consequences if they continue to underfund higher education

How did we get here? Simple answer is a chronic underfunding of public universities in Oregon. Oregon spends less by far than our neighboring states on institutional support per student FTE, and less on student financial assistance. For years, we have been able to string together enough one-time funding to operate, but in the absence of those one-time funds and no additional ongoing revenue, the gaps between revenue and costs have become too large to manage.

At OSU, we face a very difficult budgetary situation, with cuts being made across the university. Public universities are an incredible engine of economic activity and transform the lives of our students. A recent study estimated that \$1 of state investment in OSU results in \$13 of increased economic activity. So, ask yourself again, what is your perception of Oregon's funding of public 4-year universities?

Table 10a: Regional Data, FY2024

	Funding per FTE	Financial Aid per FTE	Net Tuition as % of Total Revenue
California	11,344	1,831	33.7%
Idaho	10,351	449	51.9%
Nevada	11,500	2,220	23.6%
Washington	13,268	2,608	48.1%
Regional Average	\$11,616	\$1,777	39.3%
Oregon	6,200	1,146	69.7%
OR vs Average	(47%)	(36%)	N/A

Rural Oregon/ Agriculture

OSU Extension Service is a statewide asset that advances economic prosperity in rural communities by supporting small businesses, producers, workforce skills, and community capacity. Extension provides a direct pathway for translating research into practice and stands ready to play an expanded role in implementing statewide economic strategies in rural and resource-dependent regions.

OSU Extension programs reach approximately 90,000 youth annually through 4-H, supported by more than 8,000 volunteers and over 600 employees, providing a direct and scalable pathway to implement statewide economic strategies in rural and resource-dependent regions.

rising labor costs, complex regulatory frameworks, and regulatory disparities between Oregon and neighboring states have created a challenging economic environment that threatens the long-term viability of one of Oregon's longest standing and iconic agricultural sectors. A November 2025 Oregon State University study highlighted the growing burden of regulation costs, finding that small pear growers pay as much as \$696 per acre in regulatory compliance costs alone, representing as much as 6.6% of total revenue and placing significant strain on already thin operating margins.

This partnership is essential for three reasons:

- **A stabilizing traded sector:** While technology fuels innovation and high growth, it can be cyclical. Agriculture and Food & Beverage provide durable, statewide economic output sustaining communities across the state through market shifts and economic downturns.
- **A fully integrated rural-urban value chain:** Agriculture uniquely connects rural production, urban processing, and global trade through Oregon's ports. Including this perspective ensures the Prosperity Roadmap advances a truly "One Oregon" economy.
- **Land-use and site-readiness expertise:** We noted your emphasis on industrial site readiness. As stewards of working lands, the agricultural community can help the state navigate land-use tensions in ways that expand economic opportunity while preserving long-term sector viability.

Land Use Laws first put in place in the 1970' were designed to protect open space and agricultural land. They are outdated and are a disservice to for forementioned. Southern Oregon has gone from 13,000 acres of pears to 3,000 and dwindling. If the economics are not there for agriculture people need alternatives to use their land, if not they will go out of business and the land will lay fallow.

Southern Oregon

Key takeaways:

- Jackson County's population stabilized in 2025, growing 0.1% (+325 residents YoY) after four years of decline—fragile, but a meaningful return to growth.
- Within that modest county gain, Medford added 1,208 residents between July 1, 2024 and July 1, 2025 (88,738 → 89,946), a 1.3% increase and roughly 4× the next-largest contributor in the Rogue Valley (Eagle Point, +325).

This local growth is contrasted by Oregon's weak performance on core business-climate metrics—business friendliness (47th), cost of doing business (43rd), and cost of living (45th). These CNBC "[America's Top States for Business](#)" rankings—widely used KPIs in state economic development—are informing Governor Kotek's [Prosperity Roadmap](#) and accelerating Business Oregon's first comprehensive statewide economic development strategy, to which we've been providing feedback alongside peers statewide.

What's interesting is the underlying assumption being challenged here: that population growth is primarily driven by business growth. Our local data, combined with national trends (notably remote work), suggest the inverse is increasingly true. Across the country, economic development best practices are shifting toward placemaking—with Bend serving as a useful case study. This is a fundamental (and sometimes unpopular) shift given its indirect impacts and timelines that extend beyond election cycles.

This perspective is informed by internal research Izrael has been instrumental in helping draft, supporting Economic Development's development of a market-adjusted, foundational ideology. Drafts are attached in case you're curious or if you're time crunched, here is a [6.5 minute video presentation](#) we created for internal purposes that sums it all well.

By the way, national data reinforces this shift:

- [NAR's 2024 Migration Trends](#) show proximity to friends/family and housing affordability now drive most moves; job relocation plays no role for 43% of recent buyers, and employer office policies account for ~2%.
- [Allied's 2024 & 2025 Migration Reports](#) shows interstate moves down 7%, with growing preference for small and mid-sized cities where quality of life and affordability outweigh proximity to job centers.
- Analysts consistently note that remote work allows talent to prioritize climate, outdoor access, community feel, and affordability—forcing employers to follow talent rather than lead it.

From: Lois Cho lois@GETCHOWINES.COM
Subject: Fw: SEDCOR/CHO Wines Discussion Follow-up
Date: February 17, 2026 at 10:00 AM
To: Harry Clapsis harry@amperecomputing.com
Cc: Bogue, Emerald Emerald.Bogue@portofportland.com, renee@625.onmicrosoft.com, Robinhold, Curtis Curtis.Robinhold@portofportland.com

LC

EXTERNAL EMAIL:

Some further input from the EDO perspective.

Lois

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From: Abisha Romano <ARomano@sedcor.com>
Sent: Monday, February 16, 2026 10:36:50 PM
To: Lois Cho <lois@GETCHOWINES.COM>
Cc: Erik Andersson <EAndersson@sedcor.com>
Subject: SEDCOR/CHO Wines Discussion Follow-up

Hi, Lois

Thanks again for the great discussion regarding business support needs. I had it in my notes to send you a few examples of how the state might be able to better support business innovation and investments. Though we collectively have 643+ examples to share, our team selected the short list below to start with. Please let me know if these types of examples are representative of what you're looking for. I have copied in our President, Erik Andersson, for follow-up questions or additional requests.

1. **The Company:** Chapul Farms is based in McMinnville and uses food industry waste streams as feedstock for black soldier flies. In this process, they upcycle organic waste streams into high-value feed and soil fertilizer. The majority of black soldier fly larvae and soil amendment we use in domestic farming comes from international sources. Their process provides a beneficial use for organic waste material, while creating a high-protein organic feed for chickens and other animals (larvae), and high value fertilizer.
 - a. **The Problem/Opportunity:** DEQ does not know how to handle this company's request for managing their organic inputs (which is feedstock for the black soldier flies, and also waste from the food industry), like it's feedstock. Instead, they are forcing the company to secure local and state permits as a composting facility. Composting facility certifications can take upwards of 18 months and have very high requirements for product movement and air quality management. But this business is not composting any materials. Their system is fully enclosed and the inputs are handled like cattle or hog feed. Cost and timing to permit has caused several funding and timeline launch obstacles for the company. This would be a great opportunity for DEQ to be entrepreneurial and find stop-gap solutions for this company as they determine how best to classify this new, innovative and environmentally beneficial business process.
2. **The Company:** The Estate Bakery was a project that attempted to land in Yamhill County several years ago. This was seen by the owning partners and regional supporters as vertical integration on farming property near Perrydale. The partners owned farmland with existing facilities and grew ancient grains on-site. Their goal

was to begin milling the grains and producing high quality breads on-site. They also wanted to be an educational site for youth and students to learn about on-farm and processing practices. Plans were approved by the county and ultimately opposed by the 1,000 Friends of Oregon.

a. **The Problem/Opportunity:** The biggest issue is how standing is established. In this instance, the project “died on the vine” because the 1,000 Friends took the issue to LUBA and for a nominal fee, they were able to put the business owner in a position of spending tens of thousands of dollars to secure an attorney to defend themselves. In Oregon, bread is not considered to be an agricultural product, therefore it does not fit into rules associated with farmstands, etc. As a point of comparison, jams, jellies and pies are considered to be agricultural products.

3. **The Company:** A local hazelnut processor is exploring investment in a biomass facility to help manage their waste stream.

a. **The Problem/Opportunity:** In order to move forward, they would need to secure three separate air quality permits. That’s just to manage air related environmental concerns. They also need to get permits related to land and water impacts. There are so many separate state departments for permitting these types of facilities and, though they do work to coordinate, it is a complex process. An example of how this is managed differently – in Washington state, they have the Department of Ecology, under which all the other environmental departments sit (DEQ, State Lands, Forestry, Water Resources, etc.)

We would also like to share insight into a few seemingly “easy” ways to streamline or simplify state programs for business. One example is the BOLI prevailing wage burden. When a project is both funded at a state and federal level, the project is required to pay both prevailing wage (state) and Davis Bacon (fed) wages, and track the hours and activities by person, per project to ensure they are being paid the right amount, based on which specific activity is being funded by which entity. This is big for the construction industry who vastly prefers paying the higher of the two wages, versus the very onerous task of tracking task by hour which contributes to a very high cost for administration and reporting. If the state simply said “If the project is both federally and locally funded, defer to the higher wage requirement” this would save huge amounts of time and cost. This simple change could be a big time and cost saver for municipal infrastructure projects and affordable housing projects.

Lois, this is already a very long email so I will stop here. Please let us know if we are hitting the mark and/or whether we can be of support in any way. We sincerely appreciate your participation in the Governor’s Prosperity Council – thank you for being a busy person who committed to being even busier for the greater good.

Take care,
Abisha Romano
SEDCOR
503-507-4175

Governor's Prosperity Council
Lois Cho's Contributions for Meeting #2
February 17, 2026

Prepared by Lois Cho, Co-Founder & CEO of CHO Wines
Member, Governor's Prosperity Council

This document is a working summary prepared for internal use only. It captures initial discussion themes, questions, and hypotheses from initial discussions with key stakeholders interpreted by Council member Lois Cho and does not represent final positions, recommendations, or policy direction.

Please do not distribute externally or attribute specific viewpoints, as the Council is still in an active listening and evaluation phase.

Over the past month, I conducted a series of meetings and outreach efforts to gather input from industry and economic development stakeholders. This included meetings with the executive directors of the Oregon Wine Board, Willamette Valley Wineries Association, and Oregon Winegrowers Association; a presentation at the WVWA Annual Member Meeting; discussions with business owners at the Oregon Wine Symposium; and a distributed survey. Additional conversations were held with developers, small business owners, corporate wineries, legislators, lobbyists, and economic development organizations, as well as input from Oregon State University. The following section summarizes the themes that emerged from this outreach.

1. Current State: Oregon's Economic Context

Several stakeholders referenced broader economic indicators, including measures such as the Oregon Business Index and related analyses, which suggest that Oregon is facing challenges across multiple measures of competitiveness. Growth across major industry sectors appears uneven, and healthcare remains one of the few sectors consistently expanding, largely driven by demographic trends such as an aging population. Some participants noted that Oregon's largest employers have remained concentrated among a relatively small number of organizations, and that the state has seen limited emergence of new large-scale industry sectors contributing to broad-based economic growth.

There is also concern about fiscal constraints at the state level and uncertainty about how long-term economic development strategies will be funded. Some stakeholders observed that while regulatory streamlining and sector-specific initiatives are valuable, broader economic conditions (particularly job creation, wage growth, and disposable income) ultimately drive demand across many industries, including wine, agriculture, and hospitality. From this perspective, policies that strengthen overall economic health may have the most significant long-term impact on rural industries.

Stakeholders described differing perspectives regarding rural economic development and land use. Some emphasized the importance of preserving high-value farmland and limiting commercial uses in rural areas, consistent with Oregon's longstanding land-use framework. Others noted that rising costs, infrastructure limitations, and changing market conditions are creating pressure for agricultural businesses to diversify revenue through agritourism, direct sales, or limited hospitality uses. These perspectives reflect an ongoing effort to balance preservation with economic viability.

2. Observations from Wine Country Survey Responses

Survey responses from winery operators and growers reveal a consistent set of operational and structural concerns. In the near term, respondents most frequently cited regulatory complexity, permitting challenges, and the need for increased marketing support to strengthen awareness of Oregon wine in competitive markets. Access to capital, grants, and financing tools was also identified as an area where businesses would benefit from additional support.

Looking further ahead, respondents emphasized the importance of tax policy, incentives, workforce development, and research and development. Workforce challenges were a recurring theme, particularly related to housing affordability, seasonal labor availability, and rising wage pressures. Some respondents also noted that immigration policy and labor regulations affect

their ability to plan and operate effectively, especially in sectors where work is seasonal and time-sensitive.

Businesses also reported that information about available programs, grants, and resources is often fragmented or difficult to navigate. This creates barriers to participation even when programs exist, and some suggested that improving communication and coordination could increase the effectiveness of existing initiatives without requiring significant new funding.

3. Structural Challenges Identified Across Discussions

Across multiple conversations, stakeholders described a broader structural challenge related to fragmentation. Oregon has many agencies, boards, and organizations working toward economic development, tourism promotion, agricultural support, and marketing, but coordination among these entities is not always clear. This fragmentation can result in overlapping efforts, inconsistent messaging, and reduced efficiency in how funds and programs are deployed.

This issue is not limited to a single sector. Participants noted that agriculture, tourism, and economic development programs often operate in parallel rather than in an integrated manner, which can make it difficult to implement cohesive strategies or measure statewide outcomes. While Oregon has strong institutions and programs, stakeholders frequently expressed the view that alignment and execution may be as important as additional funding.

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Recent legislative proposals, including House Bill 4153, illustrate the ongoing debate about how to balance farmland protection with the need for agricultural businesses to diversify through retail, agritourism, and value-added activities.

Role of Economic Development Organizations (EDOs)

- Regional Economic Development Organizations such as SEDCOR, EDCO, Greater Portland Inc., and SOREDI already operate extensive business-support networks.
- These organizations often have direct relationships with employers, entrepreneurs, and investors and can respond more flexibly than state agencies in certain circumstances.
- Some stakeholders suggested that the state could more effectively utilize existing nonprofit EDO networks rather than developing parallel structures.
- EDOs frequently partner with the Regional Solutions Department and local jurisdictions to assist businesses navigating permitting, infrastructure, and financing.

There was also discussion about whether the state might benefit from formally designating regional EDO partners in certain initiatives, particularly where existing networks and relationships already support economic development activities.

Examples of Programs and Partnerships

Examples discussed included:

- The **Rural Tax Exemption Program**, which can support major facility or equipment upgrades.
- The **Regional Innovation Hubs Program**, administered by Business Oregon, which supports entrepreneurial and innovation ecosystems.
 - Some organizations that do not qualify directly for state funding have partnered with affiliated nonprofits to secure philanthropic support.
- Programs supporting:
 - Entrepreneurial development
 - Agricultural technology initiatives
 - Workforce housing coalitions
 - Small infrastructure projects such as sidewalks and accessibility improvements
 - Employer support initiatives, including childcare access

Stakeholders noted that partnerships with universities, growers, and startups are already occurring in some regions, including on-farm trials and applied innovation projects.

Coordination Between State Agencies and Regional Partners

Several observations were made regarding coordination:

- Business Oregon is viewed by some stakeholders as effective in administering incentive and infrastructure programs but not positioned to address regulatory challenges directly.
- The **Regional Solutions Department** was described as historically effective in convening agencies to resolve interagency conflicts, particularly where businesses faced conflicting requirements from multiple regulators.
- Some stakeholders expressed the view that this coordination function has shifted in recent years toward infrastructure-focused projects, reducing its role in resolving regulatory bottlenecks affecting private-sector investment.

- There was discussion about whether Regional Solutions coordinators or similar mechanisms could be more actively utilized to help address complex permitting challenges.

Several stakeholders, including higher education partners, emphasized that Oregon's challenge is less about identifying priorities and more about aligning institutions, agencies, and regional partners around shared goals and execution. Having the universities at this table could also be a part of the solution.

Universities also play a role in translating research into companies and jobs, supporting applied research, startup formation, and industry partnerships. Since 2013, Oregon State University alone has generated nearly 200 startups that have attracted significant private investment, demonstrating the potential of research institutions as economic development partners.

4. Land Use and Regulatory Complexity

Land use policy emerged as one of the most complex and sensitive topics in discussions. Many stakeholders acknowledged that Oregon's land use framework has played a significant role in preserving farmland and preventing sprawl, outcomes that are widely valued by agricultural producers. At the same time, businesses involved in agritourism and rural hospitality reported challenges related to permitting, county-level interpretation of rules, and litigation risk, all of which can introduce uncertainty and delay investment.

Some stakeholders also noted that updating soil classifications or land-use designations can be costly and time-consuming, creating barriers to adaptive land management. Preservation advocates, however, emphasized that protecting high-value farmland remains essential to maintaining Oregon's agricultural economy over the long term, and that certain types of development (particularly large-scale or resort-style projects) raise legitimate concerns about cumulative impacts.

These differing perspectives reflect a shared interest in maintaining a strong agricultural base, but differing views on how to balance preservation with economic diversification in rural areas.

5. Workforce and Cost Pressures

Workforce issues were consistently identified as a major constraint across industries. Rising housing costs in rural communities make it difficult for workers to live near employment centers, and businesses report ongoing challenges in recruiting and retaining staff. Seasonal industries, including agriculture and hospitality, face additional complexity because labor demand fluctuates significantly throughout the year.

Some stakeholders expressed concern that certain labor policies do not fully account for the seasonal and time-sensitive nature of agricultural work, while others emphasized the importance of maintaining worker protections and fair compensation. In addition to labor costs, businesses also cited rising input costs, transportation expenses, and utilities as contributing to financial pressure, particularly for small and medium-sized enterprises.

Higher education institutions, including Oregon State University, identified workforce development and talent pipelines as central to long-term economic competitiveness. Universities play a significant role in aligning degree programs, credentials, and applied learning with sector needs and regional workforce demands, particularly through partnerships with employers and community colleges.

Agricultural employers and processors noted that workforce availability and cost pressures remain significant challenges. Seasonal production cycles, labor shortages, and increasing wage and overtime requirements can create operational constraints, particularly in labor-intensive sectors such as specialty crops and winegrape production. Some stakeholders also noted that mechanization and innovation may play a growing role in addressing long-term labor constraints.

6. Marketing and Tourism Coordination

Marketing and tourism coordination emerged as another area of concern. Oregon's food, beverage, wine, and agricultural sectors are widely recognized as significant contributors to the state's economy and identity, yet stakeholders often described marketing efforts as fragmented across regions, organizations, and agencies. This fragmentation can make it difficult to present a unified statewide narrative, particularly in national or international markets.

Several participants compared Oregon's approach to that of other states with well-known wine regions, where statewide branding and coordinated marketing strategies are more centralized, and regional differentiation occurs within a broader framework. Stakeholders emphasized that stronger alignment does not necessarily require new organizations or funding, but may benefit from clearer roles, shared priorities, and more consistent messaging across existing institutions.

7. Cautious Recommendations

Based on discussions with industry stakeholders, regional economic development organizations (including insights shared by Abisha Romano of SEDCOR) and survey responses, several measured recommendations emerge. These reflect common themes around coordination, workforce, marketing, and regulatory predictability, while recognizing fiscal and structural constraints.

1. Improve Coordination Using Existing Structures

- Strengthen alignment between agencies already in place, including economic development, workforce, tourism, and regulatory agencies
- Clarify roles and communication channels among state agencies, regional economic development organizations, and industry groups
- Better utilize existing regional networks, including nonprofit Economic Development Organizations.
- Reduce duplication of efforts and improve information-sharing across agencies and partners

2. Increase Transparency and Outcome Reporting

- Publish clear annual metrics for publicly funded programs where feasible
- Link funding to measurable outcomes when appropriate
- Improve visibility into how existing programs, grants, and incentives are deployed and evaluated

3. Prioritize Workforce and Housing Solutions

- Support housing development in rural employment centers
- Explore policies tailored to seasonal and agricultural workforce needs
- Strengthen partnerships among workforce agencies, employers, and regional organizations to improve access to training and employment pathways

4. Strengthen Marketing and Branding Alignment

- Develop a clearer statewide narrative for Oregon's food, beverage, and agricultural sectors
- Encourage collaboration across regions, industries, and marketing organizations. Just as the Regional Solutions Department has historically served a coordinating role across agencies, consideration could be given to a similar statewide coordinating function within Business Oregon, with representation from regional visitor associations and industry partners, structured in a way that reflects economic impact and regional contributions. Use this pathway to more effectively disseminate information about available opportunities, programs, and incentives to business owners.
- Improve coordination among agencies and partners involved in tourism, agriculture, and regional marketing efforts

5. Improve Regulatory Predictability and Problem-Solving

- Provide clearer guidance early in permitting and regulatory processes
- Improve consistency across counties and agencies where possible
- Continue exploring ways to strengthen interagency coordination to help resolve complex permitting or infrastructure challenges affecting businesses
- Emphasize practical problem-solving and continuous improvement in regulatory processes, particularly where multiple agencies are involved

8. Concluding Observation

A theme repeated in many conversations was that Oregon’s economic challenges are not due to a lack of assets or talent, but to fragmentation, rising costs, and difficulty translating plans into coordinated action. Stakeholders across industries expressed appreciation for many existing programs and institutions, while also noting that outcomes may be improved through stronger alignment and execution.

The opportunity ahead may lie less in creating new programs and more in strengthening:

- Alignment
- Clarity
- Accountability
- Execution

Pillar	Administrative Actions (Short-Term)	2027 Legislative Proposals (Medium-Term)	Structural Challenges (2–5 Years)
Business Climate	Executive orders on permitting timelines; agency coordination; regulatory clarity	Tax structure adjustments; incentive expansion; R&D credits	Land-use reform; zoning flexibility; long-term tax modernization
Workforce	Workforce training alignment; credential portability; agency streamlining	Investment in training pipelines; incentives for skilled worker attraction	Education-to-employment alignment; regional talent ecosystems
Tools for Growth	Inventory and optimize existing programs; faster deployment of grants	Scaled incentive programs; capital access for mid-sized firms	Long-term funding models; innovation infrastructure

	Business Climate	Workforce	Tools for Growth
<i>Administrative Actions (Short-Term)</i>	Improve interagency coordination and communication.	Improve alignment between workforce programs and industry needs	Inventory and improve coordination of existing grants, loans, and incentive

	<p>Provide clearer permitting guidance and timelines</p> <p>Improve consistency in regulatory interpretation across jurisdictions</p> <p>Better utilize regional Economic Development Organizations (EDOs) to connect businesses with programs and incentives.</p> <p>Explore reprioritization of the Regional Solutions Department for the above.</p> <p>Improve visibility and accessibility of existing grants, loans, and technical assistance via Business Oregon. Involve representation of different EDOs and DMOs within Business Oregon.</p>	<p>Streamline access to training and workforce resources</p> <p>Strengthen coordination among workforce agencies, employers, regional partners and universities.</p> <p>Improve dissemination of information about training and workforce support programs</p>	<p>programs</p> <p>Accelerate deployment timelines for funding programs where feasible</p> <p>Improve communication of funding opportunities to businesses</p> <p>Strengthen partnerships with regional Economic Development Organizations, DMOs, and universities</p>
<p><i>2027 Legislative Proposals (Medium-Term)</i></p>	<p>Review tax thresholds and structures affecting small and mid-sized businesses</p> <p>Expand or refine incentive programs to support business expansion and investment</p> <p>Support research,</p>	<p>Invest in workforce training pipelines aligned with key industries and universities.</p> <p>Support employer-led training, apprenticeships, and credentialing programs.</p> <p>Explore incentives to</p>	<p>Expand access to capital and financing tools, particularly for mid-sized firms</p> <p>Support regional innovation initiatives and applied research partnerships</p> <p>Consider scaled incentive programs</p>

	<p>development, and applied innovation partnerships</p> <p>Consider policies that improve regulatory predictability for business development</p>	<p>attract and retain workers in rural communities</p>	<p>that support business expansion and modernization</p>
<p><i>Structural Challenges (2-5 Years)</i></p>	<p>Improve long-term clarity and predictability in land-use and permitting processes while maintaining farmland protections.</p> <p>Invest in core infrastructure (water, wastewater, transportation, utilities) needed to support economic growth, particularly in key sector areas.</p> <p>Modernize economic development incentives and improve coordination across agencies and regions.</p>	<p>Expand housing availability in rural employment centers and prioritize permitting.</p> <p>Strengthen education-to-employment pathways and regional talent pipelines.</p> <p>Address long-term workforce participation challenges, including transportation, childcare, and demographic shifts.</p>	<p>Develop more stable, long-term funding models for economic development programs.</p> <p>Strengthen innovation infrastructure and applied research partnerships.</p> <p>Prioritize infrastructure and programs that support business expansion and job creation.</p>



OREGON FIRE DISTRICT DIRECTORS ASSOCIATION
EDUCATION • COORDINATION • LEGISLATION

To: Governor Kotek's Prosperity Council

From: Chief Brian Stewart
Clackamas Fire District
Oregon Fire Chiefs Association

Chief Ben Stange
Polk County Fire District No. 1
EMS and Fire Chapter of SDAO

Brad King
Junction City Rural Fire Protection District
Oregon Fire District Directors Association

Date: March 4, 2026

Re: The Impact of Tax Abatement Programs on Rural Fire Protection Districts and Emergency Medical Services.

Tax abatement programs encourage development but subsequently increase the demand for emergency services. Unfortunately, Rural Fire Protection Districts (RFPDs) currently lack the means to offset the funding they lose to these tax abatement programs. This situation diverts emergency response resources from existing users who are paying full taxes to the RFPD. We urge you to consider the impact of tax abatement programs on emergency services and to find ways to sustainably fund fire and emergency medical services (EMS) by modifying existing enterprise zones, strategic investment programs, or similar economic development tools.

For instance, reductions in fire and EMS funding resulting from enterprise zones can negatively affect the quality of life that Oregon promotes. Ultimately, this undermines both businesses and individuals, making it more difficult for them to thrive safely in their communities. Implementing a dedicated fee could help offset the property tax revenue lost due to the expansion of enterprise zones. There is already a precedent for such a fee established in the Oregon Economic Development Omnibus Bill, HB 2009, which passed in 2023 and required Zone Sponsors to negotiate a fee to benefit K-12 education under certain circumstances. A similar program should be instituted for RFPDs.

Another possible solution is to exempt fire districts from future property tax deferments, as outlined in HB 2980 from the 2023 session. This bill, sponsored by Representative Marsh and Senator Anderson, aimed to award grants to developers of affordable housing, funded by local government property tax exemptions. During legislative testimony, the bill's sponsors recognized that RFPDs would face challenges in providing services to

new developments without the necessary property tax revenue. As a result, they amended the bill to effectively exempt fire districts from these deferments.

Justin Dillingham, Board President of Tualatin Valley Fire & Rescue, recently stated, “TVF&R serves eleven cities across four counties and more than 500,000 residents; as Oregon’s largest fire district, we support strong economic development efforts. However, growth must not come at the expense of public safety—fire and emergency medical infrastructure must be fully considered and sustainably funded whenever development incentives are expanded.”

The 2025 Convening of the Oregon Fire Service Report, endorsed by the Governor’s Fire Service Policy Council, highlights the funding crisis facing RFPDs across Oregon. The report notes that agencies throughout the state are experiencing a significant increase in the frequency and intensity of calls, driven by population growth, unprecedented social issues, and community expansion. Additionally, the report points to steep increases in the costs of materials and services used by RFPDs.

RFPDs are grappling with challenges, including rising emergency medical services (EMS) call volumes and increasing capital costs, while property tax revenues remain stagnant. Many RFPDs depend on voter-approved Local Option Levies for financial support. Unfortunately, there seems to be a decline in public backing for these funding measures. For example, in November 2025, two local option levies in Lane County failed, resulting in service cuts and indicating growing taxpayer resistance in Oregon. These failures have immediate repercussions for local communities and serve as a warning to the state about the vulnerability of fire and EMS services to funding reductions.

Unlike cities, special districts have limited authority to raise revenue and do not receive shared revenue, except for 9-1-1 districts. Additionally, fire districts do not receive systems development fees, utility fees, or transient lodging taxes. As a result, when property taxes are deferred through enterprise zones and other exemptions, fire districts are expected to expand their services to meet the demands of new development without receiving any additional funds. This situation is simply not sustainable.

While the Prosperity Council is focused on future initiatives, the 2026 legislative session included provisions in several bills to broaden the use of enterprise zones. RFPDs primarily rely on property tax revenues to fund their operations, and tax abatement programs reduce these revenues, thereby negatively impacting RFPD budgets and services. The Prosperity Council’s recommendations on tax relief programs will provide key directions for future legislation and will affect the availability of fire and EMS services for both existing, full-tax-paying community members and new developments. These recommendations should include provisions to ensure that the essential fire and emergency medical services that Oregonians expect and deserve are maintained.

Respectfully,



Chief Ben Stange
Fire and EMS Chapter of SDAO



Chief Brian Stewart
Oregon Fire Chiefs Association



Brad King
Oregon Fire District Directors Association

Portland Metro Chamber

2026 State Legislative Action Plan

January 2026

Portland's economic health is a smart state investment

The 2025 report, ***Portland Region's Impact on State Fiscal Health*** report from ECONorthwest, showed that taking legislative action to support Portland's economic growth benefits all Oregonians. Oregon's economic vitality and state fiscal health are deeply intertwined with the health and prosperity of its largest metropolitan hub: the Portland tri-county region, comprising Clackamas, Multnomah, and Washington counties. Investments made in the Portland region drive revenue that supports communities statewide, fostering economic resilience and supporting critical services. The data was clear – after adjusting for population size, the Portland region consistently provides an outsized share of tax revenue across nearly all of the state's six major revenue streams. Consider the following:

- The Portland region's residents contribute a **56% premium, per capita**, to state tax revenues and Multnomah County contributes the highest amount, per capita, to state coffers of any county in Oregon.
- The Portland region is home to **43% of the state's residents, 50% of jobs, and 58% of the state's economic output**.
- This is true for Multnomah County, which is home to **19% of the state's population**, while funding **24% of total tax revenue, 22% of the personal income tax, and 27% of the corporate income tax**.
- **Annual state tax revenue contribution per capita:**
 - Multnomah County: \$5,570
 - Portland Tri County Region: \$5,440
 - Rest of the State of Oregon: \$3,580

State Policy Priorities

To ensure the long-term sustainability of the critical symbiotic relationship between the health of the Portland economy and funding for critical state

programs, Portland and Multnomah County public and private-sector leaders call on our partners in the Oregon State Legislature to support targeted strategic investments. Together, we have identified key investments that are most critical to support the Portland region's long-term economic health, thus sustaining the rest of the state.

Support professional sports, arts, and entertainment franchises, organizations, and venues

- Support the We Play for Portland coalition and the Portland Trail Blazers to ensure Portland remains Rip City for future generations of Oregonians and to support the growth of the WNBA. In addition to being the home of the Blazers, the Moda Center is one of Oregon's largest and most important entertainment venues where millions of Oregonians gather every year. It is also the oldest NBA arena to have never undergone a major renovation. We support **SB 1501** and renovations to Oregon's Arena (Moda Center).
- In 2025, the Portland Trail Blazers, Timbers, Oregon Symphony, Oregon Ballet Theatre, Portland Art Museum, Sport Oregon, Portland Metro Chamber and others founded the We Play for Portland Coalition to work together to attract more fans, increase support, and revitalize Portland through sports, arts, and culture. While the organizations offer different types of events, they share a deep connection to the city and its public-owned performance halls and sports facilities.
- To fully realize the potential of riverfront major league baseball and the investments made in Portland's waterfront, we must also ensure a healthy Willamette River. We support a request for \$1M in state funding to restore river flow to the Ross Island lagoon. This will address this recurring threat to public health and human activity in the river paving the way to realizing the full economic and cultural impact of a Major League Baseball franchise, a waterfront stadium, the Albina Rose Alliance, and a fully modernized, activated Waterfront. Metro, Multnomah County, and the City of Portland have committed funding to the project.

Invest in the circular economy

- Turn waste into wealth by supporting **HB 4086** to fund \$225K each for four communities to identify and advance a high-potential industrial symbiosis (IS) project that strengthens local industry,

creates jobs, and reduces emissions and waste. By the end of the first year, each community will have a clearly defined, feasible capital project concept—complete with partners, preliminary design information, cost range, and funding pathway—ready to compete for design and construction funding.

Defend economic development and work force funding

- Defend Higher Education and Workforce Development. Portland's recovery depends on attracting businesses investment to create family wage jobs, but the investment to prepare Oregonians for the 21st century economy continues to fall behind. As our region competes with our peer markets, we risk losing ground in training and retaining the skilled workers employers need. It will be far more challenging to grow and recruit businesses to rebuild our economy if we waver in our commitment to job training and workforce investment. Protecting higher education is critical to Portland's economic future and should be prioritized in budget decisions.
- **Oppose HB 4134, HB 4148 and SB 1562** which would direct state and local Tourism and Lodging Taxes (TLT) away from programs that drive economic vitality and growth. This is the worst possible time to undermine the competitiveness of our tourism industry and take investment away from programs that have an economic multiplier effect.

Support funding for the Williams and Russell Business Hub

Support **SB 5701** that would make investments in the Williams & Russell Business Hub, Lan Su Garden expansion and the Broadway Corridor project.

- **Williams & Russell Business Hub:** Create an incubator for entrepreneurs and small businesses in Portland's Albina neighborhood.
- **Lan Su Garden:** Transform this classic Portland landmark to expand the organization's opportunities for education and celebration.
- **Broadway Corridor:** Create nearly 4 million square feet for new high-density employment, mixed-income housing, and signature attractions and amenities.

Elevate economic development as a core state priority

- **Support HB 4084 and Governor Kotek's Oregon Prosperity Agenda:** The Portland Metro Chamber and our partners strongly support the Governor's leadership in formally acknowledging the need for change and stronger public-private partnership across the state. Reversing Oregon's downward economic trajectory will require a focused, strategic policy approach that addresses the root causes of our persistent economic barriers. The Governor's commitment to tangible change and engagement with the business community is encouraging and necessary to ensure a vibrant economic future for the Portland Metro Region and the entire State of Oregon.
- **Business Recruitment:** Direct Business Oregon to use existing strategic planning resources to develop and implement a coordinated business recruitment plan with specific KPIs across the state as a core part of the agency's strategic plan for the coming years. Align with local economic development plans such as the Prosper Portland Advance Portland.
- **Business Incentives:** Support business incentives introduced in 2026 and work with key legislators and stakeholders to develop a robust package of incentives for legislative adoption in early 2027. State, regional, and local incentives should be coordinated and aligned.
- **Advanced Manufacturing:** Support the regional advanced manufacturing jobs legislation currently under development, which will seek to expand the use of Research & Development Tax Credits, establish a local option capital property tax holiday for building or modernizing new advanced manufacturing facilities, and adjust Enterprise Zone requirements.
- **Opportunity Zone Designation:** Work with the City of Portland to secure designations of priority Opportunity Zones in Portland during the required Gubernatorial Designation Process.
- **Federal Tax Code:** Preserve the full value of financial tools that drive private investment in Portland.

Housing production and shelter

- Defend state investments in housing production, housing related infrastructure, and shelter operations.

Protect the existing funds in the Moderate-Income Revolving Loan Fund.

- Support City adoption of a local ordinance to allow the City to apply for MIRL funds and the City's grant request in early 2026 to support Broadway Corridor.
- Align the underlying policies for all State and Local housing production incentives.
- Oppose legislation that will add unfunded mandates or increase legal liabilities to local affordable housing programs.
- Continue to support the largest shovel ready housing and place development projects in Oregon: Broadway Corridor, OMSI District, and Albina-Rose Alliance.
- **SDC Payment Timing Reform:** Require System Development Charges (SDCs) for residential construction to be paid at the point of impact, upon issuance of Certificate of Occupancy, rather than upfront during construction.
- **Continue to empower the Housing Accountability and Production Office:** Provide resources and direction to HAPO that will allow the Office to track local jurisdiction's progress toward housing targets, fee burden on new development, and turnaround time for new residential permits. Consider enforcement mechanisms for municipalities that fail to meet housing targets despite development interest and activity. To avoid muddling policy objectives, HAPO should be removed from the Department of Land Conservation and Development and placed under the direct supervision of the Governor's office.

Expand buildable land supply

- Support amendments to **SB 1537** to allow municipalities to take advantage of the UGB expansion opportunities intended in the original bill.

Encourage and support development of essential economic infrastructure

- Electricity, natural gas, and liquid fuels, as well as transmission lines, pipelines, roads, bridges, rail, and marine infrastructure are critical to recruit new and maintain existing businesses. Without these critical energy supplies and infrastructure, economic development will be stymied, and investments will be made in other regions.
- Support and encourage critical infrastructure – maintenance, improvements, and new construction to support new and existing businesses.
- Support the diversification of energy supplies to meet future demand and protect against supply disruptions. Participate in defending these key energy and infrastructure investments against challenges.

Maintain community livability

- Work with cities and business to reform or replace **HB 3115** to align with the Supreme Court Grants Pass v Johnson ruling to allow local governments to more effectively reduce the impacts of unsanctioned camping.
- Advocate for ODOT to reinstate their IGA with the City of Portland for the cleanup of ODOT-owned lands and rights of way in Portland and to allocate a minimum of \$2M per year to the work.
- Support efforts to address Portland police officer staffing needs to strengthen emergency response times and enhance community public safety.
- Defend investments in behavioral health, public safety, and shelter.

Reduce administrative burden on business

- Businesses and industry associations across the state continue to ask for the state to help reduce duplicative and onerous processes to make it easier and less expensive to do business in Oregon. The Oregon Competitiveness Agenda provides a roadmap for this critical reform work.

- Defend Oregon's health systems and hospitals from additional regulations and mandates that continue to drive unsustainable growth in operational costs.

Portland Metro Chamber

2026 Regional Policy Agenda

The Chamber works to shape public policy in areas most impactful to the local business community and Portland metro region at-large. We accomplish this through a combination of information sharing, education, coalition building, and active lobbying at the local, regional, state, and federal levels. Chamber members actively participate in shaping our advocacy agenda.

Portland is at a cross roads

Portland and the region must accept and grapple with three key economic truths:

1. In the next decade and beyond, the Portland region must compete with other metropolitan regions for population growth, businesses, events, and jobs.
2. The region's housing crisis is at a breaking point with housing production virtually at a halt. We must strongly encourage the private sector to build housing again at scale.
3. We must incentivize and accelerate the growth of businesses to ensure we have the revenue to fund the state and local services that our residents expect and count on. New or increased taxes are unpopular with voters and will only dig our region into a deeper hole. We must look for ways to reform or reduce our tax burden to put the region back on a competitive growth trajectory.

Our Policy Priorities:

Advance Economic Growth and Shared Prosperity to Generate Tax Revenue



The Portland region must adopt a competitive mindset. The region can no longer count on population growth alone to drive economic and revenue growth. Recent years have seen the precipitous decline of the region's core strengths which fueled decades of growth — relative affordability to our peers, livability, vibrancy, and public safety. With tepid voter support for new or increased taxes, the Portland region must immediately prioritize growing the tax base as its top revenue generation strategy. With virtually all local governments funded primarily by business and property taxes, urgent strategic priorities include supporting our entrepreneurs, growing our businesses, and recruiting large employers. As revenues continue to decline, the public sector at all levels will need to advance public-private partnerships to meet our shared goals.

Priorities:

- Make downtown the best place to sign a lease
 - Extend and strengthen the Downtown Business Incentive Tax Credit beyond its current restriction to downtown by expanding it to districts such as Lloyd, Old Town, Central Eastside, and Pearl, and pair this program with Multnomah

County Business Income Tax relief for qualifying leases. This will make it more affordable for companies to lease space in the city's core, helping fill empty offices, support local jobs, and increase future assessed property values and general fund revenue.

- Develop a public-private program with City of Portland to develop an empty storefronts program that brings local artists, pop-up businesses, and other entrepreneurial opportunities to empty retail storefronts. Design the program based on proven models in Denver and Minneapolis.
- Make renewed return- to- office push focused on public sector employers to bring their employees back to office at least three days a week. Develop a clear, data-based understanding of the remaining opportunity to grow downtown employee foot traffic with existing employer base.
- Partner with Made in Old Town to strengthen its ties and coordination with Athletic and Apparel Industry leaders and align it with industry goals.
- Expand Enterprise Zone competitiveness to the entire Central City
 - Simplify the Enterprise Zone program by eliminating the extra payments to local school districts currently required by participating businesses in the fourth and fifth years of their property-tax exemption period, for new agreements and where feasible, adjusting existing agreements.
- Expand the Business Expansion Program to support job growth and align county and state incentives
 - Commit to steady, multi-year funding for the City of Portland's Business Expansion Program, with clear and transparent criteria for awards that reward businesses for creating new jobs and investing in tenant improvements.
 - Work with the state to allow Portland to use the Strategic Investment Program for major mixed-use or redevelopment projects in the city.
- Help small and growing businesses thrive

- Raise the City's Business License Tax and the County's Business Income Tax gross-receipts exemption to \$150,000 and index the threshold to inflation. This will reduce paperwork and costs for startups and small businesses, strengthening the city's business ecosystem and future tax base.
- Develop a public financing solution to tackle the significant deferred maintenance and modernization of Portland's iconic sports and entertainment venues, including the full renovation of the Moda Center, which is the oldest NBA arena to have never undergone a major renovation. State and City leaders must take all necessary public finance, policy, and infrastructure actions to guarantee the Portland Trail Blazers franchise continues for future generations of Oregonians and continues to support other Portland sport franchises like the Portland Fire, Thorns and Timbers.
- Advocate at the state level to reform System Development Charges (SDC) to be used for deferred maintenance and address our crumbling city assets.
- Permitting and development services should meet predictable and competitive timelines for permit approval. The City of Portland and all local governments must adopt plans to make optimal use of all industrial lands and ensure we have the necessary land supply to accommodate economic growth.
- The city should continue to take all necessary actions to rapidly advance a series of generational economic development opportunities that pass the Central City onto future generations: Broadway Corridor, New Albina/Rose Quarter, Future OMSI District, Zidell Yards, Lloyd Center, PSU.
- Government partners at all levels should continue to advance both the I-5 Bridge Replacement project and Rose Quarter transportation infrastructure projects.
- Continue to collaborate with Cascadia Mega Region partners to advance Cascadia high speed rail.
- The City of Portland must continue to be a full partner with the Portland Diamond Project and bring Major League Baseball to the Rose City.
- The City of Portland, Multnomah County, and the State of Oregon should partner to stabilize and invest in our historic festivals,

performing arts venue infrastructure and operations, and the future of the Expo Center and Moda Center.

- The City of Portland must make economic growth the highest and best use of Tax Increment Finance district funds aligned with the Advance Portland economic development strategy.
- Multnomah County must expand its partnership with Oregon State University extension and the OSU Food Innovation Center as one of its core economic development investments. Extension matches the county's financial contributions 3:1, leveraging additional state and federal dollars to ensure support for small farms, gardens, and urban agriculture; support for the food and beverage industry sector including the James Beard Public Market, and youth development efforts.

Adjust the Tax Burden to be Consistent with Peer Regions

The cost of living and doing business in Portland has become uncompetitive. Portland's cost of living is 12% above the national average, driven largely by the cost of housing and an uncompetitive tax burden. Portland now has the nation's second-highest marginal personal income tax rate at 14.7%, the highest corporate rate at 20.9%, and business taxes have increased 81% since 2019. Portland has lost approximately \$1 billion in taxable income annually since 2020, primarily to Clark County in SW Washington. The continued loss of taxable income and population stagnation signals that Portlanders are voting with their feet in response to high costs, declining service quality, and lagging return on taxpayer investments.

With voter tolerance for new revenue at historic lows due to dissatisfaction with poor government performance, regional and local leaders must shift away from relying on additional taxes to fund basic services. We must urgently shift to a competitive strategy that grows the tax base by attracting high and middle-wage employers and families, as well as private investment. With government revenues projected to decline precipitously for the foreseeable future, local leaders must collaborate to lower the tax burden, prioritize essential core services and programs that bring returns on investment, and cut non-essential spending and reform or eliminate specialty taxes.

Governor Kotek's Central City Task Force Tax Advisory Group (TAG) has developed a roadmap for fiscal reform that, if fully implemented, will achieve the goal of making Portland more competitive with our peer cities.

Priorities:

The Portland Metro Chamber strongly supports adoption and implementation of all 19 recommendations for fiscal reform advanced by the Central City Task Force TAG. The Chamber calls for urgent action on the following five top priorities in 2026:

- Refer to voters a choice between maintaining PCEF's structure or using revenues above original projections for selected general fund priorities
 - Preserve the Portland Clean Energy Fund's (PCEF) current funding structure, dedicating all surcharge revenues to climate-related and community-focused programs, or
 - Authorize the City to allocate revenues collected above the original projected range (i.e., above \$90 million annually) to support a limited set of urgent general fund priorities, as identified in the referred measure.
- Index local Income tax thresholds to inflation to preserve fairness and policy integrity
 - Amend the Preschool for All (PFA) and (Supportive Housing Services (SHS) tax codes to include an annual inflation adjustment for their income thresholds, using a widely accepted measure such as the Consumer Price Index for All Urban Consumers (CPI-U).
- Support the Governors call to reevaluate the Preschool for All Program to ensure long term viability, while aligning to voters' expectations.
 - Substantially reduce reliance on a local income tax to fund the Preschool for All program and explore statewide solutions for universal preschool.
- Institutionalize "soft sunsets" and structured reviews to ensure accountability without sacrificing stability

- Establish a “soft sunset” framework for all new local tax measures. Each measure would be authorized for a 10-year period, with a structured performance review conducted at year five. Programs demonstrating progress and alignment with goals would continue without interruption. Measures with unresolved delivery or governance concerns could be re-evaluated and adjusted before reaching their full term.
- Raise signature thresholds and require Economic Impact Statements for tax-raising initiatives
 - Raise the signature threshold for ballot initiatives that establish, increase, or dedicate tax revenues. This could mean requiring a higher percentage of voter signatures or tying qualifications to turn out in a recent high-participation election, like during a presidential cycle.
 - In parallel, require all tax-related initiatives—regardless of origin—to be accompanied by an independent Economic Impact Statement.

Prioritize Funding Core Services

The City of Portland must refocus its resources and efforts on delivering essential core services—public safety, infrastructure maintenance, and basic city operations.

Urgently Build Housing of All Types



The Portland region's extreme housing shortage must be treated like a true crisis. In 2023, Portland's cost of housing was 30% higher than the national average, and that number continues to grow. This continues to be a significant hinderance to the region's economic competitiveness. Virtually all data and research agree that the primary driver of homelessness and economic instability is high housing costs.

The region's high housing costs were created by historic levels of underproduction in the last decade, while the population, driven by migration, grew rapidly. With housing production in Portland at a virtual halt, emergency action must be taken to adopt policies, incentives, and deregulation to ignite housing production of at least 6,000 units annually. New housing production needs to include all types of housing and promote homeownership opportunities to protect against displacement and to build generational wealth. Governments in the region must also adopt policies to spur adequate supply growth in the multifamily housing market, while leveraging public infrastructure, prioritizing new investments, and making land available for housing.

Priorities:

- Complete data-driven study of existing landlord-tenant regulations to determine what policy changes are needed to promote abundant housing production, which in turn improves housing affordability. Study must include input from housing production investment organizations.

- Implement a moratorium on adding new rental regulation policies until the study is complete.
- Adopt statewide reforms to inclusionary housing that require local jurisdictions to regularly analyze, calibrate, and fully offset the cost of the affordability requirement.
- Advocate to implement a 120-day building permit review deadline for housing projects.
- Request a parking management and regulatory study city-wide to adopt parking best practices that make Portland the best city to park in America.
- Reinstate MULTE (pre-IH) program to make it available for new projects with rents to 120% AMI.
- Advocate for all Metro cities to actively adopt technologies that streamline and improve public accessibility and understanding of zoning and permitting processes.
- Advocate for all public entities to actively move publicly-owned appropriately zoned land into housing production.
- Advocate for Metro to create a region-wide landbank to opportunistically acquire distressed properties and then swiftly move them into housing production.
- Partner with local jurisdictions, universities, and the state to establish a revolving loan fund for off-site housing construction companies.
- Support common sense wetland regulation revisions for Willamette Valley communities to speed up permitting processes and replenish the State's wetland fund.

Invest in Safe, Livable Communities



Restoring and sustaining public safety and quality of life must be viewed as an essential strategy for Portland's long-term economic competitiveness.

Every Portlander deserves to live in a community that feels clean, safe and healthy. Restoring that basic promise must be the city's top priority. We must bring funding for public safety services across all regional government to levels on par with peer cities, while building a system that is transparent, coordinated, and accountable.

Homelessness should be a rare, brief, and non-recurring. To achieve this standard, we must fund an outcomes-driven coordinated system including sobering centers, service navigation, crisis response, and drug deflection programs that help people heal, stabilize, and succeed. This must be partnered with enforcement of unsanctioned camping laws to move people off the streets and into the system of recovery.

Portland's arts, culture and entertainment industries, neighborhood storefronts, internationally-recognized restaurants, and world class parks are essential elements to recruit and attract employers, families, visitors, and private investment.

We must advance policies and funding decisions that support these core economic strengths that drive economic vitality and build a thriving community.

Priorities:

- Support Mayor Wilson's initiative to end unsheltered homelessness in Portland.
- Continue to move forward with planned opening of Multnomah County's 24/7 sobering center.
- Continue to push for an overhaul of Oregon's failed mental health and addiction policies and services by supporting expert partners such as Central City Concern and New Avenues for Youth.
- Push for funding of the Portland Police Bureau, Multnomah County District Attorney, jails, courts, and all public safety services to be on par with peer cities. City and County budgets must be balanced without reducing public safety.
- Continue to push and support increased activation of arts, creative sector, and small businesses in our public spaces.
- Support and grow the sports, arts, and entertainment economy through the expansion of private-public partnerships, including redevelopment and enhancement of our facilities and venues.
- Transform the Willamette riverfront and waterfront parks into active, modern, and sustainable economic and cultural drivers.
- Support/advocate for public events within the city through sustainable funding and streamlining the regulations, permitting, and approval process.
- Advocate for safe, equitable, and clean transit options.
- Ensure continued funding for graffiti abatement, especially on main routes in and out of the city, and ODOT infrastructure.
- Bring Oregon into compliance with Supreme Court decisions and neighboring states by repealing or reforming HB 3115 to allow for local enforcement of unsanctioned camping laws.
- Hold city accountable for financial reform to the Parks Bureau and deliver on levy promises.

Prepare for a Healthy Climate Future



We believe climate action and investing in the industries that are leading the clean energy transition can be a rising economic tide that is a core part of Portland's economic revival. Investments in clean energy, green buildings, workforce training, and sustainable infrastructure can expand economic opportunities while reducing emissions and supporting clean air and water. We must advance climate policies with accountability, collaboration, measurable results, and a clear understanding of the costs and trade-offs. Portland can set a standard for what a thriving, sustainable, economically vibrant, climate forward community looks like.

Priorities:

- The future use of the Portland Clean Energy Fund should prioritize economic development, office-to-housing conversion, employer recruitment, job growth, and resiliency.
- Adopt policy and financing strategies that will support and enhance the Portland Clean Industry Hub's mission of decarbonizing industrial businesses and igniting the growth of the clean industry sector in the Portland region.
- Monitor Multnomah County's Climate Plan development to ensure strategies remain balanced, achievable, evidence-based, reasonable in cost, and actionable within their scope. Participate in public forums to advocate on behalf of our members.

- Of critical importance to the regional economy, monitor the Critical Energy Infrastructure Hub developments at the city and state level but push for oversight and rules to come from the state level.
- Continue to monitor Commercial and Multifamily Residential Building Energy Reporting Requirements that would change code requiring reporting of climate and health information to prospective tenants in multifamily buildings.

Oregon's High Road Economic Strategy

Outline

Qs- Does the Council have clear agreement on what constitutes economic prosperity? Is it focused on making life better for Oregonians?

Take the High Road: Quality Over Quantity

- 1. Goal: Raise per capita income for all Oregonians — not total GDP or job count**
 - 1.1 Per capita income is the best single measure of economic success
 - 1.2 Must be paired with measures of distribution — especially wages at the bottom and middle
- 2. Two strategies: High Road vs. Low Road**
 - 2.1 High road: high skills, high wages, high productivity, high innovation
 - 2.2 High road: helping businesses be more productive and grow vs. luring them in through tax breaks (support quality education and training, great quality of life, predictable and efficient regulation (without surrendering health, safety and environmental goals))
 - 2.3 Low road: cut taxes, slash services, compete on cost with Alabama, India, Mexico
 - 2.4 Low road is a trap — grows the economy temporarily but doesn't improve lives; undermines assets needed for long-run growth

Education: The Single Most Powerful Economic Lever

- 1. College attainment explains ~70% of income variation across states**
 - 1.1 No other factor comes close
 - 1.2 Nobel economist Philippe Aghion: states that invest in higher education saw significantly faster growth
- 2. Oregon's unrealized 40/40/20 vision**
 - 2.1 Oregon Business Plan (2007): 40% bachelor's degree, 40% associate's degree, 20% high school diploma (“Low-paying jobs will not support families or the Oregon economy...All jobs that pay well increasingly require higher levels of education and work readiness.”)
 - 2.2 Oregon Legislature adopted the 40/40/20 vision as official state policy in 2011 (ORS 350.014)
 - 2.3 Oregon is falling short, especially for people of color
 - 2.4 Incomes would be higher today had we achieved this goal
- 3. Continuum of education investments**
 - 3.1 Pre-K/Preschool for All: high returns especially for disadvantaged kids; attracts young families; provides affordability for low- and middle-income families
 - 3.2 Training/Apprenticeship:
 - Expand high school and workplace “earn to learn” programs
 - Reskilling and continuous upskilling to embrace AI and other industry shocks
 - 3.3 Challenges facing the American workforce require a talent strategy that focuses on education and training (Bipartisan Policy Center, “A Nation at Risk to A Nation at Work,” 2026)

Tax Incentives: Ineffective, Wasteful, and Self-Serving

1. The evidence: incentives mostly don't work

- 1.1 Upjohn Institute (Bartik): Up to 90% of incentives go to companies that would have located there anyway
- 1.2 Business Oregon's consultants never evaluated whether tax breaks actually changed firm decisions
- 1.3 Virginia study of single sales factor: "no evidence that sales factor apportionment stimulates firm job creation"

2. Incentives reward bad behavior

- 2.1 Companies that threaten to leave get rewarded; those that invest and pay taxes get nothing
- 2.2 Enterprise Zone expansion (3–5 yr → 13 yr) invites gaming: companies postpone decisions to qualify for larger breaks
- 2.3 Economic developers have no incentive not to give away maximum tax benefits

3. CEO advice on tax policy is self-serving, not sound

- 3.1 Smart CEOs pursue high-value, differentiated strategies — they don't compete on lowest cost
- 3.2 Oregon cannot out-cheap Alabama, Mississippi, India, or Mexico, and will be poorer if it tries

4. Business climate rankings are misleading

- 4.1 Negatively correlated with wages and quality of life
- 4.2 They measure how bad conditions are for workers, not how strong the economy is

Workforce Quality Attracts Business — Not the Other Way Around

1. Business location logic has reversed

- 1.1 Companies now go where talented workers are; workforce is the #1 location factor
- 1.2 Building quality of life draws workers and the innovative firms that want to hire them
- 1.3 Create Innovation Centers, encourage public-private funding – play to Oregon's strengths
- 1.4. Foster small and medium sized high-quality businesses in niche markets (Mittelstand)

2. Business migration is a small factor in state economic growth

- 2.1 BLS data: very few firms ever move between states
- 2.2 Oregon ranks 11th in net inbound business migration (2021 data)
- 2.3 New firm formation and organic growth — not relocation — drive state economies

3. Firms chasing subsidies are often weaker firms, and have negative effects

- 3.1 Companies that compete purely on cost are vulnerable to displacement by more innovative competitors
- 3.2 Example: TikTok data center tax breaks offer no spinoffs; consume land, water, and electricity; drive up energy prices

Oregon's High Road Has Worked Before

1. The 1980s catastrophe and recovery

- 1.1 1979–1982: 10% of Oregon jobs disappeared; one of the two hardest-hit states nationally
- 1.2 Lost much of the timber industry and the state's largest private employer (Tektronix)
- 1.3 Recovery built on quality of life and innovation — not subsidies

1.4 Oregon outpaced US job growth from 1982–2000; largely avoided the 1990–91 recession

2. Quality of life is a talent magnet

2.1 "Things look different here" — Wieden+Kennedy slogan of the mid-1990s

2.2 1990–2000: college-educated 25- to 34-year-olds grew five times faster in Portland than in other large metros

2.3 Tom McCall: Oregon should be "demure and lovely" — not a hungry hussy throwing itself at every "stinking smokestack"

Oregon's Wage Record: High Road Policies Deliver

1. Minimum wage leadership

1.1 Since 2005, Oregon has had among the highest minimum wages in the US

1.2 Research shows minimum wages raise earnings without reducing aggregate employment; also drive up worker productivity

2. Since 2008, Oregon wages have outpaced the US for low- and middle-income workers

2.1 10th percentile wages: Oregon +37% vs. US +29% (inflation-adjusted)

2.2 Median wages: Oregon +24% vs. US +16% (inflation-adjusted)

Recommendations: Follow Through on the High Road

- 1. Set the right goal: per capita income growth, not GDP or job counts; make wages for low- and middle-income workers an explicit target**
- 2. Fully implement the 40/40/20 vision already adopted into law**
- 3. Invest in education at every level (Pre-K through HEd and ongoing upskilling)**
- 4. Build quality of life to attract and retain talented workers (affordable housing, healthcare, childcare, public transportation)**
- 5. Resist expanding tax incentive programs without rigorous evaluation that they benefit Oregon taxpayers and are worth the trade-off of other budget priorities**
- 6. Focus on distinctive Oregon strengths (Porter's advice from 2007 Oregon Business Plan); include small- and medium-sized businesses**
- 7. Develop an AI strategy that augments worker productivity rather than replaces workers; promotes programs that provide ongoing AI upskilling**

3.11.2026.1



OREGON BUSINESS COUNCIL

A Moment of Economic Reckoning for Oregon

A Letter to the Governor's Prosperity Council

Oregon is entering a different economic era.

Economists do not formally declare recessions at the state or metropolitan level. But respected national and local observers have described current conditions in Oregon and Portland as “recession-like.” Job growth trails the nation. Population growth has stalled. Business investment is increasingly uncertain. Public institutions—from universities to local governments—are facing fiscal stress.

These cyclical pressures would be serious enough on their own. But they are unfolding alongside something more profound. For the first time in modern history, Oregon is entering an era of population scarcity. Natural population growth has turned negative. Domestic immigration has slowed. Talent is more mobile than at any point in history, and states are competing fiercely for people, ideas, and capital.

For decades, Oregon's central economic question was how to manage growth. Today the question is whether we can generate it at all. As the Oregon's Choice framework argued, unmanaged expansion is no longer the primary threat. Stagnation is. Sustained prosperity depends on modest population growth, rising productivity, and a competitive value proposition for households and employers.

This shift requires a corresponding shift in policy ambition.

A First Test — and a Warning Signal

The recently completed short legislative session offered an early indication of how the state is responding to this new reality.

Lawmakers came together around targeted initiatives, including the proposed renovation of the Moda Center to help retain the Portland Trail Blazers. That effort reflects an understanding that civic confidence and economic vitality are closely linked.

At the same time, measures aimed more directly at strengthening Oregon's long-term competitive position fell short. Proposals to expand industrial land supply and reinforce research and development incentives did not advance. Funding for industrial site readiness was

reduced significantly from the Governor’s original proposal. These outcomes suggest that business leaders and elected officials are not yet aligned on the scale of the challenge confronting the state.

The lesson is not that policymakers lack commitment. It is that the problem statement itself remains contested.

Beyond Conventional Economic Development

Many observers have concluded that Oregon simply needs to “do more economic development.” That instinct is understandable but incomplete.

Traditional economic development tools — marketing, retention, recruitment, and targeted incentives — remain important. But they cannot substitute for the broader task now before state leadership: restoring Oregon’s overall appeal.

Today, key elements of that appeal are under strain. Housing costs remain among the highest relative to income in the nation, and despite sustained policy attention, production outcomes have not improved materially. Public school performance ranks near the bottom nationally. The tax system is volatile and increasingly misaligned with an economy shaped by mobile talent and digital work. Land use and regulatory frameworks designed for a different era now constrain both housing supply and industrial expansion. Climate-related risks, particularly wildfire and smoke, threaten one of Oregon’s enduring comparative advantages — quality of place.

Taken together, these pressures create the conditions for what some analysts describe as a depressed cycle of stagnation: declining population growth, fiscal stress, reduced investment, and weakened public confidence. Early signs are visible across the state — school closures, university budget reductions, rising local levies to sustain basic services, and growing infrastructure backlogs.

Missed Opportunities

Oregon’s recent economic performance increasingly reflects opportunities foregone. Major traded-sector investments that could anchor long-term job and income growth have been lost, delayed, or redirected because of the state’s cost structure, regulatory complexity, infrastructure constraints, and limited supply of development-ready industrial land.

In May 2024, Greater Portland Inc. reported that the region had lost six clean-technology and advanced manufacturing prospects with a combined estimated capital investment of approximately \$5.6 billion. Several cited the lack of large, shovel-ready sites as a decisive factor in choosing other locations. These were the kinds of projects capable of generating thousands of jobs, strengthening supply chains, and expanding the long-term tax base.

Other recent decisions reinforce the pattern. Daimler Truck ultimately located a planned U.S. battery-cell manufacturing facility in Mississippi rather than the Portland region, citing speed-to-market and site readiness considerations. Recruitment materials prepared by regional partners document additional prospects that bypassed Oregon after concluding that infrastructure timelines, permitting certainty, and land availability were more favorable in competing states.

Access to large-scale electrical loads has emerged as another recurring constraint. Limitations in generation, transmission capacity, and siting timelines increasingly hinder the state's ability to compete for energy-intensive industrial investment.

These missed opportunities translate directly into fewer high-wage jobs, reduced capital formation, and a weaker long-term fiscal base. At the same time, some existing traded-sector employers face regulatory burdens that threaten the viability of legacy operations. The cumulative effect is a business climate in which potential Oregon wins too often become growth somewhere else.

The Charge to the Council

Against this backdrop, the Governor's Prosperity Council has a clear and urgent responsibility.

Its task is not simply to assemble another list of policy ideas. It is to produce a coherent set of recommendations — bold enough and credible enough to signal to Oregonians, to national investors, and to the broader public that the state understands the stakes and is prepared to act.

Oregon's strengths remain formidable: natural assets, innovative industries, entrepreneurial communities, and a tradition of long-term planning. But strengths alone are not a strategy. They must be matched with institutional reform and renewed policy clarity.

The Council's work should therefore focus on five interrelated systems that most directly shape the state's competitive position.

Five Structural Priorities for Oregon's Economic Renewal

Oregon's economic challenges are structural, not cyclical. Restoring competitiveness requires sustained action across a small set of core systems that shape growth, investment decisions, and the state's overall appeal.

1. **Institutionalize a Durable Growth Strategy and Governance Model.** Oregon needs an enduring statewide framework to align economic priorities across government, business, education, and regional partners. A successor Prosperity Council, supported by a small public-private backbone organization, should coordinate sector strategies, strengthen

business retention and recruitment, and sustain long-term focus on traded-sector growth.

2. **Sharpen the Land Use Problem Statement and Organize Reform Options.** Oregon’s land use system remains a foundational strength but now constrains housing production, industrial site readiness, and clean energy deployment. The Council should clarify the scale of these constraints and organize leading reform options — including UGB modernization, improved inventory standards, accelerated permitting, and scalable infrastructure financing — to enable legislative action in 2027.
3. **Restore Tax Competitiveness and Revenue Sustainability.** The current tax structure is increasingly misaligned with a mobile workforce and competitive national economy. Reliance on personal income taxes, pyramiding effects from the Corporate Activity Tax, and high marginal local rates in Portland are weakening Oregon’s value proposition. Reform should improve competitiveness, stability, and long-term revenue durability while supporting traded-sector growth.
4. **Execute Regulatory Modernization.** The cumulative expansion of Oregon’s regulatory code has increased delay, uncertainty, and compliance costs. A disciplined regulatory budgeting framework — with measurable reduction targets, more consistent rulemaking practices, and independent economic impact review — can restore predictability while maintaining essential protections.
5. **Strengthen Talent Development and Improve Education Performance.** Stronger talent pipelines and improved education outcomes are central to long-term growth. Oregon should build on emerging sector-based workforce consortia, better align education and training with industry demand, and implement a clearer statewide assessment and accountability framework to improve K–12 performance and workforce readiness.

A Signal Moment

Periods of structural change often create moments of unusual clarity. This is one of them.

If Oregon responds incrementally, the state risks drifting into a prolonged period of modest growth, fiscal constraint, and diminished national relevance. If it responds decisively, it can renew its economic model for a slower growing, more competitive nation.

The work of the Prosperity Council should aim unmistakably at the latter outcome. Its recommendations should help restore confidence in Oregon’s future — and reaffirm that the state remains a place where people and businesses can thrive.



March 19, 2026

Governor Tina Kotek
State of Oregon

Dear Governor and Staff,

Portland Seed Fund is writing to urge a **line-item veto of the SB 1507 provision regarding disconnecting QSBS from the Federal tax code**. It is poorly researched, irresponsibly drafted, and unfair tax policy. While failing to generate substantial future revenue, it sends an immediate signal that Oregon is the least entrepreneur-friendly state, a message we can ill-afford in this challenging economic climate and the exact opposite of your stated goal December 3, 2025 when you announced your Prosperity Roadmap.

We find ourselves perplexed and beyond disappointed as to why lawmakers would decouple the QSBS exemption - easily the most potent incentive for entrepreneurs and their investors to build growth companies – without involvement by Portland Seed Fund or two other major stakeholders, Oregon Venture Fund and the State’s own venture capital expert, the Oregon Growth Board. It is our belief that “the train had left the station” before anyone with standing in the industry was aware of this and able to get the word out to the thousands of high-growth entrepreneurs we touch.

Portland Seed Fund (with its sister Intrepid Oregon Fund) is the most active venture capital investor in Oregon (Source: CB Insights). As a small, home-grown fund investing in 225+ home-grown startups since 2010, our portfolio companies have **returned \$150 per dollar invested by the State within 5 years** (Source: ECO Northwest), making it one of Oregon’s highest performing economic development tools on an ROI basis. The State of Oregon is a Limited Partner (LP) in all Portland Seed Funds, alongside ~200 private investors, who literally constitute the “private” in public-private partnerships. This fails to capture the hundreds of millions of dollars raised by our portfolio companies almost exclusively from private investors, fueling high-velocity high-wage job growth in Oregon.

SB 1507 drafters failed to understand the mechanics of the Federal QSBS law as written, the current state of the private capital markets and the mechanics of venture capital in Oregon. **The QSBS provision greatly over-estimates the revenue that would be generated in current and future biennia**. The vast majority of venture capital deployed in Oregon comes from California and other states, whose investors will not be subject to this tax (but are included in the forecast). Most Oregon based-investors are individual angels who write checks in the \$25k-\$250K range, where the multiple millions come almost exclusively from out of state.

By our calculations, when out-of-state venture capital is subtracted, **the QSBS provision is funded on the backs of fewer than 1,000 Oregonians**. Not only will the actual v. forecasted dollars fall far short, this seems to us to be unfair and unsound tax policy with tremendous future risk.

Even as the forecast won't deliver the revenue projected, **Oregon entrepreneurs and investors are now incentivized to leave the State.** The magic formula of resident entrepreneurs competing successfully to win hundreds of millions of out-of-state investment to deploy in Oregon will cease. Keeping the QSBS provision as written is tantamount to slaying the geese that lay the golden eggs for Oregon - at a time when other States are wooing entrepreneurs away with incentives and, frankly, a cursory knowledge of and respect for the role they play in the State's capital stack and prosperity.

We want to help make this right. **Portland Seed Fund and the 43 portfolio company signatories below will make ourselves available to your team, lawmakers and Prosperity Council members** to better understand the importance of QSBS and the flawed assumptions that went into the provision's hastened passage. Please contact us.

Sincerely,

Portland Seed Fund General Partner/Managing Directors

Angela Jackson, Jenn Lynch, Steve Eichenlaub, Jim Huston

Contact information:

Angela Jackson / angela@portlandseedfund.com / 503-319-5875 (cell)

Jenn Lynch / jenn@portlandseedfund.com / 503-419-3007

Portland Seed Fund and Intrepid Oregon portfolio company signatories:

gearUP Sports
Hydrolix
Op Connect
Hemex Health
ChEmpower Corporation
Photon Marine
Bold Reuse
Caravel Bio, Inc.
Digs
Solid Carbon, Inc.
Brandlive
Lumen Learning
Range Revolution
CleanHaus
Surgivance
Handful
Verify Ventures
Zing Drone Solutions
Trippgrid Inc.
Radium
Trova Trip
Poached Jobs

Indow
Neurosom
Tonsil Tech
Community Energy Labs
Synplexity
Mebot AI
Transformative Optics Corporation
Archer RE Inc.
HILOS Inc.
Toolbelt Inc.
Rapta, Inc.
N4EA
Kapha Bio
Steamchain

Former PSF founders who have exited companies

Rita Hansen (Founder/former CEO, Onboard Dynamics)
Allie Magyar (Founder/former CEO, Hubb)
Peter Kirwan (Founder/former CEO, Collexion, now co CEO MeBot)
Ben McKinley (Founder Brandlive, now Cascade Web Development)

PSF companies outside Oregon/Washington

Backpack Healthcare
Cartogram
TiLT

March 19, 2026

The Honorable Tina Kotek

Governor of Oregon
254 State Capitol
900 Court Street NE
Salem, OR 97301

Re: The Math on SB 1507 and the Elimination of Oregon's QSBS Exclusion

Dear Governor Kotek,

We understand you are currently evaluating SB 1507, which would decouple Oregon from the federal tax system in several critical ways. In particular, we write to share our perspective on the provision to eliminate the Qualified Small Business Stock exclusion (referred to throughout this letter as "QSBS").

We recognize that the state is facing a serious financial situation and a challenging economic environment, requiring difficult tradeoffs to balance both revenue and investments in important services such as housing, education, and economic equity.

We love Oregon and want to see it thrive, and we want to improve the long-term fiscal health of the state to ensure that we can deliver the services that we value for all Oregonians. This level of investment requires a stable and growing tax base. We fear that SB 1507, and specifically the elimination of the QSBS exclusion, will do the opposite. The Legislative Revenue Office ("LRO") projects just \$19.45 million in new annual revenue from taxes on those Oregonians who qualify for QSBS this year and will no longer be able to exclude those taxes in Oregon. It does not include the impact of any additional city, county or metro taxes (potentially 13.9% combined at the marginal rate) and the behavioral impact on taxpayers. We believe that calculation and its methodology are incorrect, and that Oregon will lose far more revenue than it gains, and fast.

Ganesh Shankar built Responsive in Beaverton. Steve Marsh built Smarsh at the Pittock Block Building next to the food cart pods in downtown Portland. Jessica Gomez bootstrapped Rogue Valley Microdevices in Medford from credit card debt into a world-class semiconductor foundry, becoming the first woman and minority-owned business to receive CHIPS Act funding. All three hired Oregonians, paid Oregon taxes, and grew companies that became pillars of this state's technology ecosystem. All three are now gone.

Ganesh to Texas. Steve and Jessica to Florida. Jessica is now building her next manufacturing facility in Palm Bay. The jobs, the taxes, and the economic lift of that

expansion belong to other states now, not Oregon. They did not leave because they stopped believing in what they were building. They left because other states offered them something Oregon could not: a supportive business climate.

They are not outliers. They are the beginning of a pattern that, without intervention, becomes an exodus. We are aware of others at similar stages having the same conversation with their advisors right now, today, as this bill waits for your signature. Each one who leaves makes it easier for the next one to justify exploring what a move might look like for their family and their employees.

The business community has been listening carefully and with optimism to your recent statements about improving the business climate in Oregon and the creation and commitment to The Prosperity Council. But SB 1507 sends exactly the opposite message. According to several prominent attorneys in Portland, the volume of calls from founders, investors, and executives to discuss a move should SB 1507 pass has increased sharply in just the last two weeks. People are not waiting to see what happens. They are already making plans.

When they go, they will not just take a one-time capital gains event with them. Every entrepreneur who leaves takes future job creation with them, including years of payroll taxes, corporate taxes, and the entire economic ecosystem that grows around a thriving business. Every company that moves employees takes their spending (sales tax), housing budget (property tax), and charitable giving with them. We risk that the next great company they build will be built somewhere else. The employees they hire to write that story will live somewhere else.

As we'll show below, the SB 1507 math doesn't pencil. The outflows will dwarf the \$19.45 million of tax gain the LRO projects in the first year, and the gap will widen every year thereafter. It won't balance the budget; it will dig a deeper hole.

The history of QSBS is a story about how to grow an economy from the ground up. President Clinton created it in 1993 to spur innovation and economic growth in a moment of economic uncertainty. President Obama expanded it significantly in 2010 on the heels of the financial crisis. Both Presidents recognized the same thing: that new businesses are the engine of growth, they require capital and risk-taking to get off the ground, and the revenue they eventually generate in payroll, property, and corporate taxes far outweighs the capital gains waived along the way. This was a bet on compounding returns (a growing pool helps fund more of the things we care about), and it paid off. We can do the same here in Oregon, in a moment that calls for leadership to spur action.

What the Numbers Actually Say

The LRO projects \$19.45 million in new annual revenue, or \$38.9 million in this biennium. We don't dispute their math. We dispute their assumptions on what's factored into the calculation. In speaking with the LRO, we learned that their economists reviewed tax return data from Oregon taxpayers and estimated only those who qualified for QSBS each year, but now will not.

The LRO's own economist confirmed that only about 500 Oregon taxpayers claim the QSBS exclusion in a given year, with roughly 80% of the total exclusion amount concentrated among the top 50 claimants. Oregon is proposing to raise \$19.45 million annually by changing the tax treatment for fewer than 500 people, with most of the tax revenue coming from 50. They are the investors who fund Oregon's startups and the founders who build them. Losing even a fraction of them to Washington, Nevada, or simply to the decision never to come here in the first place, wipes out the projected gain entirely. And unlike a capital gains event, that loss compounds every year they are gone.

The LRO model only captures people who are already here and treats them as stationary. The four analyses below model what happens when they aren't.

1. Decreased Company Relocations and Increased Company Departures

Making Oregon an attractive place to build and relocate a company is arguably more important than ever before. The Tax Foundation's 2026 Index shows Oregon has fallen further in tax competitiveness than any other state since 2020, now ranking 49th for corporate tax structure. And last year, CNBC ranked Oregon 39th in the nation for business, down from the top 20 less than a decade ago. New Jersey was one of the last remaining states that did not conform to federal QSBS rules, leaving its founders and investors at a structural disadvantage. The competitiveness of the state to attract talent was important to that administration. On June 30, 2025, after years of watching capital flow to QSBS-friendly states, New Jersey's governor signed legislation bringing the state into full conformity, effective 2026.

At the exact moment New Jersey is joining the federal QSBS framework because the evidence demanded it, Oregon is considering leaving it. Oregon would be the only state in the Pacific Northwest (and one of only a handful nationally) to actively tax QSBS gains that the federal government and nearly all states have chosen to exempt. Oregon's access to capital and network effects is already limited. This bill widens that gap.

Additionally, the risk that an Oregon-based company decides to relocate to another state increases significantly if this bill is passed. Even 1-3 companies leaving is material. We estimate that each departing Oregon company in the 400-600

employee range costs the state approximately \$15 million in direct annual tax revenue (payroll, corporate, and personal income taxes), excluding secondary effects on vendors, landlords, and local services. Each company departure adds permanently to the annual loss. By year five, the conservative scenario of one departure per year results in \$75M of tax revenue losses per year — every year — with no path to recovery.

Scenario	Companies Departing (Yrs 1–5)	Avg Annual Revenue Loss	Cumulative 5-Year Loss
Low Case	1 per year	~\$15M	~\$225M
Mid Case	3 per year	~\$45M	~\$675M
High Case	5 per year	~\$75M	~\$1.125B

2. New Company Formation Loss

Nationally, venture capital firms are 74% more likely to invest in early-stage startups when the QSBS exclusion is available. In addition, since its expansion by President Obama, sectors eligible for QSBS have seen significantly higher rates of new business starts and overall employment growth than ineligible sectors. In speaking with many local investors and venture firms, many of their limited partners (“LPs”) invest in their funds because of the QSBS benefits and many have said that they would be less likely to invest if they no longer existed. This is not a hypothetical risk. Oregon VC funding has already collapsed from \$2.8 billion in 2021 to approximately \$586 million in 2024, dramatically outpacing the national slowdown.

We modeled a representative Oregon early-stage startup as employing approximately 50 people at an average salary of \$85,000, generating approximately \$500,000 in annual Oregon income tax revenue — based on Oregon's 8.75% marginal rate applied across the employee base. This figure is deliberately conservative. It excludes employees earning above \$250,000 who tip into Oregon's 9.9% top bracket, excludes founder income entirely, and excludes any corporate taxes the startup pays as it scales.

Oregon attracts less than 1% of West Coast venture funding and SB 1507 would put Oregon entrepreneurs at an even bigger disadvantage when trying to raise capital. This bill accelerates a deterioration that is already well underway and gives investors another reason to invest elsewhere.

Scenario	Fewer Startups Founded Per Year	Revenue Lost Per Startup	Annual Tax Revenue Loss
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Low Case	5	~\$500K	~\$2.5M
Mid Case	10	~\$500K	~\$5M
High Case	20	~\$500K	~\$10M

3. Investor Exits

Multiple Oregon fund managers, including Oregon Venture Fund, confirmed that their LPs invest specifically because of QSBS benefits and may not invest without them. States like Nevada, Texas, Tennessee, and Florida all offer the full federal QSBS exclusion with no state income tax and Washington continues to recognize QSBS despite recent changes to its tax code.

When investors leave, they stop investing in these funds and take their other tax revenue with them. We estimated annual state income tax contribution per qualified investor at approximately \$300,000, consistent with income profiles typical of active angel investors and venture LPs.

Scenario	Investors Exiting Per Year	Revenue Lost Per Investor	Annual Tax Revenue Loss
Low Case	5	~\$300K	~\$1.5M
Mid Case	10	~\$300K	~\$3M
High Case	20	~\$300K	~\$6M

4. CEO & Founder Moves

QSBS treatment is determined by where the founder is domiciled. What Oregon loses when a founder moves is everything else they bring with them, including their salary, their investment income, their real estate investments, and their spouse's income. These are high-earning individuals with substantial tax profiles well beyond any single liquidity event. They are also highly mobile in an age where you can increasingly work from anywhere.

When these founders leave, Oregon loses more than their tax contribution. It loses the investors who write the first checks into the next generation of startups, the mentors who take the calls, the board members who have been through it before. That informal network, built over decades, is what turns a good idea into a company. It cannot be rebuilt quickly, and it cannot be replaced by policy.

We estimate each departing founder represents approximately \$1 million in annual non-QSBS taxable income, generating roughly \$99,000 in annual Oregon income tax

at the state's effective rate on high earners. That loss is permanent, recurring, and begins the day they change their address, not the day they sell their company.

Scenario	Relocating Per Year	Other Taxable Income	Annual Tax Revenue Loss	5-Year Cum
Low Case	5	~\$1M	~\$500k	~\$2.5M
Mid Case	10	~\$1M	~1M	~\$5M
High Case	20	~\$1M	~2M	~\$10M

In our analysis, SB 1507 is a net loser. Even under conservative assumptions, Oregon loses far more tax revenue each year than the \$19.45 million LRO projects it would gain.

The cumulative five-year picture (accounting for the permanent, compounding nature of the above scenarios) runs into the hundreds of millions or more. The LRO's math doesn't factor in the downstream tax impact of companies that might leave, companies that will never be founded here, founders who may take residency advice from their lawyers or advisors, and investors who might choose other states over Oregon.

Oregonians believe in the power of government to positively impact people's lives. SB 1507 will shrink the resources available to do that, and the hole it leaves will deepen every year.

A Better Way Forward

The timing could not be worse. We are at the beginning of an AI-driven economy that will create the next generation of great companies faster than any prior era. Oregon's long-standing values of creativity, entrepreneurship, and integrity are perfectly-suited to leading the way, and the window to seed those companies, attract that capital, and build that ecosystem is open right now. It will not stay open.

Matt Price co-founded Crescendo in Portland in 2024. The company combines AI with human customer service operations and has raised \$50 million, one of the largest fundraises by an Oregon-founded company in the last two years. Matt lives in Portland, believes in what this community stands for, and wants to build here.

But Crescendo is headquartered in San Francisco, where the AI talent density made it necessary. And in the last year alone, Crescendo hired over 500 people in other U.S. states rather than in California. This could have been here. These are not executive roles. They are the working people jobs that Oregon's economy needs most, the kind that stabilize neighborhoods, fill schools, and keep local businesses alive. At an average salary of \$60,000, that is \$30 million in annual payroll that did not land here. The reason is not indifference. Oregon's employer payroll taxes and Portland-area taxes make hiring materially

more expensive than states like Texas. The potential elimination of QSBS adds another weight to the scale.

States that recruit and welcome founders as economic builders will get them. States that signal they see them only as sources of revenue will not. Oregon is on the edge of sending exactly the wrong signal at exactly the wrong moment, to the people building the companies of tomorrow. Matt would like to pull the company toward Oregon. The state keeps pushing him the other way.

A state as dependent on income taxes as Oregon (representing 80+% of the general fund) has three levers for revenue growth: more taxpayers, higher incomes, or higher rates. This bill pulls the third lever while actively working against the first two. That is not a budget solution. It is a bet that the people won't notice, or won't leave. Anecdotal evidence and the data in this letter say otherwise.

You created the Prosperity Council to build the next decade of economic growth in Oregon. While we understand the fiscal pressures driving this bill, we respect the difficulty of the choices before you and are not asking you to ignore the budget imbalance. But signing this bill makes that work harder before it starts and creates a deeper hole once the correct math is applied.

We urge you to veto the bill and task the Legislature with fixing it in a special session. If that's not politically possible, we are asking for something specific and achievable before the bill is signed: a clear, public commitment in a signing letter that makes concerns clear and sets the expectation for the Legislature to restore the QSBS exclusion at a special session this year.

That commitment costs nothing today. It tells Oregon's entrepreneurs, founders, investors, and scaling companies that this is a bridge, not a verdict. It gives the business community a reason to stay the course rather than start making calls to their attorneys, accountants, and real estate agents. And it gives the Legislature the runway to get this right before the damage becomes permanent.

Your commitment to fixing this is the clearest possible proof that this administration means it. We urge you to make that commitment now, and to send an unambiguous message to every founder, investor, and scaling company in this state that Oregon is a place where building something great is still worth the risk.

Sincerely,

[Signature page to follow]

Nathan Christensen
Mineral & Huckleberry

Irving Levin
Genesis Financial

Justin Vandehey
Thread

Sam Kolbert-Hyle
Brandlive

Colin Nederkoorn
Customer.io

Jessica Gomez
Rogue Valley Micro

Marcelino Alvarez
Photon Marine

Skip Newberry
TAO

Kim Thanost
Lumen Learning

Diane Fraiman
Voyager Capital

Eric Rosenfeld
Oregon Venture Fund

Teresa Coats
LearnAIR

Stephen D. Marsh
Smarsh

Marty Kagan
Hydrolix

John Horton
LegitScript

Ross Gray
Cloud Campaign

Ganesh Shankar
Responsive

Stephanie Weber
Ruby & SheerID

Thomas Iwasaki
Vitality Blueprint

Eric Breon
Vacasa & Fairly

Kate Johnson
Act On!

Eric Winquist
Jama Software

Ryan Comingdeer
Platformr

Matt Price
Crescendo

Mac Lavier
gearUP Sports

** Signatures as of 11:00am on March 19, 2026. Additional names will be added as they arrive.*

To: Prosperity Council
From: Chris Lyons, Energy Trust of Oregon
Date: March 25, 2026
Re: Prosperity Council Survey

The following provides Energy Trust of Oregon's responses to Governor Kotek's Prosperity Council online survey that closed on Friday, March 20, 2026 and was originally accessed at https://www.research.net/survey-closed/?sm=6aN6_2FiXUT7Tt7B2unhuq12HZuc_2FGvNy_2Fu8L2SIQpGBc7xZUc_2BXv_2Bm2kR_2F05qQuSdUUgF6t7VpgEzYcFFwxig8BE3PtFhb_2BAIwajr_2BdrDaD7j0EYN18AW53_2BqEXrHXLlwo9LJR0IMod7b8ziceqT6McDdN2pSibww7qnsUcBHhQU_3D. We regret that we missed the deadline and hope our feedback can be shared with and help inform the council's efforts to develop actionable steps to accelerate Oregon's economy, create good paying jobs, and recruit and grow Oregon's businesses. If you have any additional questions, please contact Chris Lyons, Sr. Government and Stakeholder Relations Manager, at 971-990-8008 or chris.lyons@energytrust.org.

Name (first and last)

Chris Lyons

Email address

chris.lyons@energytrust.org

*** What is your 5-digit zipcode?**

97204

Are you representing yourself or your organization/business?

Myself

Organization/Business

Both

Business/Organization Information

To better understand whose input we are receiving, please tell us more about your business or organization.

What business/organization are you representing?

Energy Trust of Oregon

Are you in the public or private sector?

Public

Private

Non-profit

What industry do you work in?

Metals and Machinery

Business and Professional Services

Food and Beverage
Forestry and Wood Products
Technology
Outdoor Gear and Apparel
Bioscience

Other (please specify)

- All industry types operating in Oregon and that are customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista

What is your Oregon-based team's headcount?

1 - 20 people
21-100 people
101-500 people
500-1000 people
1000+ people
I don't know

Detailed Input on Focus Areas of Your Choosing

Please share specific challenges, needs, or solutions related to a specific focus area. You may submit as many ideas as you'd like.

Focus area you are providing input on

Business climate
Workforce
Tools for growth

What challenge would you like addressed in the Prosperity Council's recommendations? What is the biggest barrier or friction point in this area?

Energy Trust of Oregon is an independent nonprofit organization dedicated to helping people, businesses and communities thrive through clean, affordable energy. We offer information, technical studies, services and cash incentives to help more than 2.4 million customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista in Oregon and Southwest Washington benefit from energy efficiency and renewable energy generation. This includes homeowners, renters, property owners and small to large businesses of all types, like commercial businesses, agricultural producers and manufacturers. We connect these customers to qualified contractors, and we provide these contractors with ongoing training and support.

The State of Oregon has set ambitious greenhouse gas reduction goals for utilities by 2030 and beyond. To help utilities meet these goals as affordably as possible, Energy Trust has increased our own targets to significantly scale up cost-effective energy efficiency and small-scale renewable energy efforts, which will result in cost savings, improved comfort for residents and enhanced productivity for businesses.

As outlined in the Oregon Energy Strategy issued in November 2025 and embedded in Energy Trust's long-term planning, the energy industry workforce will need to evolve as the energy sector modernizes to meet Oregon's future energy needs and policy objectives. Investing in workforce development is critical to building a robust pipeline of qualified trades contractors, home energy auditors, designers, architects, engineers and other professionals who are

equipped to design and implement clean energy solutions as the demand for energy upgrades increases.

However, there is an ongoing labor shortage of workers with the skills needed for energy efficiency and renewable energy work. A jobs analysis conducted for the Oregon Energy Strategy demonstrated a need for greater employment in several key occupations, including electricians and HVAC specialists. Expanding the number of qualified professionals who can complete projects is vital to accelerating energy savings and advancing Oregon's decarbonization goals. Investing in these sectors, job types and workers can further the state's economic prosperity goals, too.

Energy Trust has identified several challenges related to workforce development for energy efficiency and renewable energy work that we highlight for the Prosperity Council as it develops its recommendations for Governor Kotek. Overall, an ongoing need is state-led and statewide coordination among organizations, agencies and funders like Energy Trust that are focused on clean energy workforce development. There are several entities engaged in clean energy workforce development and supporting the implementation of statewide policies. Without a coordinated strategy and funding, it is challenging for these groups to partner with one another or tap into existing workforce infrastructure such as pre-apprenticeship programs, workforce development boards, funding mechanisms, small business administrations and local organizations. This makes it challenging to scale robust, impactful programs in all regions of the state. An example of a statewide effort seeking to bridge gaps and avoid duplication of efforts is the Oregon Clean Energy Workforce Coalition (OCEWC). The OCEWC is a nonprofit created by Portland General Electric in partnership with several organizations. Energy Trust is actively engaged with OCEWC to ensure we advance shared goals for statewide support for its clean energy workforce.

Other notable challenges are related to training and retention for the clean energy workforce. Bottlenecks around apprenticeship programs limit workforce development, as too few programs exist and the requirement that there is one journeyman for every apprentice (in carpentry and HVAC, in particular) slows the production of qualified workers and limits Energy Trust's ability to complete projects, save energy and generate clean power. In addition, there is an opportunity for pre-apprenticeship programs to more consistently connect graduates with employment opportunities. Workforce instability can also result from challenges retaining workers within the clean energy industry. In some regions, wages in the energy efficiency industry are less competitive, causing job seekers to choose to work outside of the industry.

These challenges are amplified in rural areas of Oregon. In some parts of the state, there is a lack of specialized workers, such as electricians and weatherization installers. This limits the implementation of cost-effective energy efficiency and renewable energy projects, as contractors must be brought in from outside of local communities, resulting in higher costs for travel, lodging and other logistical expenses and diverting funds outside of rural areas. There is also limited access to training and education programs in rural communities, including a lack of training providers, spaces for hands-on learning and training materials, making it difficult to build a local pipeline of qualified energy professionals.

What solution or specific change would you make?

Energy Trust suggests developing a statewide strategy for clean energy workforce development. This strategy could be state-developed and state-supported, providing uniform direction and shared goals to all key entities involved in clean energy workforce development: government agencies, local organizations, educational partners and funders.

As a part of this strategy, consistent, long-term funding to support community college apprenticeship and training programs, especially in rural areas, can make the training more accessible and sustainable. Training and education in energy efficiency equipment and solar technologies could be embedded within these programs to prepare the workforce for evolving needs in the energy efficiency industry. Consistent funding could help develop and scale training infrastructure in rural communities, including the permanent placement of training equipment and materials. The state could also support business incubation programming to help new small businesses provide energy efficiency and renewable energy services and grow to meet project demand.

What would success look like in 2–3 years?

In two to three years, success would look like establishment and active implementation of a state-led clean energy workforce development strategy, as outlined above. Training programs incorporating education in energy efficiency and solar would be well-funded and established across the state, including in rural communities, enabling a steady pipeline of skilled workers. Additionally, apprenticeship and training programs would partner with local businesses to ensure that, upon completion, workers are connected with employment opportunities within their communities.

Who has to act for this to happen? (i.e. legislature, local governments, employers, education/training partners, etc.)

To develop and implement a state-led clean energy workforce development strategy, there would need to be continued commitment by the state to meet energy goals as outlined in the Oregon Energy Strategy. Additionally, the Legislature would need to act to secure sustainable, long-term funding for clean energy workforce development, with a particular focus on supporting training programs integrating energy efficiency best practices and solar technology training into curricula. Applicable state agencies would need to coordinate with nonprofit and community-based organizations, utilities, community colleges and other partners to develop and implement a statewide clean energy workforce development strategy. Employers would need to partner with training providers and educational institutions to offer hands-on learning opportunities and commit to hiring program graduates.

What existing state programs and policies does Oregon have that are most helpful to you that you want to see continue?

What promising models or effective best practices have you seen in other states that you'd like Oregon to emulate?

New York's comprehensive, accessible [website](#) demonstrates how an integrated state system can guide and connect the many players in the energy efficiency landscape, making it easier for businesses, training partners and workers to collaborate.

*** Do you have another focus area you would like to provide input on?**

Yes

No

Additional Input

Energy Trust's support for energy efficiency and renewable energy has economic benefits of saving people and businesses money, investing in local communities, creating jobs and increasing business income.

Energy efficiency is among the lowest-cost energy resources available to utilities to meet their customers' energy needs, costing less than what utilities would pay for most other sources. When customers save energy, utilities are able to defer spending on new infrastructure, including energy generation, transmission and distribution. These deferred costs help keep rates lower than they otherwise would be and become savings that are passed on to all utility customers, including businesses. For every \$1 Energy Trust has invested in energy efficiency, utility customers have saved nearly \$2.72.

Since 2002, participating customers have also saved \$8.5 billion on energy bills from building retrofits, operations and maintenance improvements, high-performance new construction and renewable energy systems. These savings recirculate in Oregon's economy, driving broader economic benefits for all. Dollars saved on energy bills deliver far-reaching benefits to the economy through new purchases of goods and services, job creation, increased wages and new business income.

Since 2002, the net economic benefits of Energy Trust's expenditures, energy savings and renewable energy generation added \$12.7 billion to Oregon's economy, including \$4.3 billion in wages, \$699 million in small business income and employment equivalent to 93,600 full-time jobs. (Figures are based on an independent analysis by Pinnacle Economics.)

Energy Trust's network of more than 1,600 trade ally contractors and 145 allied businesses located in Oregon and Washington – including local electricians, construction workers, engineers, architects and others – report employing about 17,500 people related to our work in the marketplace. Businesses range in size from one to 200 employees or more; the majority are small businesses with 20 employees or fewer.

For local businesses, energy efficiency and renewable energy solutions not only control costs, but also help meet growing sustainability and corporate responsibility commitments. Energy Trust features many examples on our website, from [A-dec in Newberg](#) to [Laika in Hillsboro](#).

If you have materials and or/reports that would be helpful for the Prosperity Council to review, please upload them here. (Max 16MB)

- Economic Impacts of Energy Trust of Oregon's 2023 Program Activities (most recently completed study), accessible at https://www.energytrust.org/wp-content/uploads/2024/10/ETO-PY2023-Final-04_29_2024.pdf

Draft

Oregon Economic Development Strategy

Clean and Resilient Economy input

February, 2026

OREGON ECONOMIC DEVELOPMENT STRATEGY

Clean and Resilient Economy input

Draft

PREFACE

Thank you for the opportunity to provide input on the Oregon Development Strategy. We're providing input with a Clean & Resilient lens.

This document presents an initial growth strategy architecture for organizing and accelerating Oregon's Clean and Resilient Economy.

This is not a final strategy or formal consensus document — it is a structured starting point. Gaps exist, reflecting timing and sequencing, not intentional omission.

The framing reflects publicly available data and input from across stakeholder entities (see appendix for example source information). We are grateful to the many partners who contributed insight, perspective and their personal time to help shape this input. We are acutely aware that that this draft will benefit greatly through more organized activation, expanded participation, and shared authorship across the ecosystem.

This document is designed to clarify opportunity, provide a shared organizing model, and accelerate coordinated action. It is intended for a wide audience of leaders and partners (from economic development, to industry leaders, workforce, academia, capital, public leadership, and communities/community organizations).

AI was applied to this document content to critique and guide areas needing more clarity.

Thank you again for the opportunity to help Oregon lead in the next economic cycle.

Kind Regards,
Clean and Resilient Economy, contributing citizens

OREGON ECONOMIC DEVELOPMENT STRATEGY

Clean and Resilient Economy input- context

Draft

OREGON'S COMPETITIVENESS INFLECTION POINT

Oregon has long been a state that builds what's next.

From semiconductors and advanced manufacturing to food systems & agriculture, forestry, outdoor products, technology, and energy infrastructure, Oregon competes in high-value traded sectors that shape our GDP and national position. We possess distinctive structural advantages:

- Advanced manufacturing and semiconductor expertise
- Abundant and reliable power resources
- Strong research institutions and applied innovation capacity
- Entrepreneurial culture and engineering talent
- Strategic West Coast access and global trade corridors
- Rural and industrial regions positioned for production growth

These assets align directly with the Oregon Prosperity Roadmap's focus on expanding traded-sector industries, strengthening innovation capacity, modernizing infrastructure, and driving regional competitiveness.

Today, global markets are undergoing structural realignment.

Energy systems are modernizing. Supply chains are reshoring. Industrial production is digitizing. Data infrastructure and advanced materials are expanding. Manufacturing investment is concentrating in regions that demonstrate coordinated industrial strategy. All while considering efficiency and risk.

This is not a cyclical shift. It is a generational reconfiguration of production, infrastructure, capital allocation and talent.

States that organize visible, investable sector platforms — aligning industry, capital, workforce, infrastructure, and research — are capturing disproportionate private investment, anchoring supply chains, and expanding durable job growth. Those that remain fragmented are exporting innovation and losing industrial scale.

Oregon has the assets to lead in this next economic cycle. What we lack is coordinated economic architecture.

Our strengths remain distributed across agencies, regions, and initiatives without a unifying platform that concentrates effort, aligns capital, and signals market intent. Capital formation is diffuse. Commercialization pathways are uneven. Workforce systems are not consistently synchronized with emerging industrial demand.

At this moment of national industrial acceleration, fragmentation is a competitive liability.

The next three to five years will determine whether Oregon converts structural advantage into sustained industrial leadership – or watches investment, talent, and production concentrate elsewhere.

OREGON ECONOMIC DEVELOPMENT STRATEGY

Clean and Resilient Economy

Executive Summary

Draft

Oregon should formally designate **Clean & Resilient Economy** as a priority high-potential traded-sector platform and deploy coordinated leadership to accelerate growth and scale. This is not a new program. It is an organizing move.

Clean & Resilient Economy represents a convergence of high-value traded sectors central to Oregon’s competitive future: clean tech & advanced manufacturing, clean energy, transportation & mobility, food systems & agriculture, built environment, outdoor gear & apparel, forestry & wood products, clean industrial manufacturing, and natural resource innovation,. These industries are already present in Oregon. What is missing is structured concentration and coordinated scale for leadership in the Clean & Resilient economy.

Formal designation under Business Oregon – aligned with the Prosperity Plan and integrated into the Economic Development Strategy, creates a visible platform for:

- Concentrating industry clusters
- Aligning capital formation and commercialization pathways
- Synchronizing workforce systems with production demand
- Coordinating infrastructure and resilience deployment
- Signaling market confidence to private investors and industry partners

Regions that win the next decade will be those that move from diffuse assets to integrated economic systems. Oregon has the structural ingredients. We must now provide the architecture.

The strategy outlined in this document:

- Identifies priority traded-sector clusters for focused concentration
- Proposes an integrated economic architecture connecting industry, capital & research, workforce, infrastructure & resilience and business development
- Recommends an operating model for cross-sector coordination and stewardship
- Defines near-term activation steps to validate alignment and accelerate scale

Oregon Clean & Resilient Economy Architecture
From Fragmented Strengths to Coordinated Scale



The competitive window is finite. Decisions made in the next three to five years will shape Oregon’s industrial and supply chain footprint and traded-sector growth trajectory for decades.

Formal Clean & Resilient designation and disciplined coordination now position Oregon not simply to participate in the next economic cycle – but to lead within it.

CLEAN and RESILIENT ECONOMY

Organizing Architecture

From Fragmented Strengths to Coordinated Scale

Draft



Oregon can Lead - If We Organize

Concentrate on high-opportunity sectors where Oregon has structural advantage, representing engines of traded- sector growth, export potential and durable job creation.

CLEAN INDUSTRIES

- Clean Tech/Adv Mfg
 - Clean Energy
 - Transportation & Mobility
 - Built Environment
 - Outdoor Gear & Apparel
 - Food Systems & Ag
 - Forestry & Wood Products
 - Clean Manufacturing
 - Water & Wastewater
 - Life Sciences, Health & Pharma
 - Legal & Prof Services
- Connected clusters:
- Resilient Cities
 - Circularity

INNOVATION & CAPITAL

To retain and scale high-potential companies, Oregon must establish:

- A strong Clean Industry Command Center providing technical assistance, commercialization acceleration, and market access support.
- Structured, multi-stage access to growth capital- from proof through scale
- Shared applied infrastructure and industry-aligned Labs organized around priority clusters
- Boundary-spanning partnerships that integrate research, prototyping, advanced manufacturing and scale-up capacity.

Without coordinated innovation and capital architecture, companies, talent and production will scale elsewhere.

WORKFORCE & TALENT SYSTEMS

Workforce systems must evolve alongside industry demand. Oregon must..

- Strengthen 'applied' talent strategies aligned to priority clusters
- Expand access to clean career pathways across generations
- Increase industry-integrated training models
- Build 'Awareness' and engagement to broaden participation

A resilient clean economy requires workforce systems designed for adaption, not static credentialing.

CLEAN BUSINESS DEVELOPMENT

Leadership requires disciplined economic positioning. Oregon must:

- Align clean branding and business attraction strategies
- Coordinate regional economic development efforts
- Balance regulatory leadership with competitive investment climate
- Improve retention, recruitment and scale-up support

Brand without infrastructure fails. Infrastructure without brand remains invisible.

RESILIENCE AS ECONOMIC STRATEGY

Clean leadership must embed adaptation and resilience across:

- Natural systems
- Built environment & infrastructure
- Public Health
- Cultural & Community Systems
- Climate Adaptation

Resilience is not an add on- it is a competitiveness multiplier.

CLEAN AND RESILIENT ECONOMY Industry Activation Lens

Draft

Cluster & Sub-clusters

Examples of leading and merging Clean & Resilient Organizations

Clean Tech/ Adv Mfg

- Semiconductors
- Computers & Electronics
- AI & Data
- Unmanned Vehicle Tech
- Robotics
- Networks & Cyber
- Software Solutions
- Web & Cloud



Clean Energy

- Generation(Solar, Wind, Geothermal, Retrofits)
- Storage
- Transmission
- Distribution
- Development, Permitting & Siting
- Grid Dev & Management



Transportation & Mobility

- Urban Planning & Design
- Air & Space
- Ground & Rail
- Marine
- Planning & Logistics



Built Environment

- Green Construction
- Building Energy & Efficiency
- Clean Heating & Cooling
- Strategic Growth, Land Use, Zoning and Housing Dev.



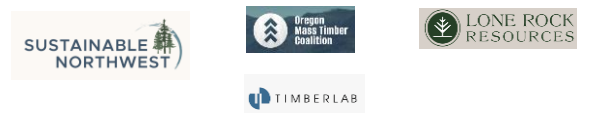
Food Systems & Ag

- Ag Tech & Automation
- Agribusiness
- Food Science & Processing, Mfg, Dist.
- Soil Health Management
- Water Systems
- Animal Systems



Forestry & Wood Products

- Wood-engineered Products
- Forest Carbon Management (CCS, DAC, Carbon Markets)
- Climate Adaptive forest management
- Fire Management



Outdoor Gear & Apparel

- Innovation & Design
- Sustainable Materials
- Development & Manufact
- Circularity



Clean Manufacturing

- Engineering & Advanced Engineering
- Industrial Machinery
- Production & Automation
- Safety & Quality Assurance (EH&S)



Other:

- Water & Wastewater Mgmt
- Life Sciences, Healthcare & Pharma
- Legal & Professional Services



CLEAN AND RESILIENT ECONOMY Organized Activation

Draft

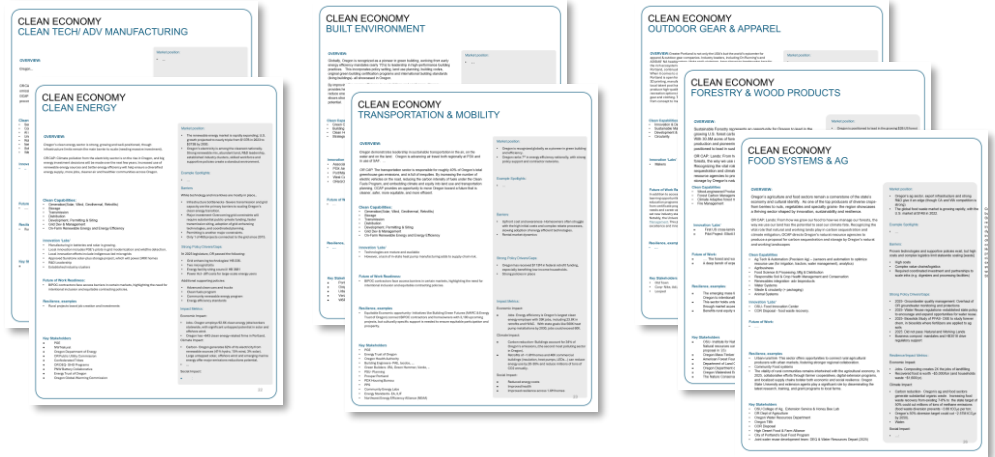
Oregon can lead, if we organize and prioritize.

Oregon must align, coordinate and concentrate efforts in priority traded-sectors — areas of strength, connected cluster strength, and untapped areas of expertise and capabilities.

Aligning & Coordinating Industries

Concentrate and coordinate our priority traded sector clusters for greatest activation, with:

- Growth strategies
- Capital formation and commercialization pathways
- Workforce systems and production demand
- Infrastructure and resilience deployment
- Signaling market confidence



Activating — bolder and wider

With Oregon’s strength in the Clean & Resilient Economy, we have the opportunity to firmly lead with 1) focused execution, 2) ramping connected themes, and 3) growing underutilized strengths:

Clear focus and execution where we’re strong:

- Clean Energy
- Clean Tech/Adv Mfg
- Transportation & Mobility
- Built Environment (start, energy efficiency & retrofits)
- Food & Ag
- Outdoor Gear & Apparel

Ramp connected cluster themes:

- Circularity- Opportunity to connect x-cluster AND drive waste into economic value.
- Resilient Cities (previously Green Cities)- We are a leader in sub-clusters and have the opportunity to market newer Resilient City orientation.

Grow Underutilized Opportunities:

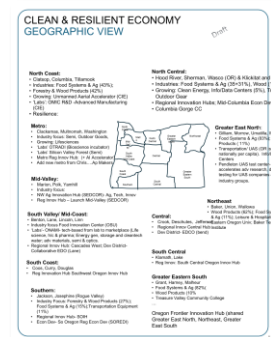
- Legal & Professional Services- We have one of the strongest Clean legal and professional service expertise, nationally.
- Water Systems- with the increased attention around water, Oregon is quickly becoming a leader in water systems (Ag, Data Centers, Resilience).
- Forest-based Carbon Solutions and sustainable forestry

Geography Perspective:

Ensuring geographic balance, workforce inclusion, rural participation and equitable access to opportunity. Collaborating with Cluster, capital and infrastructure strategies and activation:

Intentionally organizing and supporting:

- Economic, Innovation and boundaries for the longer-term
- Cluster focus priorities
- Innovation Labs
- Resilience efforts



CLEAN AND RESILIENT ECONOMY

Clean Innovation & Capital Architecture

Draft

Turning Early-Stage Strength into Long-term Economic Growth

Oregon's strength in early-stage innovation has not yet translated into durable scale infrastructure. While the state generates promising clean economy startups and technical talent, commercialization pathways remain fragmented and capital formation inconsistent across growth stages. Without coordinated systems for capital deployment, applied infrastructure, and commercialization alignment, high-potential firms will continue to mature elsewhere. To convert innovation into long-term economic capture, Oregon must institutionalize a Clean Innovation and Capital Architecture that prioritizes retention, scale, and cluster-aligned growth.

COORDINATED COMMERCIALIZATION

Aligning technical assistance, regulatory navigation, industry partnerships and economic development- reducing friction and shortening time-to-scale

- Business Development & Management
- Economic Development
- Access to Resources, Network
- Policy Guidance
- Building Strategic partnerships
- Building collaborative communities (community engagement)

STRUCTURED CAPITAL STRATEGY

Prioritizing private investment, uses public funds catalytically, and aligns capital deployment with priority traded-sector clusters across growth stages of growth.

Support early, mid and growth stage Oregon-based Clean Economy build-out by:

- Organizing Capital acquisition and deployment needs
- Providing incentives for R&D and innovation
- Establish capital strategic partners and network
- Organize and coordinate funding committee (s)
- Connect Innovators and Investors
- Convene regular capital events
- Manage on-going capital access processes

NETWORK OF APPLIED INFRASTRUCTURE

Shared labs, prototyping environments, pilot manufacturing capacity and testbeds- organized around priority clusters and built through public-private coordination of existing assets before new construction.

- Support Clean innovation from start-up to scale-up
- For prototyping, new manufacturing, distribution and scale-up.
- Focus on infrastructure/Labs that advance Cluster/sub-clusters Clean leadership
- Coordinate with the Support Center needs
- Integrate with Skills and Talent strategies and capacity needs.
- Consider the eco-boundaries (watersheds), in planning/siting infrastructure for longer term thinking (vs. just by Districts)

CLEAN AND RESILIENT ECONOMY

Workforce & Talent Systems

NOTE: Input provided into OREWC '26-'28 Strategy focused on Clean Energy, with a template for other industries (Jan '26)

Keep pace with skills and capacity needs, more 'applied' with partner ecosystem.

EDUCATION & TRAINING

Align & Support Pathways, Education and Programs

Collaborate with stakeholders to map priority Clean Energy career pathway systems *and stackable credentials for entry and advancement in the industry* (develop, validate, publish*) [OCEWC 1.1].

Support the development and coordination of post-secondary opportunities in the clean energy sector: [OCEWC 1.1].

Develop and strengthen targeted initiatives to recruit younger workers to Oregon, positioning the state as a destination for early-career professionals [Prosperity] [OCEWC 1.3].

Build on the momentum of successful initiatives like Future Ready Oregon to scale proven strategies and drive inclusive workforce outcomes. [Prosperity].

RESPONSIVE & ACCESSIBLE

Strengthened and Applied- Skills currency, Access & Representation and Community Engagement

Foster collaboration and structured partnerships among businesses, regions, education, workforce organizations *and Communities* to ensure talent strategies *and capacity* are responsive to industry needs [Prosperity]. [OCEWC 1.2]

Expand access to training programs that help current workers adapt to evolving industry demands and advance their careers [Prosperity].

Up-level and strengthen the role of cluster-focused 'labs' for applied training, faster industry outcomes, and community-engagement, better keeping pace with rapidly changing industry/skill needs.[New].

Cultivate a statewide Clean Energy community of practice (CoP), that promotes and supports collaboration, resilience and transparency.[OCEWC 3.1]

Prioritize that all communities benefit equitably from Clean Energy workforce growth [OCEWC 3.2].

GOVERNANCE

Organize & Sustain Coalition & Communications

Support Clean Policies and programs that promote job quality, stability and long-term career pathways, especially in key sectors [Prosperity]

Finalize and operationalize OCEWC's long-term governance model [OCEWC 2.1]

Develop a sustainable funding and resource alignment strategy that supports partners and members [OCEWC 2.2]

Work together to build and align a unified advocacy platform to sustain Clean Energy workforce investments and high-quality careers [OCEWC 2.3]

* Awareness- Consider how external/internal info is platformed/published.

CLEAN AND RESILIENT ECONOMY

Resilience As Economic Strategy

Draft

NOTE: Integrated directly with Oregon's 2021 Climate Change Adaptation Framework. Did not have opportunity to update with them.

Resilience is not an add on — it is a competitive multiplier.

NATURAL SYSTEMS

Support robust functioning of Oregon's terrestrial, aquatic, coastal and marine ecosystems as climate changes.

- Enhance Water security for both in-stream and consumptive uses
- Support functioning of terrestrial ecosystems
- Support ocean health and blue carbon ecosystems
- Manage wildfire risk
- Control invasive species

BUILT ENVIRONMENT & INFRASTRUCTURE

Ensure building, utilities, and infrastructure are resilient to extreme weather and climate change.

- Update engineering heuristics and design standards
- Plan for future conditions
- Support climate-resilient building and site management practices
- Design and build resilient water projects
- Design and build resilient energy projects
- Design and build resilient transportation projects
- Support access to ports
- Expand availability of broadband
- Seek and implement co-benefit opportunities

PUBLIC HEALTH

Reduce climate-related health risks and promote community resilience, especially among people and communities who are disproportionately affected.

- Actively engage with priority communities in a coordinated and well-resourced way
- Work with partner agencies on policies to improve and protect air quality and water security
- Increase the diversity of the State's workforce engaged in climate work
- Resource Oregon's public health system
- Analyze community impacts
- Support community-driven and place-based climate adaptations
- Consider opportunities to implement recommendation outlined in Climate Equity Blueprint.

CULTURAL & COMMUNITY SYSTEMS

Research, plan for and adapt to the impacts of climate change on Oregon's cultural landscapes.

- Recognize, collaborate and consult with Tribal governments
- Broadly identify cultural resource are at risk
- Ensure that historic preservation programs considers climate change and equity
- Reduce exposure of vulnerable of historic, cultural and archeological resources while also protecting the environment.

CLIMATE ADAPTATION

Ensure equitable, livable and engaged communities in response to the impacts of climate change.

- Identify Impacted Communities
- Build capacity of community based organizations and create more opportunities to participate in decision making.
- Use DEI best practices in state decision-making
- Leverage the statewide land use planning program
- Review Oregon Land use planning goals
- Focus natural disaster mitigation activities on climate change and equity

CLEAN AND RESILIENT ECONOMY

Operating Model Considerations

Draft

Organizing for Success— Leadership will not emerge from aspiration alone, but through sustained executive alignment and a defined operating model.

The Clean & Resilient Economy growth strategy needs more than alignment— it requires clear accountability to ensure durability, legitimacy and coordinated action.

An illustrative operating model, below, considers a four-tier governance structure. Anchored by Business Oregon, as a steward, the model integrates executive authority, industry ownership, capital coordination and regional representation.

Key Decision-Making

EXECUTIVE SPONSORSHIP

Tier 1- Executive Steering Committee (State-level anchor)

- Who: Business Oregon, Lead Steward; , Governor’s Office liaison, key state agencies, leaders of priority industries/, and rotating regional representatives.
- Purpose:
 - Establish State-wide targets and guardrails
 - Align economic policies – e.g. economic, energy, workforce, resilience
 - Approve cluster priorities and capital tools
 - Align policy across agencies,
 - Align federal funding strategy
 - And oversee annual performance review.

Approves Cluster priorities, Capital Tools, Statewide Targets

INDUSTRY-LED CLUSTERS

Tier 2- Industry-Led Cluster Councils

- Who: Industry executive leaders aligned to priority traded sector clusters, growth-stage founders, industry associations, with embedded workforce and capital representation. Prosperity-Council associated liaison.
- Purpose:
 - Define and align on cluster Clean & Resilient growth strategies,
 - Identify capital and infrastructure gaps,
 - Align workforce demand signals, and
 - Report quarterly performance scorecards (e.g. Clean Energy)

Defines implementation strategies w/ approved guardrails

INNOVATION & CAPITAL

Tier 3- Innovation & Capital Advisory/SteerCo

- Who: Capital providers, commercialization leaders, applied infrastructure operators, and economic development representatives. (*OEN++)
- Purpose:
 - Align capital deployment,
 - Coordinate commercialization systems,
 - Optimize applied infrastructure, reduce duplication
 - Monitor leverage of public-to-private investment.

Coordinates capital and infra alignment to support Cluster execution

REGIONS & COMMUNITIES

Tier 4- Regional & Community Advisory Network

- Who: Regional economic development districts, tribal governments, rural development organizations, workforce boards and community-based partners.
- Purpose:
 - Ensure geographic balance, workforce inclusion, rural participation and equitable access to opportunity.
 - Provide structured advisory input into cluster and capital strategies and
 - Submit an annual regional summary to Tier 1 for statewide review.

Provides formal advisory input and regional consultation

CLEAN AND RESILIENT ECONOMY

Executive Activation Pathway (90 day plan)

Draft

Convert Oregon's structural advantages into a coordinated, investable Clean & Resilient Economy platform built for scale.

Outcomes

ESTABLISH

0-30 Days

Structural Commitment & Focus

Formally designate *Clean and Resilient Economy* as a priority traded-sector platform under the Prosperity Roadmap.

- Name Business Oregon as steward with Executive Sponsor.
- Stand-up interim Executive SteeringCo. (lean, empowered).
- Validate and narrow to 3–4 priority clusters.
- Define 3–5 measurable 12-month outcomes.

Clear ownership, disciplined focus, defined ambition.

ALIGN

30-60 Days

Concentrate Effort & Reduce Fragmentation

Convene targeted executive roundtables to confirm:

- Capital stack gaps
- Infrastructure constraints
- Workforce demand signals

Launch lean Industry Cluster Councils (executive-led)

Stand-up Innovation & Capital Advisory to:

- Map commercialization pathways
- Coordinate capital / funding strategy
- Inventory applied infrastructure assets

Shared priorities, capital clarity, coordinated growth strategy

SIGNAL

60-90 Days

Demonstrate Organization & Market Intent

Governor/Prosperity Council + Business Oregon announce:

- Formal designation
- Priority clusters
- Named leadership
- 12-month targets
- Publish concise 12-month Operating Plan.

Identify 2–3 early proof points:

- Coordinated public-private capital pursuit
- Workforce pilot
- Infrastructure alignment action

Credible signal to investors, regions, and industry that Oregon is organized(ing) for scale.

OREGON PROSPERITY ROADMAP

Clean And Resilient Economy

Draft

Appendix- Example list of sources

Oregon Food & Beverage Council Strategy (Feb, 2025)
Oregon Clean Technology Task Force Report (Sept, 2024)
House Bill 4112
Oregon Semiconductor Competitiveness Task Force (Aug 2022)
Oregon Economic and fiscal impact of semiconductor industry expansion in Oregon
Oregon Business for Climate
Oregon Clean Energy Workforce Coalition, Strategic POV
HECC Strategic Plan (2024-2029)
Future Ready Oregon- Tech and Mfg Profiles
Prosper Portland, Green Cities Action Plan
Greater Portland Development Comprehensive Economic Development Strategy
PCEF Climate Investment Fund
Business Oregon Annual Report (June, 2024)
Oregon Prosperity Roadmap
Oregon State Agency Climate Change Adaptation Framework ('2021)
Oregon State Agency, Natural and Working Lands 2023 Report
HB 2990 A: Community Resilience Hubs
Technology Association of Oregon- input (TAO)
Oregon Innovation Foundation- input (OIF)
The Wave Foundation
Portland Public Schools, input (PPS)
Blueprint Oregon
Lemelson Foundation – Co-creating a just, climate innovation ecosystem for Oregon (initial POV)
Best Practices from several clean economy states/regions- CO, WA, DE, MA/MIT, UK)
Green Workforce Career Clusters (National Career Cluster Framework)
Industry Taxonomy- ISIC international industry code Framework
ARUP City Resilience Framework (2024)
ICOR Community Resilience Framework (CRF)
IRPF Infrastructure Resilience Planning



March 31, 2026

Governor's Prosperity Council
Office of the Governor
State of Oregon

Dear Members of the Governor's Prosperity Council,

On behalf of the Portland Metro Chamber, I write to thank you for your leadership at a pivotal moment for Oregon's economic future and to offer our perspective informed by the Chamber's recent *State of the Economy* report and aligned with the concerns outlined by the Oregon Business Council.

The data is clear: both the Portland region and the state of Oregon are at an inflection point. What we are experiencing is not a typical cyclical slowdown, but a structural shift that demands urgency, alignment, and a higher level of policy ambition.

Consider the major conclusions of the [2026 State of the Regional Economy Report](#):

- The Portland region has been in a localized recession since 2023
- The region's consumer sentiment has been last or nearly last of the top 50 metropolitan regions in the country.
- The region is nearly last multifamily housing permitting in the nation, and 60% of all permitting activity in the region is in SW Washington.
- Portland's commercial office vacancies are the highest in modern history and one of the highest in the nation.
- Portland is one of the last in the nation to recover our downtown foot traffic for office workers.
- While foot traffic is incrementally growing due to Herculean public private effort, at this pace, it will take us an additional decade to fully recover from the pandemic.
- The Portland region, dependent on trade, saw the largest drop in export value in the country.
- The region is 80 out of 81 on real estate invest-ability

- The Portland metro region has consistently been at or near the bottom of 50 American cities in terms of employment.

To make matters even more concerning, population growth has slowed to historic lows and will stagnate or decline for the foreseeable future. With the era of natural population growth clearly behind us, future growth will be increasingly dependent on international migration and intentional attraction instead of the consistent domestic in-migration that fueled the region's expansion over the past 50 years. This aligns with the Oregon Business Council's observation that the state is entering an era of "population scarcity," fundamentally changing the economic equation from managing growth to generating it.

Taken together, these trends point to a region—and a state—facing mounting structural pressures: slowing growth, declining competitiveness in traded sectors, constrained housing supply, and weakening economic confidence. This has resulted in broad private sector divestment from the region and a loss of approximately \$3 billion in taxable income from Multnomah County alone.

We strongly agree with the Oregon Business Council's core premise: Oregon is at a "moment of economic reckoning." Incrementalism will not be sufficient. The scale of the challenge requires a coordinated, durable strategy that restores Oregon's value proposition for businesses, workers, and investment.

From the Chamber's perspective, the work of the Prosperity Council should focus on a clear set of priorities that directly address these structural challenges:

1. Reform taxes by December 31, 2029:

In 2017, Congress passed tax reform that nearly eliminated State and Local Tax deductions (SALT). As a result, high income tax dependent states like Oregon faced a massive decline in competitiveness for middle and high-wage jobs. While a practical reaction to the reduction in the SALT deductions would have been to pivot from dependence on income taxes, however, we did the opposite by enacting two new local income taxes in 2020. Not only are we the highest marginal tax rate in the nation, as well as the only county in America that has four income taxes, but also the highest effective tax rate in the nation.

Subsequently, in 2025 Congress enacted HB1 which temporarily raised SALT deductions, but this temporary relief will expire on December 31, 2029. If we have not reformed our taxes to a more sustainable, broad based, revenue system by that date that significantly reduces dependence on income tax Oregon will be at a permanent structural disadvantage. It is critical that we shift our primary revenue sources by introducing some version of a broad based, low rate, consumption tax. If we do not make this shift, Oregon will have virtually no economic case to make to job creators to keep and grow middle income jobs here.

We urge you to develop a multi-biennium legislative plan that brings labor and business to the table to craft historic tax reforms that reduce income tax rates and moves Oregon out of the top 10 highest income tax states (currently Wisconsin is the 10th highest income taxed

state). Resulting tax reform must be enacted for an effective date of no later than January 1, 2030.

2. Restore traded sector competitiveness.

Oregon's long-term prosperity depends on its ability to attract and grow industries that bring new income into the state. Recent losses of major industrial and clean-tech investments—often due to site readiness, regulatory complexity, and infrastructure constraints—underscore the need for immediate action to improve competitiveness.

3. Unlock housing production at scale.

The region cannot grow—or compete—without significantly increasing housing supply. This will require meaningful reforms to land use, permitting, and development processes, as well as new approaches to financing and delivering housing at all income levels. To be clear – there is no path toward meeting Governor Kotek's annual housing production goals without adopting aggressive policies that will incentivize private sector, market rate housing development.

4. Rebuild the state's economic value proposition.

As talent and capital become increasingly mobile, Oregon must address the cumulative impact of its tax structure, regulatory environment, and cost profile. Competitiveness today is not defined by a single policy, but by the overall experience of doing business and living in the state.

5. Modernize regulatory and infrastructure systems. Delays, uncertainty, infrastructure constraints, and antiquated land use policies – particularly related to industrial land and energy capacity—are increasingly determining whether Oregon wins or loses major investments. Oregon's permitting system needs to be transformed from one of the most cumbersome and slowest in the nation to one of the most efficient and predictable. Oregon must make the necessary updates to land use and infrastructure policy necessary to grow, attract, and retain the high wage jobs of the 21st century.

6. Strengthen talent pipelines and population growth.

With natural population growth near zero, Oregon must compete more effectively to attract and retain talent, while improving education and workforce alignment with industry needs.

These priorities are not new—but the urgency is. Today's economic challenges are different from the past in that the consequences of inaction are becoming visible in the data: fewer jobs, fewer investments, slower growth, and reduced fiscal capacity to support public services.

At the same time, Oregon's strengths remain significant. Our innovation economy, natural assets, and entrepreneurial culture continue to provide a strong foundation. The question before us is whether we will align policy, investment, and leadership to build on those strengths—or allow structural challenges to erode them over time.

The Governor's Prosperity Council has a critical role to play in answering that question. Its recommendations must be clear, actionable, and commensurate with the scale of the

challenge. Just as importantly, they must signal—to businesses, workers, and investors—that Oregon is prepared to compete and to lead in a more competitive national and global economy.

The Portland Metro Chamber stands ready to partner with the Council, the Governor's office, and stakeholders across the state to advance solutions that restore growth, expand opportunity, and strengthen Oregon's economic future.

Thank you for your leadership and your commitment to this important work.



Oregon Prosperity Council – Input Submission
Tillamook County Creamery Association
Contact: Trevor Beltz, Manager of Gov. Rel. & Pub. Aff.
tbeltz@tillamook.com
March 31, 2026

Oregon Prosperity Council Survey Responses

Business Climate

1. What challenge would you like addressed? What is the biggest barrier or friction point?

We have three concrete barriers with direct financial or operational consequences for Tillamook and our farmer-owners.

Regulatory coherence and the eastern Oregon agricultural economy. Tillamook's Boardman facility is part of an integrated regional system: food processors, port infrastructure, and irrigated farmland that forms the economic backbone of eastern Oregon. Wastewater from processing is treated and applied to farmland, and the port sustains itself through industrial user fees. Thousands of jobs depend on these parts working together. We raise this not to litigate any regulatory decision, but because the Council should understand what is at stake when policies made in isolation by different agencies interact with a system this interconnected. The governor has been clear that retaining businesses and supporting agricultural investment are priorities, which we appreciate. We also think the Council is well-positioned to ask whether the state's regulatory posture is aligned with that goal in practice, not just in stated intent.

Farmworker overtime rules that harm the workers they are meant to protect. Oregon's agricultural overtime law creates a counterproductive outcome. Farmers cap worker hours to avoid overtime liability. Workers seeking more hours take them at multiple farms, increasing biosecurity risk and reducing individual earnings. The law was written to protect workers. In practice it limits their earning potential and introduces disease risk to dairy herds. Oregon dropped to a 48-hour threshold in 2025, with a path to 40 hours in 2027. There have been no winners.

The Recycling Modernization Act's treatment of federally mandated food packaging.

Tillamook is a registered participant in Oregon's EPR program and is paying fees in good





standing. Oregon's program includes ecomodulation, but the structure assumes producers can redesign their packaging to earn credits. For food manufacturers whose packaging is constrained by FDA food safety regulation, that assumption does not hold. DEQ has already denied exemption requests for food-contact packaging, citing that federal regulation does not preclude state compliance. We are not arguing that it does. We are arguing that penalizing packaging decisions made in service of federal food safety requirements is a design flaw the Legislature should correct. The fee methodology also remains confidential, which is not a defensible way to run a public regulatory program.

2. What solution or specific change would you recommend?

On regulatory coherence: the Council should include an explicit call for cross-agency alignment on economic development goals, particularly in regions where agricultural economies are most exposed to cumulative regulatory impact. Oregon should be able to articulate a coherent posture toward the businesses it says it wants to retain.

On farmworker overtime: raise the agricultural overtime threshold to 55 hours per week. Our farmer-owners identify this as the practical point where workers earn meaningful overtime without triggering artificial hour caps.

On the RMA: create a separate fee category for packaging required to meet FDA food safety standards, with a lower base rate and phase-in timeline. Require the Circular Action Alliance to publish its fee methodology and accept independent audit. Establish meaningful ecomodulation credit for companies actively investing in sustainable alternatives, including where those alternatives are not yet deployable at scale.

3. What would success look like in 2-3 years?

Oregon operates with a published cross-agency framework for economic development. Regional economies are not left navigating conflicting agency mandates without recourse. The agricultural overtime threshold is adjusted and farmworkers are earning more hours at single operations. The RMA includes a transparent, auditable fee structure with a separate category for food manufacturers with federally mandated packaging.

4. Who has to act?





The Governor's office, to direct cross-agency review of regulatory posture in agricultural regions. The Legislature, to adjust the overtime threshold and reform RMA governance. DEQ and ODA jointly, to develop a published framework on agricultural wastewater jurisdiction.

5. Which existing state programs do you want to see continue?

ODA is a strong and collaborative partner and we want to see that relationship and its resources preserved. Oregon's food processor property tax exemption for qualified machinery and equipment is a meaningful tool that directly benefits dairy processing operations and should be maintained. Rural enterprise zones provide property tax relief that makes capital investment in rural communities more viable; Oregon's rural enterprise zones are worth protecting and expanding. These programs work. The gap is not in what exists but in what is missing: a competitive, real-time investment incentive that lets Oregon show up when a capital decision is actually on the table.

6. What promising models or best practices have you seen in other states?

When Tillamook began exploring operations in Decatur, Illinois, the regional economic development corporation quickly became a trusted partner and led the effort with a clear philosophy: they would find a way to solve any problem, and they were not going to lose this opportunity. The incentive package they built was custom, designed around our specific priorities rather than a standard offer. When our needs evolved after the initial package was finalized, they modified it. They made sure we were aware of every available incentive at every level of government and helped us navigate all of it. When we needed to create a controlled campus around the facility, they used their local connections to help us acquire surrounding properties, vacated city streets, fenced the perimeter, and razed existing buildings to make it possible.

The team committed to monthly calls for more than two years, with a standing mission to remove any obstacle that surfaced. That commitment was tested repeatedly, and they delivered every time. Those calls continue today, having evolved into ongoing collaboration on plant optimization, future capital projects, and master planning. The EDC director remains our single point of contact for everything Decatur, and multiple functions within Tillamook now engage with her directly. That is what it looks like when a state decides it wants to compete for investment.

Workforce



TILLAMOOK COUNTY CREAMERY ASSOCIATION
4185 Highway 101 North, Tillamook, Oregon 97141
TILLAMOOK.COM



1. What challenge would you like addressed? What is the biggest barrier or friction point?

In rural Oregon the primary workforce challenge is a livability gap, not a skills gap. Tillamook County is a documented childcare desert: there are fewer than three regulated childcare slots available for every child who needs one. Housing is equally constrained. When we recruit workers from outside the county, we are asking them to move somewhere they cannot find housing or childcare. For families where both parents work, that is not a livable offer.

The problem runs deeper than access. Childcare is among the lowest-paid skilled professions in the country. Finding qualified providers who can sustain a living wage in a rural, high-cost community like Tillamook is its own challenge. Oregon's licensing and certification requirements add cost and credential burden that further limits who enters the profession. Rural childcare often operates at a structural loss indefinitely without subsidy. The market alone will not solve this, and programs designed for the Portland metro do not address why a skilled worker declines a job in Tillamook or Boardman.

Separately, we are seeing professional employees choose Vancouver, Washington over Portland in response to Oregon's income tax burden, accumulated local taxes in Multnomah County, and cost of living. Oregon is losing talent at both ends.

2. What solution or specific change would you recommend?

Treat rural childcare infrastructure as an economic development investment, not a social services line item. Solving this in rural Oregon will not look the same as solving it in the Willamette Valley. The state should support flexible, community-designed models rather than imposing urban-scaled licensing frameworks on rural providers.

TCCA commissioned a county-wide childcare study and has been engaged in building a plan alongside Adventist Health, Hampton Lumber, and Tillamook Bay Community College. That work identified four interconnected needs: ongoing subsidies to cover the gap between what state ERDC funding pays and what families can actually afford; scholarships for vulnerable families not eligible for other public support; stability grants and business coaching for existing licensed providers to keep them operating; and new program development, including the microcenter model enabled by recent state legislation, which reduces barriers to entry for new childcare entrepreneurs. Workforce development for





childcare workers themselves, including apprenticeship pathways, is also needed to grow the pipeline of qualified providers willing to work in rural communities.

In an ideal world, childcare hours would also reflect the reality of manufacturing and frontline worker schedules. Solutions that only work 8 to 5 do not serve our plant workforce, which operates 24/7.

On housing: Oregon's prevailing wage law requires contractors to pay area-standard wages on projects that receive public funding — a policy designed to ensure taxpayer dollars support quality jobs. The intent is reasonable. The problem is that BOLI's interpretation of what triggers the requirement has expanded well beyond clearly public projects. When private developers apply for state financing programs to fill funding gaps, the act of accepting that public money now triggers prevailing wage requirements for the entire project, including portions funded entirely with private dollars. In Tillamook County, a 72-unit workforce housing development applied for Middle Income Revolving Loan Fund support to help close a financing gap. That application triggered prevailing wage requirements the developers did not anticipate, adding \$2 to \$3 million in labor costs and creating a larger funding gap than the one they were trying to solve. The tool meant to help make the project viable made it harder to build. Oregon cannot solve its rural workforce housing shortage while a well-intentioned wage policy functions as an unpredictable tax on the public financing programs designed to spur that housing. Prevailing wage exemptions or alternative compliance pathways for smaller residential projects in rural workforce shortage counties should be part of this Council's recommendations.

3. What would success look like in 2-3 years?

Tillamook County has measurable licensed childcare capacity with hours that serve manufacturing and frontline workers. Employers can recruit workers with children without childcare being a disqualifying factor. At least one rural workforce housing project has been completed. The state has adopted an employer-provided childcare tax credit that draws private capital into rural childcare supply.

4. Who has to act?

The Legislature, on prevailing wage reform and employer childcare tax credits. The Governor's office, to designate rural childcare as an economic development priority and direct Business Oregon to fund it accordingly. Employers, including Tillamook: we are on county task forces,





have funded a planning study, and will stay engaged. The state should create the structure; the private sector will meet it.

5. Which existing state programs do you want to see continue?

Oregon's Employment Related Day Care program provides the baseline childcare subsidy that rural families depend on. The Oregon Shared Services Alliance for childcare, recently extended to Tillamook, Clatsop, and Columbia counties, is a meaningful step toward stabilizing existing providers through business coaching and shared administrative support. Both programs should be preserved and expanded. That said, neither is sufficient on its own to move Tillamook County from a childcare desert to functional capacity. The gap between what these programs provide and what the community needs is precisely what we are asking this Council to help address.

6. What promising models or best practices have you seen in other states?

The Yamhill County model is worth noting. A traded-sector manufacturer facing workforce losses due to childcare shortages partnered with the regional EDC, local government, and private funders to create Project Oasis – a 100-slot childcare facility backed by corporate-sponsored employee slots and family scholarships that serve families who fall between public assistance eligibility thresholds. The model was built around employer need, not a government program framework.

In Clatsop County, a coalition led by county commissioners and local hospital systems created a grant program to prevent childcare closures, increase slots, and expand family financial assistance. In the first six months, the county saw a 17 percent increase in children served. For context, Clatsop can currently accommodate only 8 percent of its infants and toddlers – a situation directly comparable to Tillamook's.

We funded a 2023 county childcare study that pointed toward the same solutions: subsidies to close the gap between what state assistance pays and what care actually costs, scholarships for families who fall through eligibility cracks, stability grants for existing providers, and new program development including the microcenter model.

The lesson across all three is consistent: the model works when the funding is there and falls apart when it runs out. Both Yamhill and Clatsop are already chasing grants to replace expiring dollars, which is exactly the problem. These examples demonstrate what is possible





when resources are behind them. The missing piece is not the model. It is the commitment to sustain it.

Tools for Growth

1. What challenge would you like addressed? What is the biggest barrier or friction point?

Oregon's economic development tools exist, but they are not built for competitive, real-time investment decisions. The state has rural enterprise zones, property tax abatements, and loan programs — instruments structured for after-the-fact tax relief rather than active deal-making. What Oregon does not have is the ability to make a proactive, custom offer when a capital decision is actually on the table and the conversation is moving at the speed of business.

The cost of operating in Oregon is the underlying pressure. It costs Tillamook less to manufacture cheese in another state, package it, and ship it back to Oregon than to make it here. That is a supply chain reality, not a negotiating position. The cost stack that drives it is specific: agricultural overtime rules that are among the most restrictive in the country and scheduled to tighten further; energy costs rising as a result of state carbon policy; CAT costs embedded in every supplier invoice even where Tillamook is exempt as a cooperative; property taxes on business equipment; and a milk supply that has contracted significantly as Oregon farms have closed under financial pressure. These costs compound, and they do so against states that have none of them.

This matters not because Tillamook is leaving, but because our farmers are here, our workers are here, and our heritage is here. The question is whether Oregon will be a place where the dairy agricultural ecosystem can sustain and attract investment over the next generation. Can suppliers site here? Can larger farms exist to supply us? Can the next generation of farm families see a viable future in Oregon?

Oregon's land use system presents a separate constraint. The Exclusive Farm Use designation applies uniformly regardless of actual productivity or proximity to infrastructure. Routine farm maintenance — a culvert repair, a drainage project — requires sign-off from an alphabet of state and federal agencies because the regulatory framework was not designed to distinguish between irreplaceable farmland and marginal land. TCCA has a formal commitment to no net loss of farmland in Tillamook County and we stand by it. But the





current system does not make that distinction, and that bluntness is costing rural communities the flexibility they need to grow.

2. What solution or specific change would you recommend?

Oregon should develop a competitive rural investment incentive with the flexibility and capitalization to function as a real deal-closing tool. Other states have demonstrated that proactive, discretionary cash-based incentives — structured to move at the pace of a business decision and customized to a company's specific priorities — are effective at retaining and recruiting investment. Oregon's existing toolkit is built primarily around tax abatement and loan programs. Those have value, but they are passive instruments. What is missing is the ability to show up at the table with something competitive when the decision is actually being made.

On land use: we support the creation of a task force to develop a tiered classification system within the Exclusive Farm Use designation, distinguishing genuinely high-productivity land that must be protected, marginal land that could support rural housing or processing development, and land appropriate for conversion in exchange for conservation of higher-value farmland. This is not a call to open Oregon's farmland. It is a call to apply protection where it matters most and create flexibility where the current system is too blunt to serve rural communities well.

3. What would success look like in 2-3 years?

Oregon has a competitive rural investment incentive and has used it to retain or attract at least one significant food or agricultural processing operation that would otherwise have gone elsewhere. The EFU tiered classification task force has produced recommendations the Legislature has acted on. Routine farm permits for low-risk projects move through a single coordinated process rather than requiring sign-off from multiple agencies.

4. Who has to act?

The Legislature and Governor's office, to create and capitalize a rural investment incentive. A governor-appointed task force to conduct the EFU tiered classification review with agricultural stakeholders at the table. Business Oregon, to reorient a portion of its rural capacity toward agricultural and food processing sectors rather than concentrating on technology recruitment.





5. Which existing state programs do you want to see continue?

Oregon's rural enterprise zones and property tax abatement programs provide meaningful relief that makes capital investment in rural communities more viable. The food processor property tax exemption for qualified machinery and equipment directly benefits dairy processing operations and should be maintained. These programs are worth protecting. The gap is not that Oregon lacks tools entirely. It is that the existing toolkit is not structured to compete with states that deploy more active, flexible incentives when investment decisions are on the table.

6. What promising models or best practices have you seen in other states?

See the Decatur, Illinois experience described under Business Climate. That experience illustrates the contrast precisely. What made the difference was not the size of an incentive check; it was the posture: a team with a mandate to compete for the investment, the flexibility to build a custom solution around our priorities, and a commitment to stay engaged long after the initial deal was done. Oregon has economic development tools. What the Decatur experience revealed is the gap between having tools and having a posture. That is what this Council should address.



April 1, 2026

Oregon's Economic Development Strategy: Lock, Barricade and Delay Investments

If you were searching the world for a nearly ideal climate with ability to grow abundant food and ready access to construction, specialty materials, and technological know-how, it is hard to beat Oregon.

Oregon's strengths:

- Access to fresh water
- Historically low-cost hydroelectric and nuclear power
- Diversified, high value, specialty food crops
- Direct access to abundant high-value fisheries
- Abundant natural resources, especially for building materials –
 - Large healthy forests
 - Strong specialty metals hub near Albany.
- Silicon Forest knowledge and experience
- High value minerals
- I-5 trade corridor gives us ready trade access to great markets from BC to Mexico
- Deepwater ports connecting Oregon to the Pacific Rim and beyond
- High value Universities

Our greatest challenges are man-made. Our policies shun investment, our cultural priorities mock investment, and our tax system punishes investment.

What's Holding us back?

- Most companies use consultants and attorneys when planning a major investment. A state that is high-tax, high-regulation, poor-education, and low economic base is analytically a low-priority investment for businesses.
- Businesses focus on eliminating risks but Oregon specializes in creating uncertain and contentious outcomes.
- Investments are typically time sensitive, states (like Oregon) that delay development are deprioritized for investment.

- Oregon is the 7th highest regulated state in the country:
 - Literally EVERY other state is easier to develop. Oregon has the ONLY statewide:
 - Zoning
 - Urban Growth Boundaries, and
 - Exclusive Farm Use designations.
 - Our land use system is designed to create multiple layers of development vetoes. If you think a project fits the zoning and UGB requirements, Water Watch or 1,000 Friends of Oregon will tie you up in court to kill your project.
- State income taxes are high for corporate and personal income tax. Additional local level taxes, in places like Multnomah County, become tests of sanity for anyone thinking about investing in Oregon.
 - Why would decision makers prioritize bringing a business to a place where their business will be financially less successful and they will be financially punished personally?
- Our Ballot Measure System creates a low barrier for radical legislative ideas. Why risk coming to Oregon when we allow ourselves to be the petri dish for extreme and unpredictable legislation?
- Our K-12 education system is among the worst performing education systems in the country.
 - Our education system rewards adults and ignores student achievement.
 - Inflation adjusted, we provide 50% more funding per student than pre-Measure 5
 - Our teachers are paid in the top quartile
 - Our NAICS ratings are in the bottom decile
 - Our instruction time is among the lowest in the country

In an age where Ai and Robotics are going to begin reshaping how work is performed, states that aren't attracting new jobs and investments will end up in an economic doom loop that could crush working families and government services.

What are we competing against:

- North Carolina has a the Economic Development Partnership of NC (EDPNC) that moves faster than the speed of government to connect companies to sites, workforce and incentives - quickly

- Arizona has economic development offices around the world (7)
- States get more of what they invest in
 - Oregon ranks last in economic development dollars
 - Oregon ranks high in homelessness funding
- Ironically – we’re creating an ecosystem of homelessness initiatives, but we’re driving out the taxpayers that we’d need to make programs like this sustainable over time.

The Fixes aren’t complicated and don’t need to be unique to Oregon

Oregon needs to:

- Mandate a 10 year budget analysis of state revenue and expenditures, identifying costs that are escalating beyond what the state’s GDP can support.
- Move from a land use system designed to restrict investment to one that mandates investment. We should be looking out 3-5 biennia, working on what our expected budget will be, then backing into the investments we will need to generate the revenue required to fund the state’s expenditures. A growth mindset to fund expanding services.
- Create and fund a Department of Commerce to oversee the mandates to grow, review barriers to investment, and propose regulatory fixes to moderate overly restrictive policies.
- Properly zoned land, inside a UGB, should no longer be subject to additional state-level wetlands restrictions. The land has already gone through a public information process, elected leaders have weighed the trade-offs, and the state has an opportunity to weigh-in during the UGB expansion process. Once the land is part of the city’s growth plan, the state cannot maintain additional land use restrictions.
- Expand funding for shovel-ready industrial and commercial land.
- Review rules and regulations to moderate state agencies.
- Reform prevailing wage requirements that discourage public-private investment.
- Regain our focus on being a world leader in low-cost energy.
- Establish a sunset for administrative rules and programs, requiring a thorough review of the cost and benefits before renewal.
- Undergo a comprehensive tax reform process. We cannot continue to push away capital by maintaining the highest income and estate taxes.
- Preempt local jurisdictions from raising taxes, already preempted at the state level, by calling them licenses or fees.

- Overhaul our K-12 system to improve our 4th and 8th grade reading, math and science scores so that families are proud to move to Oregon rather than questioning if they are sacrificing their children's future by livinWith appreciation,

Jordan Papé

A handwritten signature in black ink that reads "Jordan Papé". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

CEO, The Papé Group



April 2, 2026

To: Members of Governor Kotek's Prosperity Council
Fr: Oregon Business & Industry
Re: Recommendations

Oregon Business & Industry exists to strengthen Oregon's economy in order to achieve a healthy, prosperous and competitive Oregon for the benefit of present and future generations.

This is OBI's mission statement — words carefully chosen by business leaders from across the state to reflect a vision of shared success and a state where employers and employees can thrive and flourish. That "prosperity" has entered a more common political vernacular in Oregon is welcome to OBI. But we will also be the first to say that words are nothing without action.

We want to help and are grateful for the opportunity to submit these recommendations for action to the Governor's Prosperity Council. In compiling them, we used the same principles of pragmatism, boldness and data-driven analysis that drive the rest of our work. We did not shy away from ideas just because they are hard, nor did we include things to be gratuitously provocative.

The reality is that the problems with Oregon's business climate and economy are deep, systemic and multifaceted. There is no silver bullet to restoring Oregon's business climate or regaining national competitiveness. There is no cure that will reverse trends and outcomes overnight. But there is a mix of things — some small, some large; some quick, some long-term; some executive, some legislative — that must be done. The work before the governor, her executive branch policymakers and legislators is complicated and important. It is also timely. Every month, session, year or biennium wasted without taking steps to economic recovery sets us back further, especially in a competitive landscape where other states are aggressively figuring out how to win.

Our recommendations are organized by core principles we believe the council should consider. Behind each we indicate which of the council's strategic goals¹ are advanced (B=Business Climate, W=Workforce, T=Tools for Growth). There are many ideas from OBI's Oregon Competitiveness Agenda² not included here. That does not mean they are less important or less impactful; we simply tried to focus on higher level issues and pare down the list for submission. We encourage those who have not yet done so to read the Agenda as well as The Oregon Scorecard³, which includes myriad data underscoring the urgency of this work.

¹ <https://www.oregon.gov/gov/policies/Pages/Prosperity-Council.aspx>

² <https://oregonbusinessindustry.com/obi-releases-oregon-competitiveness-agenda/>

³ <https://oregonbusinessindustry.com/oregonscorecard/>

The bottom line is that unless Oregon strengthens its business climate through a more predictable and stable regulatory environment, manageable cost structures and balanced legislative and policymaking approaches, we risk continued distress. Greater prosperity requires a healthy private sector.

Thank you for your service on the council. Please let us know if you have any questions.

Avoid laws and regulations that make Oregon a policy outlier and harm the state's competitiveness, whether in establishing new policies or evaluating and modernizing existing ones.

- ✓ Replace Oregon's unique Climate Protection Program with a market-based program that allows for legislative oversight and linkage with other states, invests related revenue in prioritized state policies related to GHG reduction (e.g., wildfire mitigation, transportation congestion relief, industrial equipment upgrades) and avoids duplicative or overlapping regulation of GHGs. [B,W]
- ✓ Redesign Oregon's Recycling Modernization Act to ensure it is constitutional, fair and transparent to regulated entities and consumers; to align costs with outcomes; and to align systems and costs with other programs. [B]
- ✓ Engage in a thorough review of Oregon's unique, 50+ year old land use system with recommendations for modernization due to the Legislature for the 2029 session. Attention should be paid to industrial, housing and energy needs; improving the appeals process; creating more flexibility for the addition of land into UGBs or land swaps supported by local communities; and updating goals to reflect modern realities and needs. [B,T]
- ✓ Require summaries of proposed policies or policy revisions (statutes *and* administrative rules) to include comparative information about whether the proposal exists in other states, outcomes data if it does, how Oregon's proposal aligns with or deviates from such policies and how those deviations are in the best interest of Oregonians. [B]
- ✓ Task agencies with reviewing existing administrative rules to identify Oregon-specific approaches that result in layered, complex and costly regulatory requirements and then update those for increased efficacy, efficiency and alignment with national norms and best practices. [B]
- ✓ Update Oregon's unique laws and regulations relating to pay equity and non-disclosure agreements to align with other states' approaches. [B,W,T]
- ✓ Dissolve the Universal Health Plan Governance Board and reject the effort to establish a unique single payer program. [B,W]

Make Oregon a more affordable place to live, work and run a business.

(Many of the proposals in support of other principles will help realize this, but there are specific cost-alleviating measures policymakers can take.)

- ✓ Modernize the Corporate Activity Tax (CAT) by increasing the threshold and indexing it to inflation, lowering the rate to a level like the few other states with gross receipts taxes and increasing

- deductibility to minimize the effects of compounding on consumers and Oregon businesses, particularly manufacturers. [B]
- ✓ Index Oregon’s personal income tax rates to avoid bracket creep. [B,W]
 - ✓ Reform prevailing wage laws to encourage public-private investment in housing and other essential development needs. [B,W,T]
 - ✓ Create regionally appropriate policies that allow for expanded access to affordable child care, including credits or incentives for employers that participate in cost-sharing programs. [B,W,T]
 - ✓ Maintain current connections to federal taxable income and reconnect to the provisions from which it has disconnected, especially small business deduction (section 199A), bonus depreciation (section 168) and qualified small business stocks (section 1202). [B,T]
 - ✓ Incentivize public-private partnerships for workforce training and development, such as expanded on the job training and education opportunities and employer workforce training credits or incentives. [B,W,T]
 - ✓ Streamline permitting and other regulatory barriers to housing development to ensure communities can create enough differentiated housing stock at affordable prices. [B,W]
 - ✓ Eliminate the estate tax. [B]
 - ✓ Place a moratorium on the enforcement of OHA’s Health Care Cost Growth Target program as well as policy-setting that increases the cost of health care insurance or delivery. [B,W]
 - ✓ Preempt local income and payroll taxes to avoid multijurisdictional layering. [B,W]
 - ✓ Expand Oregon’s state and local tax (SALT) federal cap workaround so that it can be more widely used and make it permanent. [B,W]

Establish a culture of “yes” rather than “no” and reduce Oregon’s overall regulatory burden while modernizing rulemaking processes and outcomes.

- ✓ Leadership at the top needs to help reset policymaking and enforcement culture to one of “yes”, where supporting private sector health is a shared goal and operational expertise is respected. [B]
- ✓ Set a target of reducing regulations in Oregon by 20% by 2030 and create a mechanism to ensure streamlining going forward. [B]
- ✓ Establish a legislative committee to review proposed, sunseting and existing agency rules to help ensure rules align with legislative intent, do not exceed agency authority and meet agreed upon outcomes and goals (ex: Washington’s Joint Administrative Rules Review Committee). [B]
- ✓ Establish sunsets for all administrative rules and programs, requiring a thorough review of the contemporary need, costs, benefits and outcomes before renewal can be approved. [B]
- ✓ Bring Oregon in line with nearly every other state and the federal government by establishing an arbitrary and capricious or de novo standard for agency action, something Attorney General Rayfield has used in more than 30 lawsuits filed against the federal government. [B]
- ✓ Require a viability analysis for any proposed regulation to ensure that pending requirements are technologically and economically feasible and commercially available. [B]
- ✓ Require more robust fiscal and economic impact analyses, including analyses on likely costs to consumers and establish accountability measures for times when such analyses are not done. [B]

- ✓ Improve Oregon’s occupational licensing requirements (currently the nation’s most onerous) to better align with national norms. [B,W]
- ✓ Ensure balance of perspective, ideology and expertise to rulemaking so that regulations are driven by data and evidence, not politics. [B,T]
- ✓ Establish more customer service focused operations within agencies to help regulated entities comply and improve outcomes toward policy goals. (Ex: Department of Revenue’s Office of the Taxpayer Advocate, Bureau of Labor and Industries’ Employer Assistance program; Defunct Ex: Oregon OSHA’s previous “safe harbor” support approach.) [B]
- ✓ Prevent informal and nonpublic policymaking by agency staff, such as the development of internal management directives, manuals, interpretations or other guidance that can change program requirements without public input or sometimes even awareness. [B]
- ✓ Complete the alignment of Oregon’s disparate leave laws to reduce administrative burdens for employers, employees and the state. [B,W]
- ✓ Streamline Cleaner Air Oregon (CAO) by establishing a more reasonable scope, creating off ramps for facilities under certain risk thresholds (ex: Washington), standardizing facility evaluation processes and limiting data collection requirements to contaminants with EPA-established standards; pause current CAO Toxic Air Contaminant Review and Update rulemaking to allow for more rigorous scientific review. [B]
- ✓ Repeal agricultural and manufacturing overtime laws, which place artificial constraints on workers’ earning capacity and employers’ ability to meet production demand fluctuations, particularly those tied to harvesting crops or other seasonally specific demands. [B,W]
- ✓ Adjust regulatory approaches to incentivize desirable outcomes by rewarding excellence while spotlighting needed improvements (i.e., more carrots, not just sticks), such as dynamic inspection programs. (Prior OR ex: pollution control tax credit, green permitting program.) [B,T]
- ✓ Improve permitting for new applications, renewals and modifications through: [B]
 - Better inter-agency coordination, including between local and state jurisdictions;
 - Consistent, public and reasonable timelines for agency action, with fee refunds to applicants if agency deadlines are missed;
 - Ending moving-target permitting, where goalposts change during a permitting process;
 - Publicly posted assessments measuring agency performance and progress toward measurable outcomes; and,
 - An external audit of and improvement recommendations for underperforming permitting programs or those with significant permit backlogs.

Prioritize business and economic development through competitive retention, recruitment and long-term planning efforts in critical areas.

- ✓ Create a Department of Commerce to provide an overarching, consolidated structure for related functions currently split across multiple agencies; to oversee business support, development and related services; and to streamline and improve collaboration, dissemination and consistency of available information. [B,W,T]

- ✓ Establish, fund and routinely refresh a statewide economic development strategy—with a plan for execution—that leverages historical and traded sector strengths while also building a future-focused economy. [B,W,T]
- ✓ Enhance business support functions focused on the retention and growth of existing Oregon companies. [B,W,T]
- ✓ Establish a statewide energy strategy that balances the state’s needs for energy generation, storage and transmission with a focus on affordability and reliability. [B,W,T]
- ✓ Working with industry experts and stakeholders, further develop and strengthen the statewide strategy for wildfire resiliency that includes a focus on creating healthier, productive and more resilient forests. [B]
- ✓ Ensure the state’s business development agency can focus on this function without the distraction of myriad programmatic administration efforts. [B,T]
- ✓ Restore, even partially, Lottery funds once dedicated to economic development but since redirected to other programs (down to 25% from 100%). [B,T]
- ✓ Invest in the Strategic Investment Fund at competitive levels. [B,W,T]
- ✓ Establish and make permanent commonly used tax credits and investment opportunities to help drive economic activity, ultimately resulting in economic ROI. (Ex: permanent and expanded R&D tax credit, capital equipment credits or exemptions, broadly available and easy to use job tax credit that encourages retention and growth.) [B,W,T]
- ✓ Make Enterprise Zone policy permanent and ensure Oregon’s Opportunity Zones are truly statewide so that communities across the state can benefit from them. [B,W,T]

Ensure a sustainable state budget focused on providing Oregonians with outcomes commensurate with the investments made by state government.

- ✓ Engage in holistic tax reform that analyzes impacts of various taxes and structures on economic growth and private sector job creation, affordability, fiscal sustainability and the relationship between local and state tax policy. [B,W,T]
- ✓ Connect allowable state budget growth to an economic growth measurement, such as GDP. [B,W]
- ✓ Use one-time money only for one-time programs. [B,W]
- ✓ Avoid expanding one-off revenue schemes that increase Other Fund revenue for the purpose of offloading General Fund obligations. [B,W]
- ✓ Transition from current service level assumptions to zero-based budgeting to ensure proper analysis of needs, growth and outcomes. [B,W]
- ✓ Working with national experts, establish actionable K-12 education outcome metrics and goals, then hold the department and districts accountable for those outcomes. [B,W]
- ✓ Consolidate and strengthen workforce development through a coordinated approach that builds upon successful regional efforts but contains focused state leadership rather than just a haphazard distribution of funding. [B,W]
- ✓ Require 10-year (five-biennia) budget forecasting as part of the agency request process, the governor’s recommended budget proposal and the legislative budget-setting process. While not binding, this will inform legislators about anticipated needs and cost escalations. [B,W]

April 4, 2026

To: Prosperity.Roadmap@oregon.gov

Cc: Governor Kotek

From: Jacqueline Danos, resident Yachats, Oregon

Dear Members of the Council,

For decades GDP has been used as the benchmark for economic growth and prosperity. Wiser ways to look at prosperity exist and, in my opinion, Oregon would benefit moving in those wiser directions. Slow and steady beats fast and hectic every time. Focusing on one or two large industries such as tech and corporate farming, which might bring some jobs and economic benefit, have lasting detrimental environmental effects.

Communities across this country have suffered through catastrophic economic downturns due to the collapse of a single economic driver. They have suffered environmental pollution and increased health problems and watched as these same corporations receive millions of dollars in incentives to build or come to a state.

There is a better way.

Oregon has been able to save its agricultural lands, beaches and forests. These lands, once destroyed through overdevelopment and pollution, cannot be recovered. Just look across the country in places where development has taken over these precious natural resources.

Oregon's Prosperity Council would do better investing in our people through tax incentives and financial support strengthening K-12 schools, universities and colleges, and small business incubators. We should be helping entrepreneurs develop new ways to sustainably cultivate Oregon's resources and keep the businesses and their financial benefits locally. Examples of these kinds of entrepreneurial endeavors can be seen in the Central Coast Food Web in Newport, Oo-Nee Sea Ranch, the growing farm to fiber networks throughout the state, and Sustainable Northwest Wood to name just a few. These are industries that grow local jobs and economies without destroying the lands Oregon has worked so hard to save.

Smaller family farms have been the backbone of Oregon. The movement towards regenerative farming and organic systems should be viewed as an economic driver and worth investing in and supporting, in turn growing local economies through environmentally beneficial practices. Investing locally keeps the financial benefit within the state rather than seeing most earnings go to benefit corporate headquarters located far from Oregon.

Oregon's Urban Growth Boundaries and the work of the Department of Land Conservation and Development foreshadowed what places around the country have come to see and do themselves. Building housing where jobs and transportation are located is integral to not only saving valuable agricultural lands but creates places, like Oregon, where tourism and the outdoor industry have grown to outweigh previous economic foundations of extractive industries such as timber.

Chasing large corporations and de-funding our educational system is a race to the bottom. Oregon might see a short-term bump in its economy, but it will then see a long-term decline in livability. Investing in our people, through locally built, locally derived, and local environmentally beneficial prosperity would make Oregon a leader once again in creating a state where people want to live because their quality of life is not only about GDP but about health, happiness, and communities. Oregon would be creating a sustainable and resilient place as we navigate these incredibly challenging times.

Please, re-think what prosperity means. To most people prosperity includes a strong community, a healthy place to live, and a lifestyle that includes the great outdoors. Oregon has worked to build that. We need to continue the work started 50 years ago and strengthen it. We should not be fooled into believing the values of protecting lands and local businesses is not as beneficial as jumping on the newest trend in economic development.

Sincerely,

Jacqueline Danos
Yachats, Oregon

April 7, 2026

sent via email: Prosperity.Roadmap@oregon.gov, tim.knopp@oregon.gov

Governor's Prosperity Council
Tim Knopp, Chief Prosperity Officer
Office of Governor Tina Kotek, State of Oregon
900 Court Street, Suite 254
Salem, Oregon 97301

Dear Co-Chair James, Co-Chair Robinhold, Prosperity Council members, and Mr. Knopp,

As this Council creates recommendations for Governor Kotek's consideration to accelerate Oregon's economy, create good-paying jobs, and recruit and grow Oregon's businesses, we look forward to engaging and working together to help ensure all Oregonians have the opportunity to thrive.

It will be essential in the work ahead to recognize that **Oregon's land use program is part of the bedrock foundation upon which our economic vitality is built.**

Oregon Land Use: At the heart of Oregon's 'second paycheck.'

For more than 50 years, Oregon's land use program has been at the heart of creating the world-renowned quality of life that sets our state apart.¹ It has focused development in cities and towns, corralled rural sprawl, and preserved working farms, forests, wild places, and open space.

As noted in Governor Kotek's Prosperity Roadmap, "Our exceptional quality of life...makes [Oregon] not only a smart place to do business but also a desirable place to live, work, and raise a family."

For over 50 years, Oregon's land use program has proven its durability and flexibility, evolving to safeguard the state's exceptional quality of life. Today, that adaptability is being put to work to address some of the state's most pressing economic headwinds: the affordable housing shortage and wildfire risk.

The program is already delivering results on these issues through significant reforms, such as the Oregon Housing Needs Analysis (OHNA).² Finalized in December 2025, these landmark changes to Oregon's housing goal will provide more abundant and affordable housing across Oregon's communities as they are implemented this year and

¹Oregon Values and Beliefs Center. Environment and Land Use – 2023 Typology Study Summary. OregonVBC.org. <https://oregonvbc.org/environment-and-land-use/>

² Oregon Adopts Landmark Housing Rules to Increase Production, Affordability, and Choice, DLCD, December 2025 <https://content.govdelivery.com/accounts/ORDLCD/bulletins/3fe7815>



beyond. Simultaneously, the land use program serves as a critical shield against climate-driven threats. By strategically limiting development in the wildland-urban interface, Oregon is effectively protecting both people and property from the increasing risk of catastrophic wildfire.³

Working farms and forests, intact landscapes, healthy waterways: Oregon's economic all-stars

To borrow an example from the sporting world, you don't bench your star players. And when it comes to Oregon's economy, working farms and forests, intact landscapes and healthy waterways have been and will continue to be essential VIPs that need to be prioritized.

Oregon's farmlands support an agricultural economy that contributes 13% of the state's gross product and produces more than \$6.8 billion in agricultural commodities annually.⁴ Our forestlands make Oregon the largest softwood lumber producer in the U.S.⁵

Further, the benefits and value of intact, functioning landscapes and waterways are significant, as recently highlighted in [Governor Kotek's Executive Order No. 25-26](#) (October 2025), directing state agencies to take urgent action to promote the resilience of our communities and natural and working lands and waters. Outdoor recreation and related tourism spending top \$16 billion in Oregon and support over 190,000 jobs.⁶

We urge this Council to keep these facts and this track record 'front and center' in the work ahead and, in doing so, ensure any forthcoming recommendations uphold the key pillars of Oregon's land use program. Our economy and the livability of our communities depend on its continued success.

Thank you for your service and consideration of these comments. We would welcome the opportunity to share more detailed insights and examples on the information included here with the Prosperity Council as you undertake this important work on behalf of Oregonians.

Sincerely,



Ben Gordon, Executive Director

³ Oregon's Land Use Law Creates Wildfire-Adapted Communities, Sightline Institute, 2023:

<https://www.sightline.org/2023/07/25/oregons-land-use-law-creates-wildfire-adapted-communities/>

⁴ Oregon Department of Agriculture. State of Oregon Agriculture: 2025 Report from the State Board of Agriculture. Oregon.gov.

<https://www.oregon.gov/ODA/Documents/Publications/Administration/BoardReport.pdf>

⁵ Business Oregon. Forestry & Wood Products – Target Industries. Oregon.gov.

<https://www.oregon.gov/biz/programs/homeareas/byboregon/targetindustries/pages/forestry.aspx>

⁶ Economic Analysis of Outdoor Recreation in Oregon: 2022 Update, Earth Economics.

<https://www.oregon.gov/oprd/PRP/Documents/2024.07.17%20Economic%20analysis%20of%20outdoor%20recreation%20in%20OR%20-%202022%20update.pdf>



Governor Kotek's Economic Prosperity Council

The High Road to Prosperity for All Oregonians

April 7, 2026

Presented by:

Alice Dale
Labor Consultant, SEIU

Robert Camarillo
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The High Road to Prosperity for All Oregonians

Executive Summary

The Prosperity Council is at a crossroads: it must choose between taking the high or low road to improved prosperity. We choose the high road - A Roadmap for Oregon Prosperity that has first and foremost the goal of improving per capita income and improving the lives of low- and moderate-income Oregonians.

Focusing on merely growing the economy, reducing taxes on the highest income earners or businesses, or relying on flawed business climate rankings, which are often biased and unreliable indicators of a state's economic prosperity, miss the mark. It is the adequacy of our tax system, not Oregon's tax ranking, that should matter most to policymakers, business leaders, and other Oregonians.

A highly educated and trained workforce is the single most powerful economic lever for increasing incomes. This starts with a sustainable education funding infrastructure. From childcare to early learning and preschool programs, from K-12 to apprenticeships and vocational training and community colleges, to institutions of higher education, the high road approach to economic development relies on shoring up multiple pathways to financial stability.

Notably, and to some frighteningly, the Governor's Prosperity Roadmap was silent about artificial intelligence (AI). Oregon needs guardrails and worker-centered policies on artificial intelligence so that AI supports increased productivity while supporting job security and job upskilling, not marginalizing and replacing workers.

Oregon's net positive migration of firms shows that business relocation has little to do with alleged poor business climate. The "doom loop" narrative, widely embraced by the business community, fails to stand up to the economic data.

Tax expenditures – giveaways by state and local governments that must be made up by other taxpayers or result in diminished funds for public structures such as infrastructure, education and health care – generally do not drive business decisions. Despite their aggregate high cost to taxpayers, the State has failed to seriously evaluate its tax expenditures for business recruitment to justify their costs to taxpayers and their impact on other state priorities.

Just like any smart CEO, Oregon should pursue a strategy of its own and ignore the low road of doing everything other states do, just more cheaply. Oregon should build on Oregon's strengths, especially its unparalleled quality of life, and appeal to the smartest, hardest working, best-educated workers and the most innovative firms to help us build a high-skill, high-wage, high quality of life economy in the knowledge-driven world of the 21st century.

Introduction

The Prosperity Council is at a crossroads: it must choose between taking the high or low road to improved prosperity. A Roadmap for Oregon Prosperity needs to have as its goal improving the income and lives of all Oregonians at every income level in every part of the state, with a particular emphasis on low- and middle-income Oregonians. Focusing on merely growing the economy fails to capture the whole picture.

A highly educated and trained workforce is the single most powerful economic lever for increasing incomes. This starts with a sustainable education funding infrastructure. From childcare and early learning and preschool programs to K-12 to apprenticeship and vocational training to community colleges to institutions of higher education, the high road approach to economic development relies on shoring up multiple pathways to financial stability.

It's easy to understand how some businesses are attracted to the idea of quantitative growth: more population equals more customers, more sales, and more profit. But to individual Oregonians, the size of the economy is secondary to the quality of the economy, particularly the quality of jobs.

The Council also needs to consider the adverse environment created by the Trump Administration which is taking a heavy toll on the country and on Oregon more than on many other states. Oregon is 1% of the national economy but highly dependent on exports and a state which has stood up for democratic values in the face of intense national pressure to do otherwise.

The five foundations that have underpinned US economic success for decades are under assault: trade, immigration, science, education and the rule of law. Having each of these foundations under assault has created a hostile economic environment for Oregon: increasing and erratic tariffs, draconian immigration enforcement, a national assault on education and science, significant threats to severely dismantle core public services (many privately provided), and a disregard for the rule of law. Oregon needs to position itself now for the day when a new administration, supportive of democratic values, and which defends and enhances these five foundations, is in office.

Why The High Road?

Professional economic developers know that growth for growth's sake makes little sense. [Camoin & Associates](#), a leading economic development consultancy, reported in February 2026:

“ . . . [T]he field [of economic development] has shown a persistent tendency to equate activity with impact. Projects are announced, incentives negotiated, and capital investment tallied, each serving as visible markers of momentum. Far less attention is given to what follows: whether the jobs endure, whether opportunity broadens, and whether the investment meaningfully alters a community's long-term trajectory.

“Part of this dynamic reflects the frameworks that have long guided the profession. Return-on-investment models, while useful, tend to favor what can be readily counted (estimated tax revenue) over what must be cultivated over time. Political and market cycles reward visible wins, often on compressed timelines, while the deeper work of expanding opportunity and strengthening regional competitiveness unfolds more gradually. The result is a system that can favor the immediate over the enduring, even when long-term prosperity is the stated objective.”

This perspective has been well-established for years, nationally and in Oregon. In 2007, the Oregon Business Council published the [2007 Oregon Business Plan which said:](#)

The Vision Is Critical:

“For its companies and its economy to compete effectively in the global marketplace, Oregon must ramp its education achievement and workforce preparation to unprecedented levels – specifically, 20-40-40. Twenty percent of Oregonians should have no less than a high school diploma as their highest level of attainment; 40 percent should have an associate's degree or equivalent certification as their highest attainment; and the remaining 40 percent should have a bachelor's degree, including at least 20 percent who also have a graduate degree. Statistically, a portion of this achievement will come from newcomers, but Oregon will have to meet most of this high standard in the education it provides its own citizens. The stakes could not be clearer. Low-paying jobs will not support families or the Oregon economy. Increasingly, both low- and medium-paying manufacturing jobs, and even many service jobs, are going offshore or falling to automation. All jobs that pay well increasingly require higher levels of education and work readiness.”

The Oregon Legislature adopted the 40/40/20 vision (now listed in reverse order) as official state policy in 2011. The law – ORS 350.014, still on the books – called for achieving that vision by 2025. Oregon, however, only half-heartedly worked toward meeting these goals. The Legislature scaled back on higher education funding. From 1980 through 2021, tuition per FTE increased from \$2,749 to \$9,954 per year, a 3.6-fold increase after adjusting for inflation. The impact is clear.

A high road strategy, which builds on Oregon's distinctive strengths, has always stood Oregon in good stead. It was the right strategy in 2007 and it is the right strategy in 2026. We have repeatedly weathered national economic cycles, and as the US economy recovered, Oregon has outperformed the nation, not by compromising our uniqueness and commitment to quality of life and public services, but by building on those to improve our economy.

The world of economic development has changed; today, firms follow talent. Because of Oregon's relatively high level of worker skills and education, coupled with our attractiveness to smart young workers, people (and then businesses) came here and stayed; because it was different and better, not necessarily cheaper. As the state's economic development slogan of the mid-90s, devised by Oregon's local marketing geniuses Weiden+Kennedy, put it: “Things look different here.” More than a slogan, Oregon's distinctive natural beauty, and Portland's dynamic urban environment helped attract a continual flow of talented and entrepreneurial migrants that both fueled the growth of existing firms and led to the formation of many new businesses.

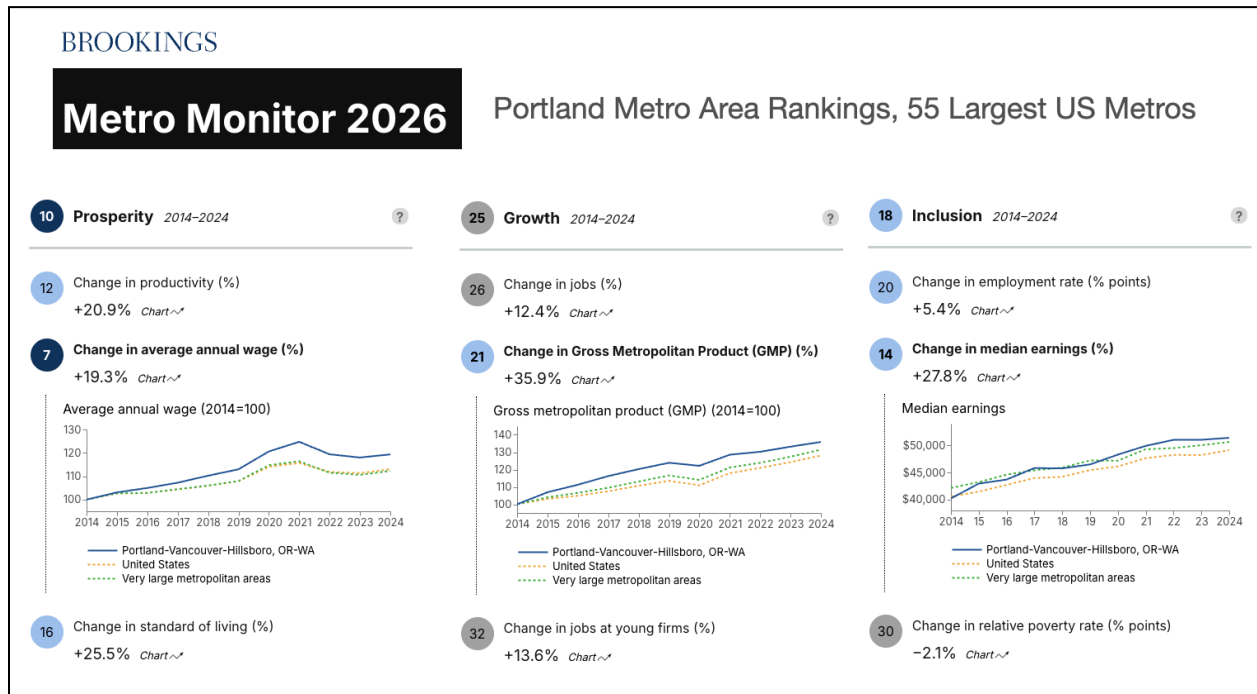
The State of Oregon's Economy

Economic climate indicators show Oregon's metro areas are performing well

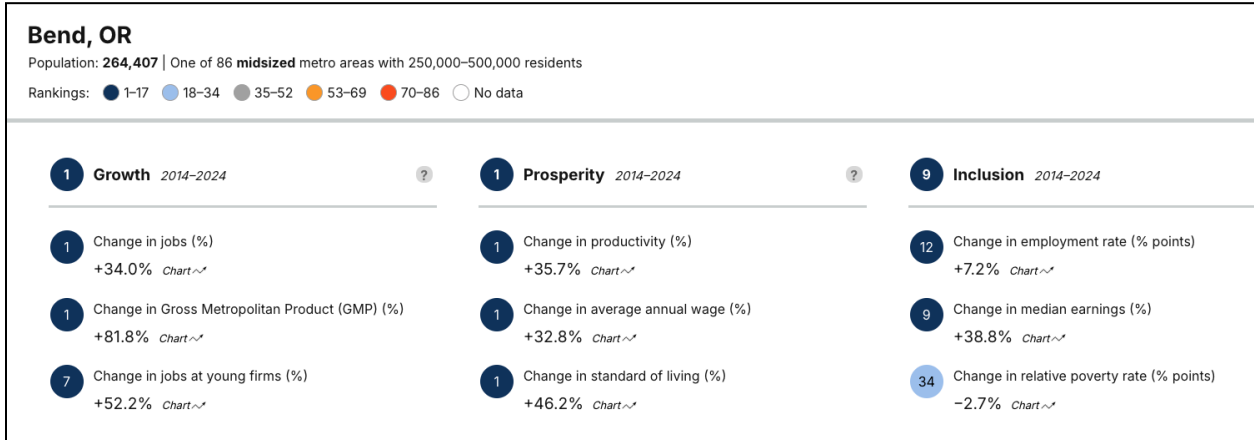
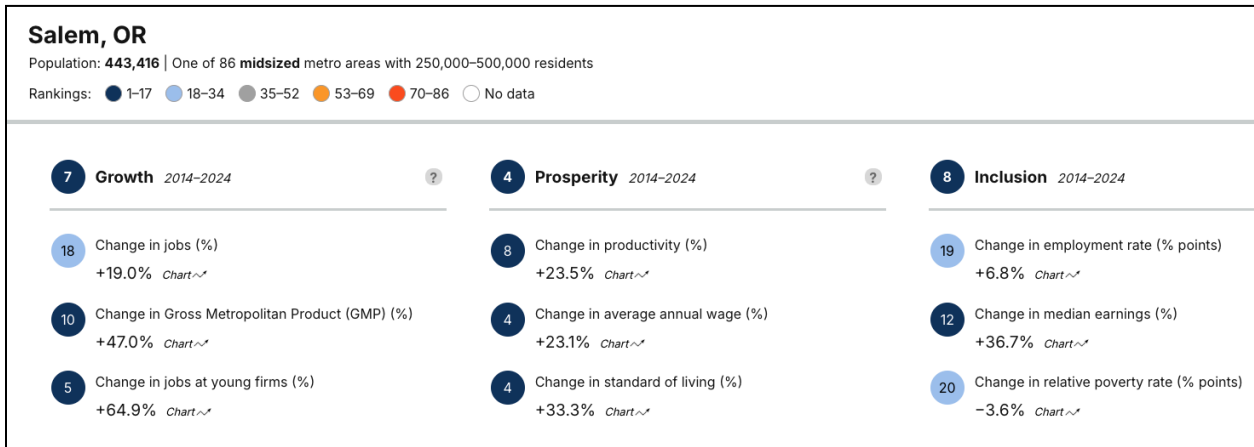
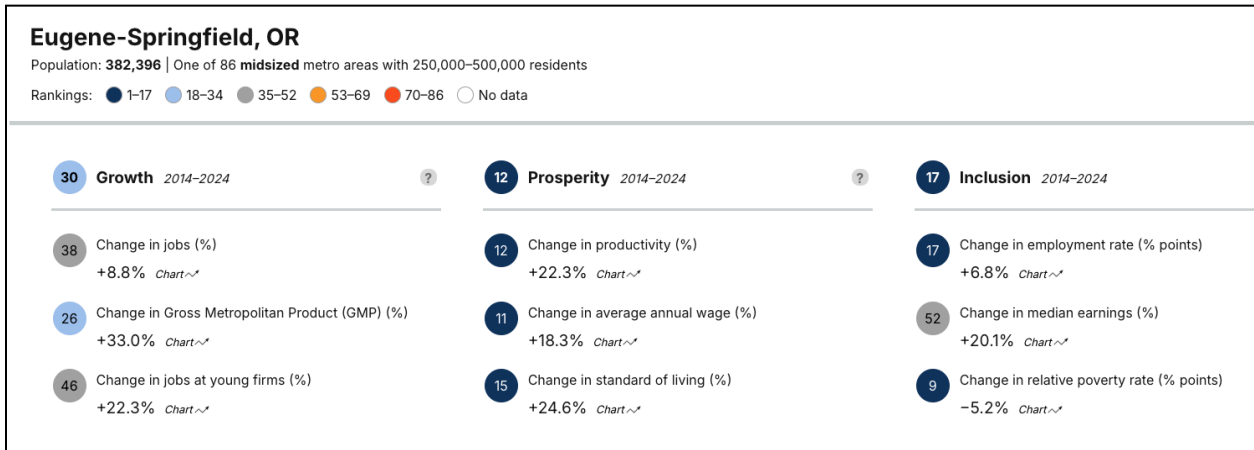
Contrary to the Portland area “doom loop” narrative that the business community has embraced, economic rankings prepared by the independent and respected Brookings Institution show that the Portland Metropolitan area and the state's other metro areas perform well above the US average in prosperity, growth, and inclusion. Prosperity in the Brookings data is driven by three measures: productivity (which is the foundation of incomes), growth in average wages, and, improvements in the standard of living.

The latest version of the [Brookings Metro Monitor](#), released in March 2026 shows:

- Portland ranks tenth overall in prosperity among large US metro areas, led by the seventh fastest growth in average annual wages over the past decade according to Brookings tabulations. Portland also had the 12th fastest increase in productivity and the 16th largest improvement in the standard of living over that time period. Distributional issues are addressed more specifically in the "inclusion" measures including median earnings growth and the change in the poverty rate.
- Portland also ranks in the top third of large metro areas, 18th overall in measures of inclusion, led by the 14th fastest improvement in median earnings over the past decade. While “inclusion” seems to generate controversy in some contexts, it shouldn't here: this indicator measures whether the economy works for all parts of the economic spectrum.
- Even Portland's aggregate economic growth is faster than the average for all large US metro areas. The region's Gross Metropolitan Product, the aggregate value of output, rose faster than the nation and all but 20 other metro areas.



Oregon's three mid-sized metropolitan areas also rank well above average in their economic performance according to the Brookings Metro Monitor. Salem, Eugene-Springfield, and Bend are among 85 US metro areas with populations between 250,000 and 500,000. Bend ranks first in prosperity and growth of these areas, Salem ranks fourth in prosperity and seventh in growth, and Eugene is twelfth for prosperity, and 30th for growth. All these cities also rank in the top fifth of all metro areas for inclusion.



Aggregate growth and productivity, as measured by real output, or Gross Domestic Product (GDP) has not been Oregon's problem. Portland ranks 12th in productivity, and above average in GDP growth, among large metro areas. Bend ranks first in GDP growth and productivity of mid-sized metro areas, and both Salem and Eugene-Springfield are above average. Statewide, Oregon's GDP per worker has increased faster than in the rest of the country for the past quarter century. Oregon's big challenge today is to make sure that this economy contributes to the prosperity of all Oregonians, particularly low- and middle-income earners.

Systemic social problems persist

The encouraging picture of Oregon's economy is not intended to imply that the status quo is adequate. Oregon faces a myriad of challenges, including job losses in 2025. Two of the Portland area's largest companies, Intel and Nike, experienced very poor years, directly laying off more than five thousand workers. Additionally, as with many states across the country, Oregon is struggling with how to assist the unhoused population, how to expand affordable housing, how to create an effective mental health care system, and how to streamline permitting.

The Oregon Business Council (OBC) is correct in telling the Council that there is a need for more affordable housing, adequate funding for K-12 education, pre-school and childcare, and a streamlined regulatory system. While other groups may be grappling with solutions to these serious community problems, the Council should still consider these in its deliberations.

Improving housing affordability requires building more places to live. Zoning codes for dense urban housing, ADUs and other options can maximize land use for residential purposes. Effectively dealing with drug, alcohol and mental health problems requires increased effectiveness and funding of social service agencies.

Similarly, lingering effects of the pandemic have taken a toll on our reputation, with media stories about "war torn" Portland, ongoing employer telecommuting policies, and high vacancy rates in downtown Portland commercial office space.

These problems are complex and the solutions are not easy, but there are reasons to be hopeful. Downtown Portland is coming back. Progress is being made in efforts to expand housing accessible to many more of our neighbors. Oregonians' resistance to the draconian immigrant deportation policies currently in place have re-established it as a state determined to protect civil liberties.

As the NYT reported on March 25, 2026, "Living in Portland, Ore.: Weird, but Life Is Good."

"Beyond its well-known quirkiness and activism, it is a city designed for leisure, with access to nature and a high quality of life. "I think Portland has a P.R. problem," said Pamela Baker-Miller, owner of Frances May, the boutique she opened in the city's downtown 18 years ago. "Portland is a really special place to live and it's a really amazing place to start a business."¹

¹ <https://www.nytimes.com/2026/03/25/realestate/portland-ore-weird-but-life-is-good.html>

Centering Low- & Middle-Income Oregonians

The Governor’s and Legislature’s number one goal should be raising incomes for lower and middle-income Oregon residents, not simply increasing the number of jobs or the size of the economy. Oregon has been a leader in raising the minimum wage to help those at the bottom and has adopted and improved an Earned Income Tax Credit that primarily helps low-income working households with children. This provides the state with a competitive advantage as workers above the minimum wage have also benefitted by the floor being raised.

Since 2005, Oregon has had among the highest minimum wages in the US, and this has played a key role in increasing average wages paid to lower wage workers. Since 2008, wages for Oregon’s low-wage and middle-wage workers have substantially outpaced those for the rest of the United States.

In 2008, wages for Oregon workers earning the median hourly wage and wages for the lowest paid ten percent of workers (the tenth percentile) were roughly equal to the national average. Since then, adjusted for inflation, Oregon wages at the tenth percentile have grown much faster than for the United States as a whole (37 percent vs. 29 percent), and wages at the median have also grown faster (24 percent vs. 16 percent).

Oregon Raises the Minimum Wage and Wage Growth Outpaces the National Average			
OREGON	2008	2025	Increase
Median Worker	\$22.18	\$27.50	24%
Tenth Percentile (Low wage)	\$11.73	\$16.03	37%
UNITED STATES	2008	2025	Increase
Median Worker	\$22.16	\$25.67	16%
Tenth Percentile (Low wage)	\$11.27	\$14.56	29%
<i>Source: Economic Policy Institute, Bureau of Labor Statistics data</i>			

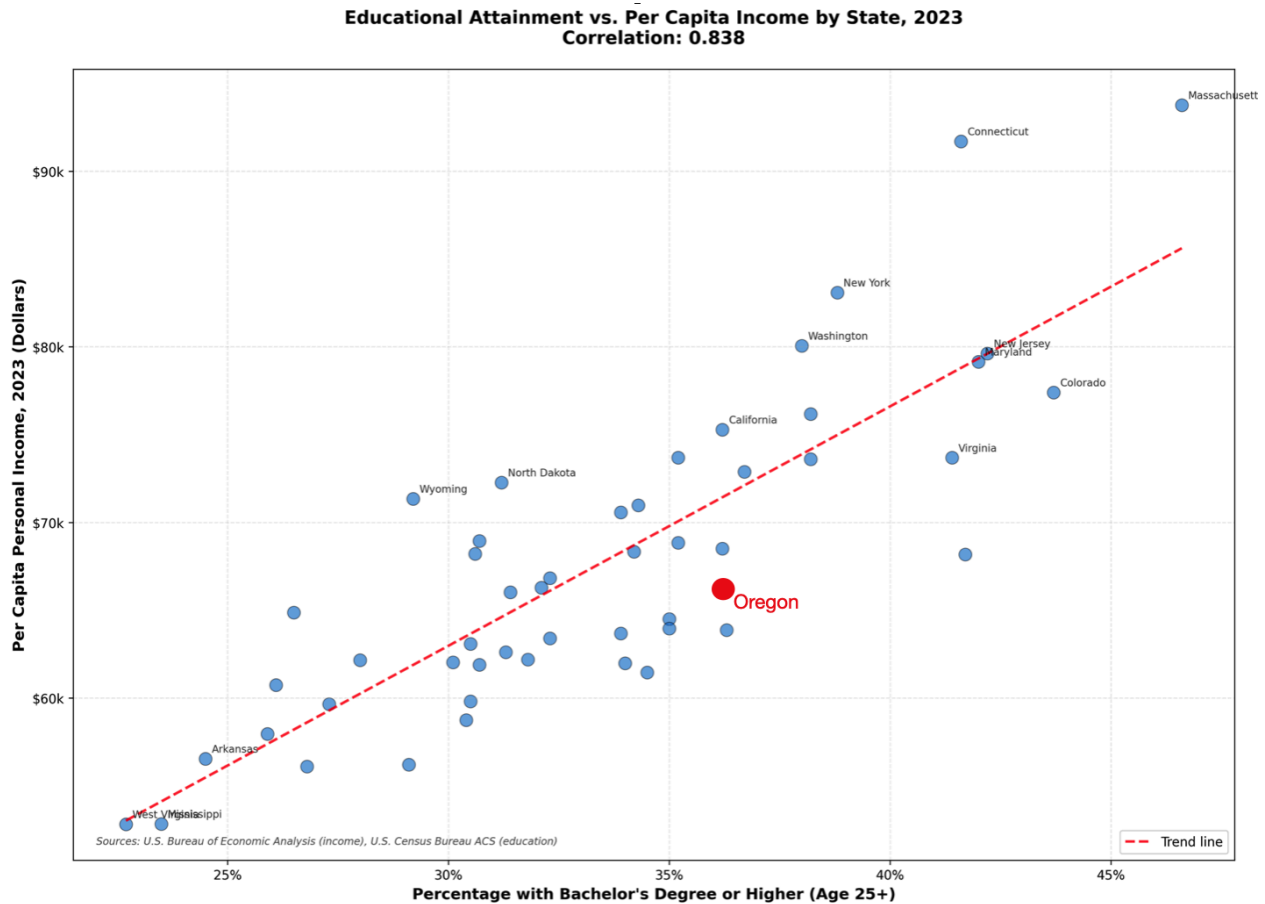
This improvement in wages, which occurred as Oregon steadily increased minimum wages, helped improve the overall equity of the Oregon economy, compared to other states. Strategically raising the incomes of low- and middle-income households is key to making housing affordable.

Building Out the Workforce

A highly skilled and educated workforce is the single most powerful economic lever for increasing incomes for low- and moderate-income Oregonians

The single most critical factor linked to higher incomes is increasing skills and education. States with well-educated and well-trained populations have high incomes; states with lower educational attainment have lower incomes. In fact, the fraction of the adult population with a four-year college degree statistically explains seventy percent (70%) of the variation in per capita income across the 50 states.

The following data chart ought to be top of mind for everyone who says they care about their state’s economic success. It’s this chart that shows the statistical relationship between education and per capita income for the 50 US states.²



Education has always been a key determinant of income, and that relationship has become even stronger in the past several decades as we’ve shifted increasingly to a knowledge-based economy. This correlation applies to all forms of post-high school education and skill upgrading. For example, Abt Associates and the Urban Institute found that completion of a certified apprenticeship program increases earnings by 49%, regardless of occupational sector and demographics. All education improves productivity and earnings.³

Not many years ago, working people moved to where the jobs are. Now, overwhelmingly, businesses move to places that have lots of talented workers and to which it is easy to attract

² Income data from US Bureau of Economic Analysis; education attainment data from US Census Bureau, 2023

³<https://www.urban.org/urban-wire/registered-apprenticeships-can-increase-earning-not-enough-people-know>

more. Smaller or start-up tech firms are competing with established behemoths for the same workers. As one Oregon technology startup CEO told a legislative study group⁴

“I am here today advocating on behalf of my employees. I am competing with companies like Google and cities all over the world to retain my highly skilled workforce. A big factor in our favor is the perceived quality of life here in Oregon. Yet when they have children they encounter an underfunded school system combined with a reluctance to consider anything beyond spending cuts to solve the myriad problems. It’s not as if I don’t pay them enough so that they couldn’t send their kids to private school. But they do not want to send their kids to private schools. They want to live in a community which adequately invests in education and other critical services.

And that’s not what’s been happening. In response I’ve lost staff to places like London, Austin, Berlin and Helsinki, drawn by a higher quality of life, which public education is a big part of.

* * * *

If you want to foster a vibrant tech industry in this state and the well paid jobs that come with it then you will have to make the necessary investments, starting with an appropriately funded education system.”

Business recruiters say workforce is the number one location factor. The most important strategies for economic success focus on education and building a quality of life that retains and attracts talented workers.

High-skilled workers and highly productive, high-wage firms are gravitating towards places with a great quality of life and excellent public services, especially education. And, all levels of education are critical, preschool through higher education. This is the path Oregon needs to invest in – not just write this into business strategy documents and the law – but to actually invest more resources in education. This type of investment does not show immediate improvements but it creates a lasting foundation with solid economic outcomes.

Childcare and preschool

Although it is not always included in conversations about education and workforce, access to high-quality childcare is integral both to child development and to parents staying-in or returning-to the workforce. [In Oregon](#), there is an estimated 35% gap in available childcare versus the potential need. And, the average annual cost is between \$15,000 and \$19,000 per year for one child. Without investment in this system, low and moderate wage earners can be priced out of the workforce.

Preschool for All prepares children for kindergarten by increasing their confidence and preparation. It reduces family financial stress, supports special care for children with disabilities and increases wages for preschool educators. There is a lot of evidence that universal Pre-K has huge economic paybacks, especially for disadvantaged families. This is an economic strategy that benefits children, parents, schools, and the community.

⁴ Joint Committee On Tax Reform, Mat Ellis, Cloudability, memo dated Tuesday, June 13, 2017, available at <https://drive.google.com/file/d/1qA5eKOCUuSBBYUOH8QmeURDDCDrNC37I/view?usp=sharing>

Skilled trades registered apprenticeship programs

Affiliated unions of the Oregon State Building and Construction Trades Council have demonstrated decades of success in delivering high-quality registered apprenticeship programs. These programs provide on-the-job training for projects at every level from basic to highly technical while creating pathways to family wage careers that help to improve living standards throughout Oregon and Washington. Importantly, [research shows](#) that completing a union apprenticeship can be just as valuable as earning a four-year degree, while allowing skilled trades workers to “earn while they learn” and avoid student debt.

The Council should not recommend weakening apprenticeship standards by changing the ratios of apprentices to journey level workers or addressing reciprocity. Apprenticeship programs are within the jurisdiction of BOLI and the Apprenticeship and Training Council. They involve quality, worker safety and issues that this Council is not equipped to address.

Vocational and other apprenticeship programs

Community College Career and Technical Education (CET) Programs have expanded with an emphasis on strengthening industry-aligned, high wage and in-demand occupations. They currently focus on these program areas: agricultural sciences, business and management, health sciences, industrial and engineering systems. These efforts should be augmented by more business partnerships which include paid internship programs.

In health care, the Kaiser Permanente Labor-Management Partnership and the SEIU RISE Program are strong examples of successful labor-management training programs. The AFSCME-BOLI Behavioral Health Program (United We Heal) is another strong apprenticeship program with huge potential to provide much needed community services in the behavioral health field. And, it could do substantially more with even minimal increased funding.⁵

By combining course work and on-the-job training, these proven programs advance careers, deliver improved quality of care, and fill in-demand jobs needed by their partner companies. The state should consider, as a condition of offering business tax expenditures, that the recipient companies must provide career ladders with paid training and apprenticeship programs (using BOLI approved programs, where available, and local community college programs, particularly CTE programs, with annual accountability reports) to improve their employees’ skills and thus wages and eligibility for higher level in-demand jobs in their companies or their industry.

Implement guardrails and worker-centered policies on artificial intelligence so that AI supports prosperity

Notably, Oregon’s Prosperity Roadmap is silent about artificial intelligence (AI), despite its inevitable impact on the state’s economy and workforce, which is already underway. Oregon could position itself as a leader in the nation in ensuring this technological advancement supports prosperity for all. AI has the potential to increase productivity and the potential to create opportunities for upskilling and job transitions that lead to better and higher paying jobs. It

⁵ Kaiser Labor-Management Partnership: <https://www.lmpartnership.org/about/how-partnership-works/what-is-partnership>; SEIU RISE Partnership: <https://www.risepartnership.com/our-programs/>; AFSCME/BOLI, United We Heal: <https://oregonuwh.org>

also, of course, has the potential to wreak havoc on the workforce. It is essential that Oregon enacts AI policies that are stakeholder-informed, worker-centered, innovative, and unambiguous.

In Europe, legislative bodies and companies are having these discussions in concert with workforce organizations, but we have not seen a unified effort in the U.S. The greatest fear the public has about AI in the workplace is that it could cause a large number of job losses and marginalization of the workforce. With the economic fragility many U.S. workers already face just meeting their basic living expenses, these are important concerns that need to be addressed.

Further, across the country, 95% of workers in jobs likely to be impacted by AI are not represented by unions, which offer the best structure for facilitating candid exchanges of information in the workplace. Organized labor is skilled at identifying job training needs (including developing ongoing upskilling programs) and ensuring ownership of decision-making. Oregon must use this moment to strengthen, rather than weaken, all democratic institutions impacted by AI, in the workplace and as well as in society, and create an economy that benefits everyone.⁶

The AFL-CIO has adopted a [set of principles](#) for fair, safe, responsible, and worker-centered AI that could provide a good starting point for developing policies beneficial to workers and businesses.

In summary, Oregon needs to develop AI policies that have guardrails and baked-in transparency to engage and train workers. We can augment productivity and minimize layoffs by utilizing AI on-the-job upskilling programs.

Balancing a Healthy Business Climate with a Healthy Tax Infrastructure

There have been many references during Council meetings of a “need” to reduce the income tax on high-income Portlanders to attract CEOs and high paid employees. Similarly, the Corporate Activity Tax (CAT), which is dedicated to funding education, is disliked by businesses and a number of Council members have recommended it should be repealed.

There is no compelling evidence that Portland’s supplemental income taxes on the most affluent or the CAT undermine prosperity or that reducing those taxes will benefit the state. The CAT was promoted by Nike and is designed for the traded sector as out-of-state sales are not included in commercial activities subject to the tax. While there were 519,579 tax returns with business income filed in tax year 2022, there were only 26,569 CAT returns filed that year (about five percent).⁷

⁶ Christy Hoffman, UNI Global Union General Secretary, interview by Molly Kinder, July 16, 2025, Brookings Metro Blueprint, “Workers must have a seat at the AI bargaining table” <https://www.brookings.edu/articles/molly-kinder-and-christy-hoffman-discuss-how-workers-can-shape-the-use-of-generative-ai-in-the-workplace/>

⁷ Oregon Public Finance, Basic Facts 2026, Legislative Revenue Office, Report #1-26, February 3, 2026 <https://www.oregonlegislature.gov/lro/Documents/Basic%20Facts%202026.pdf>

Taxes are not impeding businesses. State and local taxes are only about two percent of the cost of doing business. In spite of this low percentage, business climate rankings generally have at their core state tax levels as the main indicator of business climate.⁸

Additionally, the reality is that there is a limited number of tax options. Oregon has referred sales taxes and split-roll property taxes to the voters with resounding “no” votes. In the late 1990s, Oregon experimented with deferring capital gains taxes on selective “start ups” to encourage reinvestment in businesses and to increase job creations. The State’s analysis of the effort concluded that it was a failure and so it was discontinued.⁹ Oregon businesses have strongly and consistently opposed increasing state corporate income tax. While the CAT (a consumption tax) like all other taxes isn’t perfect, it impacts only five percent of businesses and is traded-sector friendly by not including out-of-state activities in the definition of commercial activities.

Oregon’s net positive migration of firms shows that business relocation has little to do with alleged poor business climate

The obsession with business climate builds upon and reinforces the false perception that interstate migration of businesses is a decisive factor shaping or measuring state prosperity. It is false for a variety of reasons. First, most businesses have only a single location, and employ people in a single state. Moreover, firms typically have compelling geographical, personal, and business reasons to locate where they do.

For decades, economic researchers have confirmed that it is the formation of new firms, and their growth and expansion that drives the growth of regional and state economies, not the migration of businesses from place to place. The challenge facing states is to foster the conditions where people can easily create, and readily grow their businesses. It makes no sense to contort public policies such as tax and land use laws to try to attract a firm that is simply shopping for the biggest subsidies or the lowest taxes.

Certainly, businesses decide to relocate for a variety of reasons but too often anecdotal examples, not statistics, drive the narrative. The number of business relocations are reliable indicators and they demonstrate that, while a business relocation can be a significant problem for a given employer, the number of relocations for Oregon, when matched up against other states across the country, indicate that Oregon is not an outlier.

The actual data on firms moving from state to state is tracked by the Bureau of Labor Statistics using addresses on tax records. Their analysis shows that very few firms ever move from one state to another. And, in contrast to the widely publicized complaints about firms leaving Oregon, the latest BLS data show that not only does Oregon have a net inflow of business moves, but it ranks 11th among the 50 states in net in-bound migration of businesses.¹⁰

⁸ [Grading Places: What do Business Climate Rankings Really Tell Us](#), page 11 and note 11.

⁹ <https://www.ocpp.org/2000/01/21/no-special-treatment/>

¹⁰ Akbar Sadeghi, Kevin Cooksey, and Anthony Colavito, "Firm migrations in the United States: magnitude and trends," Monthly Labor Review, U.S. Bureau of Labor Statistics, June 2023, <https://doi.org/10.21916/mlr.2023.11>

Oregon Enjoys a Healthy Net Migration of Firms		
Rank	State	Firms
1	Florida	399
2	North Carolina	148
3	Nevada	103
4	Texas	103
5	Tennessee	92
6	New Jersey	89
7	Idaho	68
8	South Carolina	58
9	Arizona	44
10	Michigan	40
11	Oregon	35
12	Connecticut	29
47	Maryland	-50
48	Illinois	-208
49	California	-456
50	New York	-487

Tax expenditures, including so-called tax incentives, are nice for business owners but do not consistently drive business location decisions

Tax expenditures are giveaways (e.g. credits, deductions, special treatment) by the state and local governments that must be made up by other taxpayers or result in diminished funds for public structures such as infrastructure, education, apprenticeship programs and health care.

When asked, corporate executives often claim that the critical step in economic development is lowering tax levels and increasing tax expenditures for businesses and their owners. And while states seem to fall all over themselves to offer tax dollars and gimmicks, there's precious little evidence that any of this actually makes much difference to industrial location or state economic prosperity.

The Upjohn Institute's Tim Bartik, the dean of American economic development researchers, concludes that 90 percent of tax incentives have no effect on firm location:¹¹

“[B]ased on the research evidence, incentives often do not tip firms’ decisions of where to locate. In 9 out of 10 cases, firms are receiving a tax incentive for a location decision they would have made anyway, even if no incentive had been provided. As

¹¹ [Timothy J. Bartik, Bringing Jobs to People: Improving Local Economic Development Policies](#). W.E. Upjohn Institute for Employment Research, August 2020.

a result, incentives have high costs per local job they actually create and thus should receive less emphasis.”

It isn't just researchers who have made the case that tax expenditures billed as incentives don't work or are not necessary. Highly respected business leaders have made this case over many years. For instance, Bush Administration Treasury Secretary and Alcoa CEO and Chairman, Paul O'Neill said:

“I never made an investment decision based on the tax code... If you want to give me inducements for something I am going to do anyway, I will take it. But good business people do not do things because of inducements; they do it because they can see that they are going to be able to earn the cost of capital out of their own intelligence and organization of resources.”¹²

Similarly, in Oregon, Mark Modjeski, tax director for Tektronix, our state's pioneering high tech company, when asked by an Oregon House Revenue Committee Co-Chair why a tax credit billed as an incentive made Tek's presence here more productive than it might otherwise be, Modjeski replied:¹³

“I think that's a tough question, in all honesty. I mean, would Tektronix be doing anything different in its business if it did not have a credit on its books? I would say no. I'll be on record saying that.”

This is a rare straight-forward and honest response by a major Oregon business leader which validates the research by publicly recognizing the small role tax policy plays in their business decisions.

Unfortunately, we have a system of cash prizes that encourage bad corporate citizenship. If a company does what makes most sense for its business, follows the rules, and pays its taxes, it gets nothing special. But if it threatens to locate elsewhere or to leave town, it can wrangle tax expenditures and subsidies.

When businesses are approaching state and local government officials looking to make a deal about locating facilities in Oregon, they know that public officials have few things in their cookie jars so they ask for those things. That focus on taxes as important by business is because only public officials can offer tax giveaways. Other more significant costs of conducting business like wages, health care costs, materials costs, cannot be impacted directly by those government officials. The anecdotal focus on taxes gives government officials the false sense that tax levels are important to the businesses' decisions.

¹² Hearing before the Committee on Finance, United State Senate, 107th Congress, 1st Session, on the Anticipated Nomination of Paul O'Neill to Be Secretary of the Treasury, January 17, 2001, S. Hrg. 107-5

¹³ Oregon House Committee on Revenue, April 2, 2015, video record at <https://olis.oregonlegislature.gov/liz/mediaplayer/?clientID=4879615486&eventID=2015041067> at 21:27.

Business climate rankings are barely worth the paper they are printed on.

Business climate measures have always been a poor guide to building a stronger economy for everyone. Business climate rankings are negatively correlated with income levels, with high wage innovation-based industries, and quality of life. In effect, business climate measures treat a bad climate for workers as a good climate for business. Those calling on Oregon to focus on improving its rank on the CNBC business climate rating are asking Oregon to strive to be the “best” place in the US for an imaginary, generic business. Business climate rankings have no place in creating a plan for prosperity for all.

Today, even though state and local taxes are about two percent of the cost of doing business, business climate rankings generally have at their core state tax levels as the main indicator of business climate.¹⁴ They rank lower tax states as having better business climates.

It wasn't always that way. For instance, before the advent of the internet and the proliferation of rankings for advocacy purposes, Fortune magazine once identified Minneapolis-St Paul as one of the ten best cities for business, noting in a summary, “painfully high corporate and personal income taxes go for heavy expenditures on education, welfare, transportation, and parks. The system works.”¹⁵ Fortune recognized the important role of public structures in creating a good business climate.

The CNBC and Tax Foundation reports presented to the Prosperity Council list states that follow the federal minimum wage of \$7.25 per hour in roughly half the states ranking in their top 10 listings. Oregon cannot achieve its prosperity goal of creating family wage jobs by seeking to compete on wages with low minimum wage or anti-union states which only require businesses to pay workers half Oregon's minimum wage rate and which offer workers substandard benefits. These comparisons make no sense for the purported workforce goals of the Council to create good paying jobs nor do they take into account the increased state spending required to subsidize low-wage workers' living expenses (housing, food, medical) so businesses can earn higher profits at the expense of Oregon taxpayers.

Oregon isn't, and shouldn't try to be, the lowest cost, least restrictive location for any given business. Following the high road, it should be the premium location for the innovative people and businesses that want to compete at the high end of the economy.

Conclusion and Recommendations

The Prosperity Council must choose to take the high road to prosperity. Oregon should build on its strengths to appeal to the smartest, hardest working, best-trained workers and the most innovative firms to help build a high-skill, high-wage, high-quality of life economy.

¹⁴ See <https://www.goodjobsfirst.org/wp-content/uploads/docs/pdf/gradingplaces.pdf>

¹⁵ “Top Ten Cities for Business,” Fortune, October 22, 1990 See <https://drive.google.com/file/d/1JgXqfU4jC-fjkFMG12MzNrZjVwUE7nvw/view?usp=drivesdk>

Oregon's Prosperity Roadmap should focus on continuing to build on its specific strengths and address known, universally agreed upon problems that hamper its future:

1. Set goals for per capita income growth (not GDP or job counts) as well as goals for reducing the seemingly endless widening of income and wealth inequality. Make improving wages for low- and middle-income workers an explicit target, and set goals for reducing poverty especially among the working poor.
2. Fully implement and fully fund the statutorily adopted 40/40/20 vision for education. Invest in education and training programs at every level, including ongoing upskilling to address industry changes.
3. Set goals for improving quality of life indicators that attract and retain talented workers, namely housing, healthcare, childcare, and public transportation.
4. As a condition of offering businesses tax expenditures, recipient companies must provide paid training, utilize existing state registered apprenticeship programs where they exist, to improve their employees' skills and eligibility for higher level in-demand careers in the skilled trades or their companies. These companies should also be required to ensure that Oregonians are prioritized when hiring and get paid a family sustaining wage and are provided with employer-paid family health insurance and any other components agencies deem important, and that labor standards apply when offering tax incentives.
5. While the Legislature now has a Joint Committee on Tax Expenditures, where each of these expenditures are reviewed for effectiveness every six years on a rotating basis (one third are reviewed each biennium), the Executive Branch ought to conduct an independent analysis to determine whether existing or new expenditures are actually essential and are worth the trade-off for other budget priorities that are proven to improve quality of life for Oregonians.
6. Protect investments in public structures that promote prosperity from misguided efforts to lower personal income taxes on those with the greatest ability to pay or to eliminate funding dedicated to education, such as the Corporate Activity Tax.
7. Develop AI policies with a strategy that includes guardrails, requires transparency, engages and trains workers, through on-the-job upskilling programs, to adapt to this key technological innovation so we can improve productivity while minimizing layoffs.

April 17, 2026

Oregon Prosperity Council,
Sent via: Prosperity.Roadmap@oregon.gov
Renée James, Co-Chair
Curtis Robinhold, Co-Chair

RE: Oregon Prosperity Roadmap

Dear Co-Chairs of the Oregon Prosperity Council,

Microsoft is pleased to express its strong support for the Oregon Prosperity Roadmap and its vision for building a more inclusive, innovative, and resilient state economy. The Roadmap's emphasis on education, workforce readiness, technology adoption, and cross-sector collaboration closely aligns with Microsoft's long-standing commitment to advancing economic opportunity through responsible technology, skilling, and public-private partnership and driving innovation in the age of AI.

Microsoft strongly supports the Roadmap's approach to economic development, including investments in digital infrastructure, entrepreneurship, and support for small and medium-sized businesses. Technology adoption and innovation—when paired with thoughtful policy and workforce alignment—can help communities modernize services, increase productivity, and compete globally.

As you will read, we outline ideas for how best to achieve this economic development approach through efforts including: accelerating research, supporting AI literacy, utilizing labor market data and preparing the workforce for AI-enabled jobs.

As Oregon leaders and citizens move forward with the Roadmap, Microsoft is offering the following programs and resources to help integrate AI opportunities that complement the ideas outlined in the Oregon Prosperity Roadmap. We would welcome the opportunity to meet, share these ideas, and discuss their relevance and potential application in Oregon.

Sincerely,



Hana Doubrava
Director, Cascadia
Microsoft Corporation

Cc'd: Emerald Bogue (emerald.bogue@portofportland.com), Harry Clapsis (harry@amperecomputing.com)

Microsoft Recommendations for the Oregon Prosperity Roadmap in the Age of AI

RECOMMENDATION 1: ACCELERATE RESEARCH WITH AI AND ENABLE COLLABORATION FOR AI RESEARCH FOR ECONOMIC DEVELOPMENT.

Create shared research infrastructure—secure cloud computing, governed data access, and common AI tools—that universities, startups, and industry can use to accelerate discovery and commercialization. Encourage cross-institutional consortia focused on Oregon priority sectors (e.g., semiconductors, clean energy, forestry, health, and advanced manufacturing) and lower barriers to partnering through streamlined agreements and clear IP pathways. Pair these efforts with responsible AI and cybersecurity guardrails to protect sensitive data and strengthen trust among collaborators.

- **Accelerate research and development through Microsoft Discovery.** Microsoft Discovery is an enterprise, agentic AI platform designed to accelerate research and development. Built on Azure, it enables universities, research institutions, and industry partners to use AI agents to accelerate scientific discovery, simulation, and innovation across fields such as materials science, energy, manufacturing, and life sciences.
- **Collaborate on AI Economy Research.** [The AI Economy Institute](#) is a Microsoft Research initiative focused on understanding AI's impact on jobs, skills, productivity, and education systems. AIEI produces evidence-based research to inform policymakers, educators, and workforce leaders as they adapt education and training systems for an AI-enabled economy.

RECOMMENDATION 2: SUPPORT AI LITERACY FOR STUDENTS AND PREPARE K-12 TEACHERS TO USE AND TEACH AI.

Embed age-appropriate AI literacy and responsible use expectations into standards, curriculum guidance, and digital citizenship. Pair this with sustained professional learning so educators can use AI to save time, personalize instruction, and teach students how to evaluate AI outputs, protect privacy, and use tools ethically.

- **Establish AI Literacy Standards in K12.** Microsoft supports state and local efforts to establish AI literacy standards for students, helping ensure young people understand how AI works, how it should be used responsibly, and how it impacts learning and work. For example, Idaho's work to create [statewide AI literacy standards for K–12 students](#) offers a replicable model for other states. And Code.org and Teach AI offer [AI Literacy tools to for K-12](#).
- **Prepare Teachers to use AI.** [Elevate for Educators](#) provides free, on-demand professional learning to help teachers confidently and responsibly integrate AI into their classrooms. Resources focus on saving time, supporting instructional planning, enhancing student engagement, and building educator confidence with emerging technologies.
- **Personalize Special Education with AI.** Microsoft offers tailored AI training and resources to support special education teachers, helping them use AI tools to personalize instruction, improve accessibility, and reduce administrative workload—while keeping students and educators at the center of learning.

RECOMMENDATION 3: MONITOR AND USE OREGON LABOR MARKET DATA TO DRIVE RESULTS.

Establish a shared, statewide dashboard that blends traditional measures (employment, wages, openings) with real-time signals on in-demand skills and hiring trends. Use these insights to set clear targets, prioritize investments, and adjust programs quickly when conditions change across regions and industries. Relevant resources from Microsoft include:

- **Access Trends through Labor Market Data specific to Oregon.** Through [LinkedIn's Economic Graph](#), we can provide labor market insights to help states, regions, and workforce boards understand in-demand skills, emerging occupations, and workforce trends. These insights inform education planning, workforce investment, and economic development strategies.

RECOMMENDATION 4: ENABLE WORKFORCE ORGANIZATIONS AND COMMUNITY COLLEGES TO DELIVER AI TRAINING TO PREPARE THE WORKFORCE.

Equip workforce shared digital tools, and employer partnerships to scale short-term training tied to credentials and work-based learning. Align offerings to local demand using labor market data, and ensure wraparound supports (career navigation, childcare, transportation) so more Oregonians can complete training and transition into quality jobs.

- **Enable Workforce Boards with AI.** In partnership with the National Association of Workforce Boards (NAWB), Microsoft Elevate supports workforce boards and American Job Centers with AI and digital skills training for jobseekers, dislocated workers, and incumbent workers—aligning training with real labor market demand.
- **Deliver AI Training through Community Colleges.** In partnership with the American Association of Community Colleges, Microsoft offers training to community college leaders to help them build AI ready campuses.
- **Coming Soon: Enable In-demand Industries with AI (e.g., Construction).** Microsoft supports targeted skilling and reskilling strategies for workers in industries experiencing disruption, such as construction, manufacturing, and logistics. AI-enabled tools and training can help workers transition into adjacent roles, improve safety and productivity, and access new career pathways.

To: Prosperity Council
From: Chris Lyons, Energy Trust of Oregon
Date: March 25, 2026
Re: Prosperity Council Survey

The following provides Energy Trust of Oregon's responses to Governor Kotek's Prosperity Council online survey that closed on Friday, March 20, 2026 and was originally accessed at https://www.research.net/survey-closed/?sm=6aN6_2FiXUT7Tt7B2unhuq12HZuc_2FGvNy_2Fu8L2SIQpGBc7xZUc_2BXv_2Bm2kR_2F05qQuSdUUgF6t7VpgEzYcFFwxig8BE3PtFhb_2BAIwajr_2BdrDaD7j0EYN18AW53_2BqEXrHXLlwo9LJR0IMod7b8ziceqT6McDdN2pSibww7qnsUcBHhQU_3D. We regret that we missed the deadline and hope our feedback can be shared with and help inform the council's efforts to develop actionable steps to accelerate Oregon's economy, create good paying jobs, and recruit and grow Oregon's businesses. If you have any additional questions, please contact Chris Lyons, Sr. Government and Stakeholder Relations Manager, at 971-990-8008 or chris.lyons@energytrust.org.

Name (first and last)

Chris Lyons

Email address

chris.lyons@energytrust.org

*** What is your 5-digit zipcode?**

97204

Are you representing yourself or your organization/business?

Myself

Organization/Business

Both

Business/Organization Information

To better understand whose input we are receiving, please tell us more about your business or organization.

What business/organization are you representing?

Energy Trust of Oregon

Are you in the public or private sector?

Public

Private

Non-profit

What industry do you work in?

Metals and Machinery

Business and Professional Services

Food and Beverage
Forestry and Wood Products
Technology
Outdoor Gear and Apparel
Bioscience

Other (please specify)

- All industry types operating in Oregon and that are customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista

What is your Oregon-based team's headcount?

1 - 20 people
21-100 people
101-500 people
500-1000 people
1000+ people
I don't know

Detailed Input on Focus Areas of Your Choosing

Please share specific challenges, needs, or solutions related to a specific focus area. You may submit as many ideas as you'd like.

Focus area you are providing input on

Business climate
Workforce
Tools for growth

What challenge would you like addressed in the Prosperity Council's recommendations? What is the biggest barrier or friction point in this area?

Energy Trust of Oregon is an independent nonprofit organization dedicated to helping people, businesses and communities thrive through clean, affordable energy. We offer information, technical studies, services and cash incentives to help more than 2.4 million customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista in Oregon and Southwest Washington benefit from energy efficiency and renewable energy generation. This includes homeowners, renters, property owners and small to large businesses of all types, like commercial businesses, agricultural producers and manufacturers. We connect these customers to qualified contractors, and we provide these contractors with ongoing training and support.

The State of Oregon has set ambitious greenhouse gas reduction goals for utilities by 2030 and beyond. To help utilities meet these goals as affordably as possible, Energy Trust has increased our own targets to significantly scale up cost-effective energy efficiency and small-scale renewable energy efforts, which will result in cost savings, improved comfort for residents and enhanced productivity for businesses.

As outlined in the Oregon Energy Strategy issued in November 2025 and embedded in Energy Trust's long-term planning, the energy industry workforce will need to evolve as the energy sector modernizes to meet Oregon's future energy needs and policy objectives. Investing in workforce development is critical to building a robust pipeline of qualified trades contractors, home energy auditors, designers, architects, engineers and other professionals who are

equipped to design and implement clean energy solutions as the demand for energy upgrades increases.

However, there is an ongoing labor shortage of workers with the skills needed for energy efficiency and renewable energy work. A jobs analysis conducted for the Oregon Energy Strategy demonstrated a need for greater employment in several key occupations, including electricians and HVAC specialists. Expanding the number of qualified professionals who can complete projects is vital to accelerating energy savings and advancing Oregon's decarbonization goals. Investing in these sectors, job types and workers can further the state's economic prosperity goals, too.

Energy Trust has identified several challenges related to workforce development for energy efficiency and renewable energy work that we highlight for the Prosperity Council as it develops its recommendations for Governor Kotek. Overall, an ongoing need is state-led and statewide coordination among organizations, agencies and funders like Energy Trust that are focused on clean energy workforce development. There are several entities engaged in clean energy workforce development and supporting the implementation of statewide policies. Without a coordinated strategy and funding, it is challenging for these groups to partner with one another or tap into existing workforce infrastructure such as pre-apprenticeship programs, workforce development boards, funding mechanisms, small business administrations and local organizations. This makes it challenging to scale robust, impactful programs in all regions of the state. An example of a statewide effort seeking to bridge gaps and avoid duplication of efforts is the Oregon Clean Energy Workforce Coalition (OCEWC). The OCEWC is a nonprofit created by Portland General Electric in partnership with several organizations. Energy Trust is actively engaged with OCEWC to ensure we advance shared goals for statewide support for its clean energy workforce.

Other notable challenges are related to training and retention for the clean energy workforce. Bottlenecks around apprenticeship programs limit workforce development, as too few programs exist and the requirement that there is one journeyman for every apprentice (in carpentry and HVAC, in particular) slows the production of qualified workers and limits Energy Trust's ability to complete projects, save energy and generate clean power. In addition, there is an opportunity for pre-apprenticeship programs to more consistently connect graduates with employment opportunities. Workforce instability can also result from challenges retaining workers within the clean energy industry. In some regions, wages in the energy efficiency industry are less competitive, causing job seekers to choose to work outside of the industry.

These challenges are amplified in rural areas of Oregon. In some parts of the state, there is a lack of specialized workers, such as electricians and weatherization installers. This limits the implementation of cost-effective energy efficiency and renewable energy projects, as contractors must be brought in from outside of local communities, resulting in higher costs for travel, lodging and other logistical expenses and diverting funds outside of rural areas. There is also limited access to training and education programs in rural communities, including a lack of training providers, spaces for hands-on learning and training materials, making it difficult to build a local pipeline of qualified energy professionals.

What solution or specific change would you make?

Energy Trust suggests developing a statewide strategy for clean energy workforce development. This strategy could be state-developed and state-supported, providing uniform direction and shared goals to all key entities involved in clean energy workforce development: government agencies, local organizations, educational partners and funders.

As a part of this strategy, consistent, long-term funding to support community college apprenticeship and training programs, especially in rural areas, can make the training more accessible and sustainable. Training and education in energy efficiency equipment and solar technologies could be embedded within these programs to prepare the workforce for evolving needs in the energy efficiency industry. Consistent funding could help develop and scale training infrastructure in rural communities, including the permanent placement of training equipment and materials. The state could also support business incubation programming to help new small businesses provide energy efficiency and renewable energy services and grow to meet project demand.

What would success look like in 2–3 years?

In two to three years, success would look like establishment and active implementation of a state-led clean energy workforce development strategy, as outlined above. Training programs incorporating education in energy efficiency and solar would be well-funded and established across the state, including in rural communities, enabling a steady pipeline of skilled workers. Additionally, apprenticeship and training programs would partner with local businesses to ensure that, upon completion, workers are connected with employment opportunities within their communities.

Who has to act for this to happen? (i.e. legislature, local governments, employers, education/training partners, etc.)

To develop and implement a state-led clean energy workforce development strategy, there would need to be continued commitment by the state to meet energy goals as outlined in the Oregon Energy Strategy. Additionally, the Legislature would need to act to secure sustainable, long-term funding for clean energy workforce development, with a particular focus on supporting training programs integrating energy efficiency best practices and solar technology training into curricula. Applicable state agencies would need to coordinate with nonprofit and community-based organizations, utilities, community colleges and other partners to develop and implement a statewide clean energy workforce development strategy. Employers would need to partner with training providers and educational institutions to offer hands-on learning opportunities and commit to hiring program graduates.

What existing state programs and policies does Oregon have that are most helpful to you that you want to see continue?

What promising models or effective best practices have you seen in other states that you'd like Oregon to emulate?

New York's comprehensive, accessible [website](#) demonstrates how an integrated state system can guide and connect the many players in the energy efficiency landscape, making it easier for businesses, training partners and workers to collaborate.

*** Do you have another focus area you would like to provide input on?**

Yes

No

Additional Input

Energy Trust's support for energy efficiency and renewable energy has economic benefits of saving people and businesses money, investing in local communities, creating jobs and increasing business income.

Energy efficiency is among the lowest-cost energy resources available to utilities to meet their customers' energy needs, costing less than what utilities would pay for most other sources. When customers save energy, utilities are able to defer spending on new infrastructure, including energy generation, transmission and distribution. These deferred costs help keep rates lower than they otherwise would be and become savings that are passed on to all utility customers, including businesses. For every \$1 Energy Trust has invested in energy efficiency, utility customers have saved nearly \$2.72.

Since 2002, participating customers have also saved \$8.5 billion on energy bills from building retrofits, operations and maintenance improvements, high-performance new construction and renewable energy systems. These savings recirculate in Oregon's economy, driving broader economic benefits for all. Dollars saved on energy bills deliver far-reaching benefits to the economy through new purchases of goods and services, job creation, increased wages and new business income.

Since 2002, the net economic benefits of Energy Trust's expenditures, energy savings and renewable energy generation added \$12.7 billion to Oregon's economy, including \$4.3 billion in wages, \$699 million in small business income and employment equivalent to 93,600 full-time jobs. (Figures are based on an independent analysis by Pinnacle Economics.)

Energy Trust's network of more than 1,600 trade ally contractors and 145 allied businesses located in Oregon and Washington – including local electricians, construction workers, engineers, architects and others – report employing about 17,500 people related to our work in the marketplace. Businesses range in size from one to 200 employees or more; the majority are small businesses with 20 employees or fewer.

For local businesses, energy efficiency and renewable energy solutions not only control costs, but also help meet growing sustainability and corporate responsibility commitments. Energy Trust features many examples on our website, from [A-dec in Newberg](#) to [Laika in Hillsboro](#).

If you have materials and or/reports that would be helpful for the Prosperity Council to review, please upload them here. (Max 16MB)

- Economic Impacts of Energy Trust of Oregon's 2023 Program Activities (most recently completed study), accessible at https://www.energytrust.org/wp-content/uploads/2024/10/ETO-PY2023-Final-04_29_2024.pdf

May 4, 2026

Office of Governor Tina Kotek
Attn: Tim Knopp, Chief Prosperity Officer, and Members of the Governor's Prosperity Council
900 Court Street, Suite 254
Salem, Oregon 97301

Re: Preserving Oregon's workers' compensation advantage and system stability

Dear Mr. Knopp and Members of the Governor's Prosperity Council,

On behalf of a broad coalition of Oregon employer associations and business organizations—representing thousands of employers across every region and industry—we write to underscore the importance of preserving a workers' compensation system that is stable, predictable, and affordable. Many of our member organizations participate in SAIF group insurance programs, giving us direct insight into how the system affects hiring, investment, and long-term business decisions.

We appreciate the Governor's Prosperity Council's role in advising the Governor on strategies that advance the Prosperity Roadmap, strengthen Oregon's economy, and support sustainable business growth. As you consider recommendations that will shape Oregon's long-term competitiveness, we urge you to consider the benefits of Oregon's current workers' compensation system. Oregon's workers' compensation system is not merely a regulatory requirement, but a proven economic asset that supports job retention, investment, and statewide economic resilience.

Oregon's workers' compensation system provides employers with a meaningful cost advantage relative to many other states. The Oregon Department of Consumer and Business Services (DCBS) publishes a nationally recognized [biennial study comparing workers' compensation premium rates across all 50 states and Washington, D.C.](#) According to the most recent edition, Oregon ranks 38th overall, meaning only twelve states have lower average premium rates. By comparison, California ranks among the most expensive states in the nation; Washington remains significantly more costly than Oregon; and while Idaho is lower-cost than many states, it still ranks higher than Oregon.

For employers, workers' compensation is a foundational cost that directly affects competitiveness and business planning. Stable and predictable premiums allow employers to plan, hire, and invest with confidence. When costs remain steady, businesses are better

positioned to expand and create jobs; when systems become more volatile or expensive, growth slows—particularly in labor-intensive industries operating on narrow margins. Across our coalition, employers consistently identify Oregon’s workers’ compensation stability as an important factor in their ability to remain competitive nationally.

Oregon’s success in maintaining an affordable and stable workers’ compensation system is closely tied to SAIF Corporation. As Oregon’s not-for-profit public insurer, SAIF was designed to serve as a stabilizing force in the system, ensuring broad access to coverage, disciplined pricing, and long-term financial reliability during both routine economic cycles and extraordinary events. All funds paid to SAIF are held in trust within the Industrial Accident Fund and used exclusively for purposes authorized under Oregon’s workers’ compensation laws, keeping system resources focused on injured workers, employers, and long-term system integrity.

SAIF’s strong capital position and mission-driven pricing model have helped keep Oregon’s workers’ compensation premiums among the lowest in the nation while maintaining strong benefits for injured workers. Since system reforms in 1990, pure premium rates have declined 83% while claims per 100 workers fell by 73%, thanks in large part to the safety efforts of Oregon employers and carriers like SAIF.

SAIF uses its investment earnings to operate at a loss, helping moderate premiums and supporting predictability for employers without compromising worker protections. SAIF’s financial strength also allows Oregon’s workers’ compensation system to withstand catastrophic events that could generate widespread claims and economic disruption, providing critical stability at moments when employers, workers, and public entities are most vulnerable.

SAIF also plays an essential role in supporting Oregon’s public sector, insuring nearly all public employers statewide, including school districts. SAIF also takes care of the vast majority of first responders, who all Oregonians rely on to be healthy and ready to assist when the state needs them the most.

By maintaining broad participation and a long-term approach to pricing, SAIF helps limit volatility for employers whose budgets are particularly sensitive to cost swings. In addition, SAIF provides essential coverage for high-hazard and hard-to-insure industries that are foundational to Oregon’s economy, including construction, agriculture, logging, trucking, and wood products. Beyond insurance coverage, SAIF’s investment in workplace safety and return-to-work programs contributes to long-term cost control, workforce stability, and improved productivity statewide.

Oregon's workers' compensation system is one bright spot in the current business climate. Our current workers' compensation system reflects decades of labor-management collaboration and disciplined policy choices that transformed one of the nation's most expensive systems into one of its most competitive.

As the Prosperity Council develops recommendations to strengthen Oregon's economy, we respectfully encourage an approach that builds on what is working. This includes preserving SAIF and therefore affordability for employers. The current system maintains the financial and structural foundations that support economic growth, resilience, and a healthy workers' compensation system that serves Oregon workers and businesses.

Respectfully,

Coalition of Oregon Employer and Business Associations





Dear Members of the Governor's Prosperity Council,

On behalf of Move Oregon Forward, a coalition of transportation and environmental advocacy organizations, we are pleased to share the attached report, *Smarter Investing in Transportation for a Stronger Oregon Economy*, as a resource for the Council's work. **At its core, transportation policy is not separate from economic policy; it is economic policy.** The way Oregon raises, prioritizes, and spends transportation dollars directly affects the strength and success of our economy.

The report, a compilation of best practices from across the United States of America and other countries, demonstrates that Oregon's strongest transportation business case is not a status quo approach that too often defaults to costly expansion before lower-cost preservation, safety, operational, and multimodal strategies. Rather, it is a disciplined investment approach that creates durable transportation solutions. The report demonstrates a need to focus on maintenance and repair of the current system and additional investments in:

- Improved **safety** infrastructure
- Expanded **transit** and **active transportation** options
- Transportation **electrification** and charging infrastructure
- **Clean energy** made in the Northwest, powering clean electric vehicles, combined with **grid resilience**
- Efficient **land use**

Providing people with transportation options and electrifying the system will lower household costs, connect more workers to jobs, improve access to customers and main streets, and generate more economic value for each public dollar.

The Council's work offers an important opportunity to connect Oregon's economic strategy with its transportation strategy. If Oregon wants a stronger economy, it needs a transportation system that gives people and businesses more reliable, affordable, and efficient ways to move. Safety, transit, walking and biking, electrification, freight reliability, and good governance should not be treated as side issues. They are core economic infrastructure.

Please use this report as a resource as the Council develops recommendations for the Governor and the state. We would welcome the opportunity to discuss the findings further.

Sincerely,
Move Oregon Forward



BEST
Better Eugene Springfield Transportation



OREGON
JUST TRANSITION
ALLIANCE



Oregon
Environmental
Council





Smarter Investing in Transportation for a Stronger Oregon Economy

Executive Summary

Transportation policy is not separate from economic policy, it is economic policy. For Oregon, the strongest business case is not “a status quo investment approach,” but a recommitment to a transportation and energy vision that lowers household costs, expands access to workers and customers, improves freight reliability, reduces crashes, strengthens local energy resilience. The evidence from Oregon, national, and international research points in the same direction, that investments in transit, walking biking, trails, targeted safety upgrades, transportation electrification, charging infrastructure, and grid resilience can:

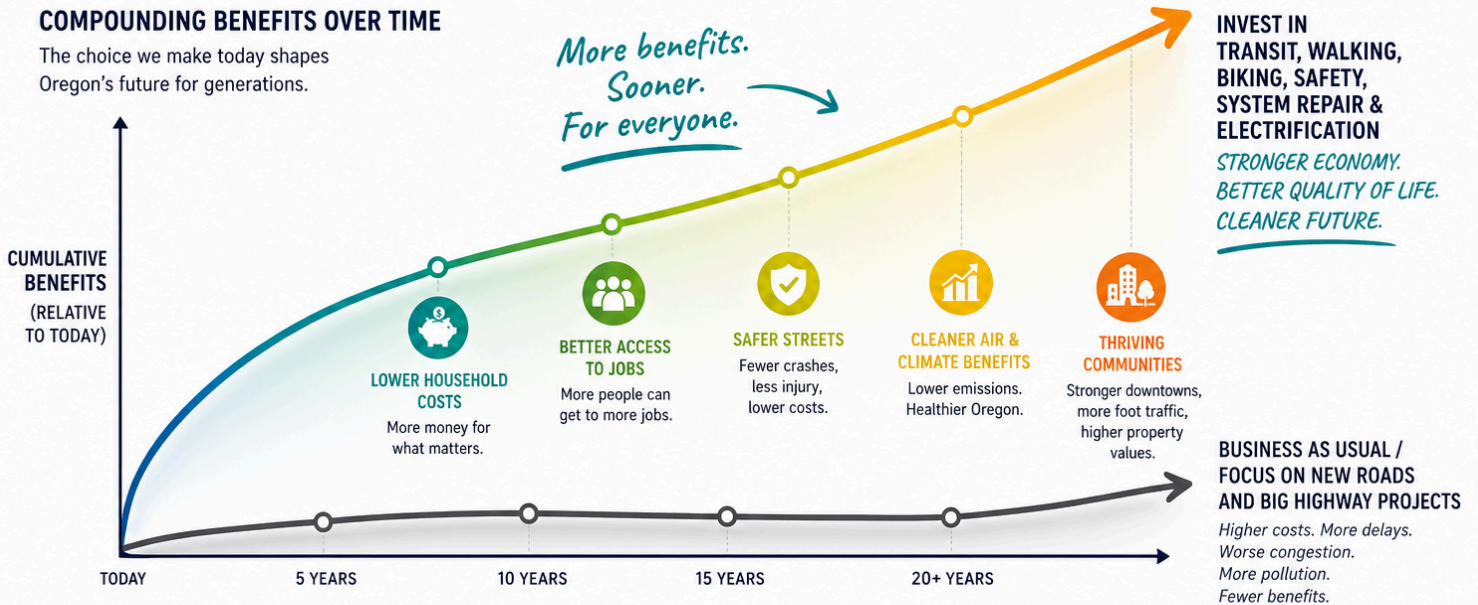
- **Create more jobs and economic activity per dollar of public investment;**
- **Save Oregonians money** by giving households and businesses lower-cost, less volatile transportation options, including electric vehicles, transit, walking, and biking;
- **Deliver benefits faster** by prioritizing projects that reach main streets, pocketbooks, and local economies sooner, and deliver more projects on time and on budget;
- **Build compounding local benefits** by keeping more transportation spending in Oregon through local utilities, electrical workers, maintenance jobs, safer streets, and existing infrastructure;
- **Reduce strain on Oregon’s environment and infrastructure** by making better use of roads, transit lines, and walkable centers, which can support more housing at lower public cost.

INVEST SMARTER. PROSPER TOGETHER.

Multimodal, safe, and clean investments build a stronger economy, healthier communities, and a better future—for everyone.

COMPOUNDING BENEFITS OVER TIME

The choice we make today shapes Oregon’s future for generations.



THE MULTIPLIED IMPACTS FOR OREGON

GOOD JOBS More jobs per dollar invested—especially locally.	ECONOMIC RETURN Transit generates about \$4 in economic returns for every \$1 invested.*	FASTER DELIVERY Many multimodal projects can be built in months—not decades.	EFFICIENT USE OF DOLLARS Lower cost to build and maintain over the long term.	LEVERAGES MORE FUNDING Attracts federal, private, and local investment.	BUILDS RESILIENCE Multiple ways to move people and goods—stronger in a crisis.	A COMPETITIVE OREGON Attracts talent, businesses, and opportunity.
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*American Public Transportation Association (APTA)
Sources: APTA (2023); Smart Growth America (2022); NACTO (2021); TRB (2019); Oregon Dept. of Energy (2025) and others.



Overview

Oregon’s transportation and energy investments should be judged by a straightforward business standard: **which investments create the most durable economic value for each public dollar spent?** By that measure, multimodal transportation, targeted safety improvements, electrification, and electrical grid upgrades outperform a status quo strategy centered on the traditional projects and priorities of our transportation system. These investments lower the cost of living, expand access to jobs and customers, improve freight movement at key bottlenecks, reduce the economic toll of crashes and pollution, and generally create more jobs per dollar while delivering benefits faster than large megaprojects focused primarily on lane expansion.

The research outlined below offers specific lenses for understanding why a comprehensive transportation system, rich in choices, can reduce costs for Oregon households, businesses, and the state. It also shows how a smarter investment portfolio can put Oregon on a stronger path toward sustained economic growth.

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1 - Transportation as Economic Policy

Top-level takeaway: *Transportation policy is economic policy, and the strongest economic returns for Oregon come from maintaining the roads we have, expanding transit and active transportation, and investing in electrification, rather than defaulting to broad, general-purpose road expansion. These choices lower household costs, create more jobs per public dollar, and protect the value of past infrastructure investments.*

1.1 Why is transportation intrinsically linked to our economy

Transportation policy is not separate from economic policy; it is economic policy. The way Oregon invests in transportation, land use, and infrastructure shapes our economy in the near term and over decades. It affects how much families spend on getting around, how easily workers can reach their jobs, how reliably businesses can move goods, and how much public infrastructure the state must build and maintain.

The research points to a practical conclusion: Oregon can get more economic value and more long-lasting solutions by investing in systems that lower costs and make better use of what we already have. Smarter land-use decisions can reduce both housing and transportation costs. Efficiency and electrification can cut long-term fuel dependence and household energy burdens. Stronger public transportation can increase access to jobs, support local business activity, and help avoid the economic and social costs of disinvestment.

Put simply, transportation investment is a pocketbook issue. The question is not just how Oregon moves people and goods, but whether our investments make daily life more affordable, our economy more productive, and our public dollars go further. [12][18][19]

1.2 Maintaining what we have first: The economic value of fix it first

Maintaining what we already have is one of the strongest economic strategies available to Oregon. Repair and preservation projects put people to work quickly because they are more labor-intensive and spend less on land acquisition than new road construction. National analysis finds that road repair generates about 16 percent more jobs per dollar than road expansion.

The economic case is not just about jobs. Poor road conditions raise costs for households, businesses, freight operators, and transit agencies. Drivers incur higher vehicle maintenance and wear costs, while rough pavement can slow freight movement, reduce reliability, and increase operating costs for transit providers. In other words, deferred maintenance shows up as higher costs across the economy. [51][52]

It is also a bad fiscal bargain. Once roads fall out of good condition, the cost to fix them rises sharply. Transportation agencies commonly find that every \$1 spent on timely maintenance can avoid \$5+ in later reconstruction and other costs. A repair-first approach, where money and policy align towards maintaining what we have, therefore creates near-term jobs, protects prior public investments, lowers costs for Oregonians, and helps the state avoid much larger liabilities down the road. [69]

1.3 Reducing household cost burden and increasing disposable income with smarter investments



The most immediate economic gain from multimodal and electrification investments often does not show up in a ribbon-cutting photo. It shows up as money left in household budgets. For many Oregon families, transportation is one of the largest monthly expenses after housing. Oregon’s transit-and-housing study found that households spend a combined 56 percent of their income on housing and transportation. Nationally, households spent an average of \$13,318 on transportation in 2024, while the average cost to own and operate a new vehicle reached \$11,577 per year in 2025.

Those costs fall hardest on families with the least room to absorb them. In 2022, the lowest-income households spent 30 percent of their after-tax income on transportation, and low-income households with at least one vehicle spent 38 percent. That means transportation costs are not just a mobility issue. They are a wage, affordability, and workforce issue. Investments that help families avoid a second car, drive less, rely on safe, frequent transit, or switch to lower-cost electric transportation act as a recurring cost reduction for workers and employers alike. Climate Solutions’ research has found that rapidly decarbonizing transportation through reduced driving, clean fuels for targeted uses, and clean-energy-powered electrification could save families up to \$5,000 per year in transportation costs. [1][2][3][4][33]

While reducing driving and the need for a car is a deeper affordability tool, electrification is a key affordability tool for Oregonians who need a car, including rural Oregonians, fleet owners, and transit operators. Electric vehicles are 60% to 75% cheaper to operate than their internal combustion engine (ICE) counterparts, and this advantage is even stronger when gas prices spike, as they have in 2026. For example, it costs the equivalent of \$1.32 per gallon to fill an EV, while, as of early May 2026, gas and diesel prices are over \$5-6+ per gallon. While EVs have long been more expensive than their fossil-fuel counterparts, the total cost of ownership (the cost of the vehicle, plus fuel, maintenance, and other expenses) has favored EVs for several years now. Now, with more affordable, high-quality used EVs and purchase prices for many passenger EVs reaching near parity with their ICE counterparts, electrification is a key affordability pathway for Oregon. [36][38][55][56]

1.4 Using every public dollar towards job creation and maximizing return on investment

The job-creation case points in the same direction. Transportation dollars go further when spent on repair of the current system, transit, active transportation, and charging infrastructure rather than on new road expansion. Smart Growth America’s review of stimulus-era transportation spending found that public transportation investments created 31 percent more jobs per dollar than new road and bridge construction, while road and bridge repair created 16 percent more jobs per dollar than new construction. Active transportation performs strongly, too. In *Pedestrian and Bicycle Infrastructure: A National Study of Employment Impacts*, it was estimated that bicycle projects create about 10 jobs per \$1 million spent, multi-use trails about 9.6 jobs, and road-only projects about 7.8 jobs. More recent transit and charging analyses reinforce the same point about job creation. APTA estimates that every \$1 billion invested in public transportation can support 41,400 jobs, \$3.1 billion in worker income, and \$251 million in tax revenue, while generating roughly \$5 billion in long-term economic value. Charging infrastructure also fits within this high-return category. The International Council on Clean Transportation (ICCT) estimates that U.S. charging build-out could support nearly 160,000 full-time equivalent jobs by 2032, including more than 78,000 in electrical installation, maintenance, and repair. Other estimates suggest charger deployment can generate roughly 12 jobs per \$1 million invested. [5][6][7][21]

Going deeper, transportation electrification strengthens the long-term jobs growth by shifting spending away from imported gasoline and diesel and toward local utilities, electricians, charger installers, grid workers, and



clean-vehicle supply chains. Installation, grid connection, electrical work, and maintenance all happen in the communities where chargers are built. Those projects can also support upstream investments in energy production and transmission, creating additional economic activity over time. Vehicle rebates, tax credits, and fleet incentives support this growth more indirectly, but they are still essential market-building tools. By increasing demand for electric vehicles, they also increase demand for batteries, parts, charging infrastructure, software, maintenance, and related services. [21][22][37]

The broader clean-energy labor market tells the same story. U.S. clean energy jobs grew 4.2 percent in 2023, more than twice the national average. Clean vehicle jobs grew even faster, increasing 11.4 percent in a single year. This is not a short-term bump. Globally, clean energy added roughly 1.5 million jobs in 2023, compared with about 940,000 in fossil fuels. That reflects a broader structural shift toward energy systems that require workers to build, operate, and maintain energy infrastructure in our local communities, rather than relying primarily on fuel extraction and combustion. States that move early are better positioned to capture that growth. Charging companies, fleet operators, manufacturers, startups, and suppliers are more likely to invest where policy signals are clear, infrastructure is expanding, and customer demand is strong. Put simply, chargers create in-state installation and maintenance work now. Rebates and tax credits grow the long-term market, lower consumer costs, and help sustain a larger clean-mobility economy over time. [22][34][35][37]



2 - How Clean and Multimodal Transportation Can Grow Oregon's Economy

Top-level takeaway: *The strongest economic returns come from targeted investments in trails, safety, transit, land-use coordination, electrification, and freight reliability, rather than from broad freeway expansion. These investments do double duty: they generate jobs, tourism revenue, labor-market access, and energy resilience, while also avoiding the major costs Oregon currently absorbs through crashes, pollution, sprawl, infrastructure, and spending on imported gasoline and diesel.*

2.1 - Trails for safety and for enabling recreation and tourism

Trail funding should be seen as both a tourism strategy and a transportation strategy. Connected trail systems help visitors stay longer, spend more, and reach small businesses without making every trip car-dependent. They also fill practical gaps in the transportation network, especially in places where safe walking and biking connections are needed outside the traditional road right-of-way.

That is exactly the role Oregon's Community Paths Program is designed to play. The program funds multi-use paths that improve walking and biking access and safety, including regional paths that connect communities and provide critical links to schools, jobs, medical services, transit, downtowns, and popular destinations for both residents and visitors.[43][44]

Trails and outdoor recreation are not ornamental investments. They are economic infrastructure. Nationally, outdoor recreation generated \$696.7 billion in GDP in 2024, representing 2.4 percent of the U.S. economy. The Oregon SCORP reports that direct trip and equipment expenditures linked to outdoor recreation were estimated at \$15.7 billion in 2022. A separate Oregon Parks and Recreation economic impact analysis reports that outdoor recreation spending generated \$20.6 billion in economic output, contributed \$12.4 billion to Oregon GDP, and supported 192,000 full- and part-time jobs. Those benefits ripple through local economies. Every dollar spent on outdoor recreation in Oregon generated an additional \$0.31 in secondary economic activity, supporting restaurants, hotels, grocery stores, outfitters, retailers, and rural main streets. Trails are a core part of that economy. Rails-to-Trails Conservancy estimates that active transportation currently generates more than \$34.1 billion annually in economic value and could exceed \$138.5 billion with improved network connectivity. [41][42]

The Historic Columbia River Highway State Trail is a great example. ODOT cited \$447 million in direct visitor spending in the Mt. Hood and Columbia River Gorge region in 2019, supporting more than 5,000 jobs. Bicycle recreation is already part of that economic engine. A 2014 Dean Runyan Associates forecast for communities along the Historic Columbia River Highway estimated roughly 230,000 bicycle recreation trips in 2013, associated with about \$21.1 million in spending, supported about 270 jobs, and produced more than \$900,000 in state and local tax receipts. The value is likely higher today, given the growth of outdoor recreation and the added economic potential of completing connected walking and biking systems. [45][46]

2.2 - Safety, public health, and avoiding economic losses

Investing in safer roads is a critical moral and ethical choice. And yet, safety is not just a public health goal; it is a productivity and cost-containment strategy. Oregon already uses benefit-cost and cost-effectiveness methods



to prioritize safety investments, including bicycle and pedestrian safety projects. That makes sense because crashes impose enormous costs on households, employers, insurers, health systems, and the broader economy. Nationally, the economic cost of motor vehicle crashes reached \$340 billion in 2019, and the full societal harm approached \$1.4 trillion when quality-of-life losses were included. Every fatal or serious injury avoided means medical spending avoided, work time preserved, productivity protected, insurance pressure reduced, and freight and commuter delay prevented. Safer multimodal streets are not a “nice to have.” They are one of the strongest economic-return categories available. [31][32]

Pollution tells a similar story. An Oregon DEQ report estimated that diesel fine-particle pollution caused substantial health harm in Oregon under 2005 conditions, including 176 premature deaths and 25,910 work-loss days annually, with avoidable public health impacts exceeding \$1.6 billion annually. These are real costs that Oregonians and our healthcare system bear, and they can be mitigated with strategic investments in electrification, congestion reduction, and ports and rail. [40]

2.3 - Land-use: key for affordability, productivity, and main streets

Productive places matter, and land use is a major factor in their productivity. When people can reach jobs, shops, services, and housing without relying on a car for every trip, places tend to work better for both households and businesses. When businesses are closer, freight shipping becomes easier, and it's easier to link errands with less driving or via transit.

The evidence supports that conclusion. A Brookings Institution study, *Walk this Way*, found that the most walkable places in metropolitan Washington, D.C. performed better economically and with higher home values than less walkable places. A National Institute for Transportation and Communities study found many positive business impacts, including increased sales and employment from investments in walking and biking. This data is important because “bad for business” remains a common objection to walking, biking, and transit investments, even though the evidence for that claim is weak and the data tends to point in the opposite direction. Oregon’s experience shows that reducing or eliminating parking minimums, along with exemptions from development charges, can lower development costs and support more housing near transit and jobs. For downtown areas and main streets, the lesson is straightforward: better access by foot, bike, and transit tends to strengthen land productivity rather than weaken it. [1][8][9][18]

The fiscal case points in the same direction. A partner study by 1000 Friends of Oregon & ECONorthwest, *More Extensive Is More Expensive*, found that infrastructure costs are often overlooked in land use decisions, especially the full lifecycle costs of operation, maintenance, and replacement. Ultimately, the cost of maintaining low-density sprawl is not fully internalized and is burdening our ability to maintain our transportation infrastructure. More compact “quality growth” can reduce public infrastructure costs, including road costs by 12 percent and water and sewer costs by 14 percent compared with sprawl development patterns. In other words, compact, connected communities do not just support local businesses. They also reduce long-term public infrastructure burdens and improve the return on the infrastructure Oregon has already built. [1][18][39]

This is also central to affordability. Transportation is typically the second-largest household expense, so housing and transportation costs should be understood together. The Center for Neighborhood Technology’s Housing + Transportation Index shows that location-efficient neighborhoods, with better access to jobs, transit,



and services, can substantially reduce combined household costs even where housing prices are higher. By contrast, lower-cost housing in auto-dependent areas can come with higher transportation costs that wipe out any housing savings and drive up the total cost of living.

For Oregon, where many households already spend a large share of their income on housing and transportation combined, aligning land use with multimodal access is one of the most effective ways to improve real affordability. The goal should not be cheaper housing on paper, but lower total costs to Oregonians. [48][18]

2.4 - Transit is essential for labor-market access and workforce participation

For employers, transportation is the gateway to workers. However, transit access is still too often treated as a secondary issue, even though roughly 30 percent of Oregonians cannot or do not drive. That is why transit funding can deliver such a strong economic return. It does not just move people from one place to another. It connects workers to jobs, employers to larger labor pools, and more Oregonians to opportunities to build income and wealth through affordable transportation. [54]

A Brookings study found that the typical job is accessible to only about 27 percent of the metropolitan workforce by transit. Stronger transit networks, especially when paired with better land-use planning, can materially improve employers' access to workers. A 2025 review, *Public transport investments as generators of economic and social activity*, concluded that public transport investments can generate broader economic and social benefits by improving accessibility, increasing employment opportunities, and raising incomes through better access to jobs, education, and services. For Oregon, investments in transit frequency, coverage, safe first- and last-mile connections, and transit-supportive land use are not just social policy; they are pro-business tools that can support stronger labor markets, higher workforce participation, and better job matching that can increase incomes. [10][11][12][10]

2.5 - Transportation electrification, related grid investments, and resilience

The State Energy Strategy finds that the lowest-cost path for Oregon depends on high levels of efficiency and electrification. This means that as we electrify our transportation sector, we will also be investing in our grid and energy systems. Energy strategy modeling estimates that the transition from fossil fuels to electrification could add roughly 10,700 to 18,200 jobs in the electricity sector by 2035. It also found that delaying the electrification of medium- and heavy-duty transportation would increase costs by about \$31 billion by 2050 compared to the least cost pathway that leans into MHD electrification, mostly due to higher fuel costs borne by fleets. For households and fleets, the basic economics are just as important. Electric vehicles can reduce fuel and maintenance costs over the life of the vehicle, with federal sources estimating savings of up to roughly \$21,000 in discounted lifetime costs. Electrification is not only a climate strategy, it is a cost-saving, local jobs, and energy-resilience strategy. [19][20][23][24]

At scale, electrification strengthens Oregon's economy by shifting transportation spending away from imported gasoline and diesel and toward domestic industries such as Oregon utilities, electricians, charger installers, grid upgrades, and local electrical maintenance jobs. That matters for resilience as well as affordability. Instead of sending more household and business dollars out of state through fuel purchases, which are quite literally



burned up, Oregon can invest in the infrastructure and workforce needed to power cleaner vehicles with electricity increasingly produced, delivered, and managed through our regional grid. In fact, with smart policies to manage off-peak EV charging demand, **electrification could put downward pressure on electricity rates** by getting more use out of the current system and infrastructure, spreading costs, and minimizing the need for upgrades. This downward pressure applies to both passenger cars charged at home and medium- and heavy-duty zero-emission trucks charged at a depot. With continued development, such as vehicle-to-grid technologies that let you power your home from your EV, and continued utility ratemaking decisions on TE and microgrids, these benefits will likely only grow. [19][21][24][25][26][34][57][70]

Grid and resilience investments, which are needed to support a clean energy future, including transportation electrification, reinforce the same economic case for economic growth. Oregon's resilience and community-energy programs already connect clean electricity investments with local jobs and stronger communities. The broader economic returns are significant: Brattle estimates that each \$1 billion of transmission investment supports about 13,000 FTE-years of employment and \$2.4 billion in economic activity. Paired with transportation electrification, these investments help move Oregon away from volatile fossil fuel markets and toward a cleaner system built on local electricity, local infrastructure, and local workers. [25][26][19][34][35]

2.6 - Solutions to freight delays that increase reliability and economic opportunity

While a thorny issue, congestion management is a core transportation and economic issue. Put simply, for commuters and freight, time waiting in traffic is economic inefficiency. The natural response to congestion is often to pursue roadway expansions, on the logic that more lane miles will generate more throughput. Duranton and Turner's seminal "fundamental law of road congestion" found that vehicle travel tends to rise roughly in proportion to major road expansion, and has been subsequently confirmed in multiple studies using real-world data. The OECD has similarly concluded that building new road capacity alone is not an efficient response to peak demand, and the United Kingdom's transport evidence review says induced demand should be properly accounted for when evaluating projects. As the libertarian think tank Cato Institute's *The Political Economy of Congestion Pricing* puts it, congestion pricing is economically sound because traffic is not free; drivers pay either in dollars or in wasted time. In a 2026 comparison of congestion-reduction strategies, the Victoria Transport Policy Institute found that roadway expansions are among the most expensive options available to planners, yet they generally achieve only short-term improvements in travel efficiency. However, conventional planning practices undervalue less costly, longer-lasting strategies like Transportation Demand Management (TDM) or improving space-efficient modes, and instead pursue expansion first in cases where other options would perform better at a lower cost. For Oregon's businesses that rely on trucking and our highway system, the practical takeaway is clear: **we need more cost-effective and durable solutions to congestion with the clear goal of a highway and road system that is more dependable, not just bigger.** [13][14][15][16][17][68][49]

If capacity is not a first-line treatment, then what is? While there are real political complications for Oregon, congestion pricing is one of the clearest evidence-backed congestion tools: London, Stockholm, and Singapore all saw meaningful congestion reductions after pricing, with a 20% to 30% decrease in cross-town commute times. Early New York City congestion pricing results point in the same direction, with the MTA reporting that traffic into Manhattan's Congestion Relief Zone fell almost 7% after congestion pricing began and that traffic



speeds across the city improved substantially in the first year. Efficient congestion pricing can also generate revenues to reinvest in other decongestion strategies such as, transit, transportation demand management, multimodal planning, and smart growth development policies, significantly increasing the positive impacts of congestion pricing by using it to create alternatives to driving and incurring the congestion pricing. The backlash story is overstated. A six-month Nature study, *Public attitude, behavior, and social norm changes over six months with the NYC congestion charge*, found that 57.1% of New Yorkers supported congestion pricing before launch, and support did not significantly decline after implementation. Instead, supporters became more committed, opposition peaked during rollout week, and norms against unnecessary driving strengthened inside the toll zone—suggesting the policy can become more politically durable once people live with it.

[65][66][58][59][60][65]

Multimodal transportation and land use reduce congestion by shortening trips, shifting some trips out of cars, and helping the same street network move more people; newer VMT-reduction reviews continue to identify transit service, active transportation, compact/mixed-use land use, and parking/demand management as core strategies, especially when these tools are implemented together rather than as isolated projects. It's also important to mention that these investments implemented together provide deeper economic benefits to the state, can be delivered faster, and provide durable congestion relief. By applying these strategies before pursuing expansion, planners can resolve many of their congestion problems without incurring the high costs of roadway construction and protect state dollars to address any severe or stubborn challenges that remain.

[61][62][63][68]

In practical terms, congestion relief comes from a coordinated package of cost-effective first-line strategies: price the most crowded road space, reinvest revenue in better transit and non-driving options, build safe walking and biking networks for short trips, manage parking and curb demand, and allow more homes, jobs, and services near each other so fewer daily trips require driving. [61][62][64]



3 - Additional Benefits and Needs

Top-level takeaway: *How we select transportation projects is only half the equation. Oregon's ability to deliver projects with strong in-house expertise and accountability for being on time and on budget determines whether the state gets the full economic value of every transportation dollar. Faster delivery, stronger agency capacity, and clear project scoring are the levers that turn good policy into real outcomes.*

3.1 - Delivering projects on time with more benefits

Timing is an economic variable, and the ability to deliver projects on time or even ahead of schedule matters immensely. Smart Growth America found that repair and maintenance projects spend money faster and create jobs more quickly than new-capacity projects. In practice, that means bus-priority treatments, sidewalks, crossings, bike-network completion, safe-routes investments, and targeted road improvements and repair can begin producing business and household benefits years before a large-scale project opens. This is because these projects generally cost less, have less material cost uncertainty, don't generally require acquisition of right of way or land, and can be designed and completed with more internal agency capacity, which reduces risk, consulting costs. [5][13]

3.2 - Futureproofing our workforce, agency capacity, and reducing reliance on consulting

Finally, transportation project selection is only half the issue. The ability to deliver projects is the other half. Even the right investment strategy will fall short if the state lacks the staff, expertise, authority, and governance needed to deliver projects well. Oregon's own performance reporting underscores the challenge. In Oregon fiscal year 2024, 60 percent of construction projects were delivered on time, and 89 percent were delivered on budget. Brookings' procurement research found that almost 90 percent of surveyed state DOT procurement officials said their agencies were moderately or severely understaffed, and respondents linked overreliance on consultants to higher costs. A 2025 state-capacity paper reached a similar conclusion, finding that higher-quality engineers were associated with lower project costs and that the loss of in-house expertise can cost agencies far more than they save in salaries. Recent research on state transportation capacity finds that staffing matters for infrastructure delivery: one additional state DOT employee per 1,000 residents is correlated with 26% lower project-level costs for resurfacing projects, suggesting that in-house public-sector expertise can help agencies manage contracts, reduce costly change orders, and deliver projects more efficiently. [27][28][29][30][67]

If Oregon wants abundance — more useful projects delivered faster and at lower cost — then we must invest in ODOT's internal capacity from finance, planners, engineers, operations staff, repair crews, and more. It is a core economic investment that delivers real savings for the state, all while employing local Oregonians, keeping dollars closer to our economy. This is validated by Eno's project-delivery work, including international comparisons, which points to the same practical lesson: strong agencies need clear authority, competent staff, and sound governance.[29]



3.3 - Why accountability, transparency, and outcomes matter for transportation and our economy

In the 2026 legislative session, Move Oregon Forward moved two accountability policy bills. While they did not pass, their content is critical to improving accountability and transparency in our transportation system.

SB 1542 (specifically the -2 amendment) would have required the state to plan ahead through a 10-year transportation investment plan and to score and rank projects before they are funded, with that process backed by statute. It would also have required clearer reporting on road conditions and greater public transparency about which projects are selected, how they are evaluated, and why they move forward. SB 1543 would have strengthened oversight by the Oregon Transportation Commission and required the state to have a clear plan before taking on debt for major projects. Together, the bills were designed to make sure transportation dollars are spent on projects that actually deliver results. [50][51]

Peer states show why this matters. Virginia's SMART SCALE program scores and ranks projects using clear criteria, including safety, congestion, accessibility, land use, environmental quality, and economic development, then makes those scores public so funding decisions are more transparent and defensible. Minnesota takes a similar performance-oriented approach through MnSHIP, with a strong focus on system condition, asset management, and "fix-it-first" investments. National guidance points to the same lesson: when states set clear goals, rank projects against those goals, and track results, they are better positioned to get stronger outcomes from limited dollars. [52][53]

For Oregon, this is ultimately about making smarter choices. A system that scores projects before funding them, requires stronger oversight, and reports results publicly can help avoid wasting money on projects that do not deliver. It also makes it easier to answer the question every taxpayer should be able to ask: are we getting what we paid for? [50][52][53]

Conclusion

We need to prioritize safety, transit, walking, and biking, transportation electrification, and grid resilience all while adopting stronger public accountability and transparency policies. It is critical we reserve highway dollars for preservation, safety, and truly targeted freight bottlenecks rather than broad general-purpose lane expansion. This focus enables a future that is a more competitive, more affordable, more resilient, and more economically productive path for Oregon businesses and households. This matters greatly as Oregon continues to chart a new course for an economy focused on growth and affordability.



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And many others, thank you!



May 7, 2026

To: Members of Governor Kotek's Prosperity Council

From: The Oregon Association of Nurseries

Subject: Recommendations

The Nursery and Greenhouse industry is the largest sector of agriculture which produces and ships environmentally beneficial green goods and competes on a national and international level.

Background: The nursery and greenhouse industry is Oregon's leading agricultural commodity, valued at over \$1.3 billion annually. Critically, we are a traded sector: 74% of our sales flow to customers outside Oregon, making this commodity essential to the state's trade profile and economic resilience. Nursery association members represent wholesale plant growers, Christmas tree growers, retailers, and greenhouse operators. Our members are located throughout the state, with our largest nursery growing operations found in Clackamas, Marion, Washington, Yamhill, and Multnomah Counties.

It is our distinct pleasure and responsibility to provide measurable and impactful recommendations to the Prosperity Council. The OAN has followed closely the progress and dedication that the council has as its mission to change the very course of the Oregon economy. For that work, we laud you and your efforts.

In an effort to be concise, the association would like to provide some top line recommendations – of which we are more than happy to provide detail as the council would desire.

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Oregon is at a crossroads and the key takeaway from our comments is that unless a change occurs in Oregon's business climate through a number of policy choices, the state will not achieve a predictable, manageable and competitive ability.

We are grateful for your time and attention to our comments below.

**Oregon must align our labor standards, and overtime rules
with our neighboring states, or competitive states.**

- The implementation of the Agricultural overtime law is having a negative effect industry wide. Growers compete on a national level with states at the federal minimum wage, further hampering market growth.
- Colorado recently changed its agricultural overtime law to recognize that the industry has peak seasons that are driven by weather, product type, and labor costs. Colorado changed its peak season to 56 hours a week.
- California, who phased in its Ag OT law (much like Oregon) is finding that workers are making less with reductions of hours to the 40 hour threshold and productivity of growers has been reduced.
- The OAN recognizes that a number of factors go into remaining competitive – including regulatory costs, transportation costs to get product to market, and labor.
- OAN is part of an agricultural coalition that recommends freezing agricultural overtime to a 48 hour threshold and allow a 12-week 56 hour OT threshold for peak season labor needs. This solution would go a long way to stabilizing employee hours Oregon's growing loss of market and competitiveness.
- The Prosperity Council should also review and examine the total compensation costs to Oregon agriculture by recognizing state mandated policies – minimum wage, paid family leave, regulatory costs, etc.) to reconcile the true cost per hour of an employee and compare it to other states.
- Ultimately the OAN supports OBI's recommendation on overtime: Repeal agricultural and manufacturing overtime laws, which place artificial constraints on workers' earning capacity and employers' ability to meet production demand fluctuations, particularly those tied to harvesting crops or other seasonally specific demands
- The OAN recommends that the council work reduce barriers by state agencies and collaborate with agricultural operations and their efforts applying for temporary workers (H2A and H2B) to assist in an ever-increasing worker shortage in Oregon.

- A wholesale review and consultation with agriculture on OSHA heat rules, worker protection standards, and farm housing rules.

A Comprehensive view of Oregon's tax code is needed

There has been substantial work done by Oregon Business & Industry on the subject of Oregon's competitiveness and need to do a comprehensive review of the state's tax code. OAN would point out a few comments found in the OBI Competitiveness Agenda and provide links to the source material in their competitiveness scorecard.

- Oregon in 2024 slipped seven places, to 28th, in CNBC's annual America's Top States for Business ranking. CNBC gave Oregon an "F" for business-friendliness, with only New York and New Jersey faring worse.
- From June 2023 to June 2024, Oregon ranked only 45th nationally in manufacturing growth, according to OBI's 2024 report on the condition of Oregon's manufacturing sector.
- Oregon's effective state business tax burden soared 33% between 2019 and 2023, according to a 2024 report conducted for OBI by consulting firm EY. Oregon's corporate tax ranking, at 49th, now tops only Delaware's in the nonpartisan Tax Foundation's 2025 State Tax Competitiveness Index.
- Oregon lost 6,000 residents between 2022 and 2023, according to a report released recently by the Common Sense Institute Oregon. This trend exacerbates the workforce challenges facing existing businesses and discourages further investment here.

Resources:

OBI Competitiveness Report - [OBI Releases Oregon Competitiveness Agenda - Oregon Business & Industry](#)

OBI Prosperity Council Memo - [OBI-Prosperity-Council-Recommendations-4.2.2026.pdf](#)

OBI Scorecard - [The Oregon Scorecard - Oregon Business & Industry](#)

Small Business is agriculture, and it needs support

Oregon agriculture's profile is that of small businesses, family farms, and generational commitment to growing and shipping quality green goods throughout the country and internationally.

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- Senate bill 1507 disconnecting from the federal tax code has been problematic both in terms of cost classified small business shares and accelerated depreciation. Especially for assets in Oregon, another look at accelerated depreciation might help businesses invest in things like agricultural equipment.
- Elimination of the Commercial Activities Tax on green goods would go a long way in reducing supply chain costs.
- While common sense land use is needed in Oregon, we urge caution to recognize that agricultural lands are essential businesses without walls. Long-term structural planning needs to be advanced that simultaneously protects Oregon’s natural working lands while also providing stable growth for housing and economic development. There is a model with an OAN led Urban-Rural Reserves passed by the Oregon legislature over a decade ago. This bill was never intended to be “the answer” but a model policy for the state to update its land use planning.
- Business Oregon needs to be retooled and given an updated mission to evaluate Oregon’s tax code, economic development support for Oregon’s small business community. Reform needs to be meaningful and work toward achievable targets. The solution is not just one thing, rather many small improvements that – when coordinated – render big results.

Building blocks for a future workforce:

Investment and connection to 4-year and community colleges and funding for CTE

- A core conduit to success in agriculture is the investment in our land grant university (Oregon State University) and our community colleges. The OAN has built bridges with these institutions to create a pipeline of a workforce, increased research to resolve emerging issues facing the industry, and to grow awareness of the very connection between our institutions of higher learning and business.
- Partnerships to build training programs and education requires a quantum leap of support by the state.
- A critical building block, before higher education, is getting kids engaged in agriculture at the High School level. It is the first step to building our workforce and fully funded CTE programs by the state is an appropriate step.

Oregon is missing the mark on climate

- OAN joins OBI in its desire to replace Oregon’s unique Climate Protection Program with a market-based program that allows for legislative oversight and linkage with other states, invests related revenue in prioritized state policies related to GHG

reduction (e.g., wildfire mitigation, transportation congestion relief, industrial equipment upgrades) and avoids duplicative or overlapping regulation of GHGs.

- OAN has been a long-standing critic of Oregon's Recycling Modernization Act. While examination of how to properly take plastic out of the waste stream is good policy, the manner in which EPR has been implemented is not only costly, but inconsistent with how other states are regulated. This law needs to be modernized to ensure it is constitutional, fair and transparent to regulated entities and consumers; to align costs with outcomes; and to align systems and costs with other programs. The OAN is leading a national conversation with the nursery and greenhouse industry and is working to develop a model policy. We view the council as a partner on this issue and will advise on our progress.
- Green goods, produced by the nursery and greenhouse industry, sequester carbon and have been selectively held out of balanced climate policy and how agriculture can mitigate climate change. There is emerging science on quantifying the benefits of green goods and recognition, research and investment in this area is encouraged.

As the largest sector of agriculture, a true traded sector commodity that brings over a billion dollars back to state each year, the Prosperity Council has an opportunity to make a difference on the future of our economy. Agriculture is the backbone of our state, and it is hurting. We cannot urge you enough to support the family farm. The above recommendations would go a long way towards bolstering the continued success of this economic driver and ensuring that family farms thrive for many generations to come.

May 11, 2026

Curtis Robinhold, Co-Chair Renée James, Co-Chair Tim Knopp, Chief Prosperity Officer Members,
Oregon Prosperity Council c/o Office of the Governor 900 Court Street NE, Suite 254 Salem, OR 97301

cc: Governor Tina Kotek

Re: SB 1507 / Section 1202 QSBS, Input for the 2027 Legislative Proposal

Members of the Prosperity Council,

We're writing as the co-founders of FuelCloud, a B2B software company headquartered in Hillsboro. We build what is essentially an ATM for bulk fuel tanks, with software and hardware that tracks every gallon dispensed, prevents waste, and gives fleet operators security against fuel theft. Every function of the business is performed in Oregon: our hardware is assembled here, our software is written and developed here, and our sales and support teams are based here. We started the business as an Oregon LLC in 2016, converted to an Oregon C-corp (FuelCloud OPCO), bootstrapped the early years with one small strategic investment, and have grown to 26 Oregon employees. Every one of those positions is W-2, every one pays above \$70,000 a year, and most are software engineering roles averaging over \$100,000. We are actively hiring for three more right now. Our family has been in Oregon for five generations. We could have built this company anywhere; we built it here on purpose, and we intend to keep building it here. We're writing because we want the next generation of FuelCloud-like companies to have the same option.

We want to start by thanking Governor Kotek for what she did in her SB 1507 signing letter. She named QSBS specifically, acknowledged the impact on startups and small businesses, and committed the Prosperity Council to propose corrective legislation in 2027. That letter created a real opening, and we're writing because we think the Council's work benefits from hearing directly from a named Oregon company that fits squarely inside the policy gap the Governor identified.

We'd like to engage with the strongest arguments the bill's supporters made, on their own terms, and explain why we believe the Council's 2027 proposal still matters.

On who actually benefits from QSBS. The most-cited statistic in the SB 1507 debate was that 94 percent of national QSBS benefits accrue to taxpayers earning over \$1 million annually. That figure is accurate but partly circular. By definition, anyone realizing \$10 million or more in capital gains in a given year earns more than \$1 million in income that year. The more useful question for state-level policy is what activity the exclusion actually incentivizes. Section 1202 only applies to original issuance of stock in operating C-corporations under specific size limits. It rewards founding a company, taking real risk, hiring people, and holding the stock long enough for the business to mature. That is precisely the activity Oregon's economic development priorities have been built around. FuelCloud is exactly the kind of company the policy was designed to encourage: bootstrapped, profitable, founder-operated, Oregon-headquartered, with a payroll dominated by mid- and senior-level engineers who own homes here, raise their families here, and pay full Oregon income tax on every dollar they earn. The policy-relevant question isn't who eventually realizes the gain. It's which state got the jobs, taxes, and economic activity along the way, the trained workforce that built up around the company, and the momentum that keeps a successful business growing where it started.

On what got swept into the bill. Section 1202 has been federal law since 1993, signed by President Clinton, retained through every administration since. The 2025 OBBBA expansions did change the program in real ways. They added partial exclusions at the 3 and 4 year holding marks, raised the per-issuer cap and indexed it for inflation, and lifted the company asset threshold from \$50 million to \$75

million. Those changes weren't drafted to benefit Silicon Valley; they were drafted to make QSBS actually usable for newer and smaller companies, where the original 5 year cliff and lower caps had become real obstacles. The companies most affected by SB 1507 are precisely the ones the OBBBA expansions were designed to help: newly formed C-corps and recently converted small businesses whose stock was issued after July 2025 and who now face a state-level penalty on the federal benefit they qualify for. FuelCloud is one of those companies. We converted from an Oregon LLC to an Oregon C-corp on August 1, 2025, less than a month after OBBBA was signed. Subject to the detailed requirements of Section 1202, companies like ours are the kind of Oregon founded, Oregon headquartered operating businesses the federal QSBS framework is intended to support. Our ask for the 2027 proposal is full conformity to current federal Section 1202, including the OBBBA expansions. If the Council concludes after analysis that some specific element of the OBBBA expansions warrants a separate Oregon decision, that conversation should happen on the merits of that element, not as a side effect of removing a 33 year old, bipartisan small business policy.

On whether SB 1507 will actually raise the projected revenue. SB 1507 paired its three decouplings, of which QSBS is one, with an EITC expansion that we view as a worthy policy. Our concern is that the QSBS provision is unlikely to fund it. Widely circulated projections for the QSBS provision use static scoring, applying the 9.9 percent rate to current Oregon QSBS-qualifying exit volume and projecting roughly \$39 million in the current biennium, scaling to \$83 million by the 2029 to 2031 biennium. Those projections appear to depend heavily on the assumption that current QSBS qualifying exit volume remains taxable in Oregon. But founder behavior is likely to change. A founder who legitimately changes residency before a sale closes may be able to avoid Oregon tax on stock gain that is no longer Oregon source income. For federally excluded QSBS, Washington currently does not impose its capital gains tax on gain excluded under IRC Section 1202. The point is not that every founder can or should move; it is that the tax planning incentive is large enough that many will evaluate it seriously. Note what this means for the bill's stated revenue goal: Oregon doesn't even capture the founder's exit gain unless the founder fails to plan, and in the process the state loses the ongoing personal income tax that founder would have paid for the rest of their working life, plus their continued spending and engagement in the local economy. A worthy program like the EITC expansion deserves a reliable funding source. SB 1507's QSBS provision is unlikely to be one.

On the ecosystem effect. Beyond the direct revenue question, our concern is what SB 1507's QSBS provision does to the Oregon tech base over the next decade. Oregon's tech sector is already absorbing serious headwinds. Intel, Nike, and Amazon have all announced or implemented significant workforce reductions affecting their Oregon operations, and the talent and partner networks built around those anchors are visibly thinner than they were two years ago. ECONorthwest's analysis, presented to this Council in January, found Oregon losing nearly \$600 million per year in net income to out-migration. Every growing company SB 1507 pushes out of Oregon takes more with it than its own founders. It takes the next venture those founders would have started here. It takes the senior engineers who would have spun out to start their own companies. It takes the local attorneys, accountants, suppliers, and contract manufacturers whose viability depends on having Oregon-headquartered customers, including companies like ours. There is a tipping point at which even a deeply committed Oregon company finds itself working primarily with out-of-state partners and recruiting primarily from out-of-state talent, and at that point the cost calculus of staying gets very hard to justify on its own terms. SB 1507's QSBS provision accelerates that hollowing, and the Prosperity Council is one of the few bodies positioned to slow or reverse it.

Two specific things we'd ask the Council to consider in the 2027 proposal:

First, restore Oregon's conformity to Section 1202 as a clean, standalone provision. Tying it to a broader debate about federal tax conformity creates real risk that a fix never moves; a discrete bill keeps the policy on the timeline the Governor's signing letter committed to and avoids letting it become a bargaining chip for unrelated priorities.



Second, make the restoration retroactive to January 1, 2026. We recognize that retroactive tax changes are unusual and that the Council may reasonably approach the request with caution. The principle, though, is symmetry. SB 1507 was passed in February 2026 with retroactive effect to January 1, 2026. Oregon already accepted the use of retroactivity for the disconnect itself. Restoring the prior law on the same retroactive basis isn't a novel principle; it's restoring symmetry to a law that started asymmetrically. We acknowledge a 2027 fix retroactive to January 1, 2026 is a longer retroactive window than SB 1507 itself used, and we recognize that the magnitude differs. We'd defer to the Council on whether full or partial retroactivity is the right path. Without some form of retroactivity, the law functions as a forced sale window through 2026 and most of 2027, pulling exits and relocations forward into the one-time bulge of departures the corrective legislation is explicitly meant to prevent.

The bottom line is that Oregon will not reliably collect the projected revenue, because founders can plan around the tax. But Oregon will reliably weaken its pitch to the next generation of founder led companies.

We'd welcome the chance to share more about what the Oregon ecosystem looks like from inside a growing tech company, what we're hearing from our peers, the shape of our own customer and supplier base, or anything else useful as the Council formulates its 2027 recommendation. If a hearing, a working session, or written follow-up would help, we are available.

Thank you for the work you're doing on this.

Sincerely,

Kevin Bretthauer Co-Founder & Chief Strategy Officer FuelCloud

Alex Bretthauer Co-Founder & President FuelCloud

1803 / Fund



May 12th, 2026

Renee James, Co-Chair
Curtis Robinhold, Co-Chair
Oregon Prosperity Council

Subject: Cascadia High-speed Rail as a Long-Term Economic Development Strategy for Oregon

Dear Co-Chairs James and Robinhold and Members of the Council,

Oregon stands at a pivotal moment. As the Prosperity Council develops recommendations to strengthen the state's business climate, workforce, and long-term competitiveness, we urge you to include Cascadia high-speed rail as a cornerstone strategy and catalyst project for Oregon's economic future. This project is not simply a transportation project—it is a generational investment that will expand economic opportunity, strengthen statewide connectivity, and position Oregon to compete in a rapidly changing global economy.

Cascadia high-speed rail aligns directly with the Council's charge: it improves the fundamentals of doing business, expands access to talent, and provides a durable platform for growth across every region of the state.

There is already momentum for Cascadia high-speed rail with \$55 million in federal and Washington state funding to begin planning. Now is the time for Oregon to engage and invest in this effort for our future economic prosperity.

Cascadia High-Speed Rail Will Strengthen Oregon's Business Climate

High-speed rail will link Oregon to one of North America's fastest growing megaregions with a combined economy approaching the 18th largest in the world, comparable in size to countries like the Netherlands or Saudi Arabia. A one-hour Portland–Seattle connection and a two-hour Portland–Vancouver, British Columbia connection would create a unified labor and business market of more than 10 million people. This scale is essential for attracting corporate investment, research partnerships, and innovation-driven industries.

Oregon's economic competitiveness is constrained by chronic congestion and limited intercity mobility options. When combined with investments in Amtrak passenger rail, high-speed rail provides a resilient, electrified, and reliable backbone that ensures goods movement, business travel, and workforce mobility remain reliable even as climate and infrastructure pressures intensify.

Global evidence shows that high-speed rail corridors attract billions in private development around stations—commercial, industrial, and mixed-use. Oregon’s cities can leverage this investment to accelerate housing production, innovation districts, and job centers without relying solely on public dollars.

High-Speed Rail Will Expand Workforce Access and Talent Mobility

Oregon employers consistently cite talent shortages as a barrier to growth. High-speed rail would effectively enlarge the state’s labor pool by enabling workers to access jobs across the region without relocating.

High-speed rail is not just a Portland project. When combined with investments in passenger rail to communities like Eugene, Albany/Corvallis, and Salem, and integrated with TriMet’s MAX, the system would connect Oregon’s cities to major job centers while allowing people to choose more affordable housing. This expands opportunities for residents while helping employers fill critical roles.

Younger workers increasingly prioritize sustainable, multimodal transportation. A modern, electrified rail system strengthens Oregon’s ability to attract and retain the next generation of talent while advancing the state’s climate commitments.

Advancing High-Speed Rail Creates a Platform for Long-Term Prosperity

High-speed rail is projected to create over 200,000 jobs and unlock \$355 billion in economic impact – supporting workers and attracting investment. Construction alone would create 38,000 high-quality, good-paying construction jobs. Once operational, the system would support ongoing employment in operations, maintenance, and station-area development.

The Cascadia corridor is uniquely positioned to leverage federal infrastructure funding, private capital, and cross-jurisdictional partnerships with Washington State and British Columbia. Oregon’s participation ensures we receive our fair share of these investments rather than being left behind as our neighbor’s advance.

As global competition intensifies, regions with fast, reliable, low-carbon mobility will outperform those without it. High-speed rail is a strategic hedge against economic stagnation, climate disruption, and infrastructure vulnerability. It ensures Oregon is a competitive, connected, and resilient place to do business.

As business and community leaders in Oregon we strongly encourage the Oregon Prosperity Council to recognize Cascadia high-speed rail as a foundational long-term economic development strategy. This project will expand opportunities for every region of the state, strengthen Oregon’s business climate, and ensure that our workforce and industries can thrive in the decades ahead.

We stand ready to support the Council’s work and to collaborate on advancing this transformative investment for Oregon’s future.

Sincerely,



Keith Wilson, Mayor, City of Portland



Andrew Hoan
President & CEO, Portland Metro Chamber



Oregon Forest Industries Council

Memorandum to the Oregon Prosperity Council

Date: April 2026

Re: Strengthening Oregon's Forest Products Sector as a Foundation for Statewide Prosperity

Executive Summary

Oregon's forest products sector is one of the state's oldest and most important traded sectors and one of the few industries that simultaneously advances statewide prosperity, rural economic stability and Oregon's environmental objectives. Oregon's 10 million acres of working forestland (roughly a third of the total forestland in the state) proudly make Oregon the nation's top producer of lumber, plywood and engineered wood products like mass timber - roughly three quarters of the state's timber harvest comes from private and tribal forestland. The forest sector also supports more than 62,000 direct jobs with a higher than state average annual wage - a large percentage of which are in rural communities and do not require a post-secondary degree.¹

The forest sector plays a unique role in Oregon's economy. As a traded sector, the forest products industry does not simply circulate money already inside the state. Close to 75 percent of the products made here are sold outside Oregon, injecting new dollars into local communities and supporting jobs in trucking, equipment repair, professional services, distribution and manufacturing. That traded-sector role is especially important in rural counties, where forest-sector jobs make up six percent of all employment, compared with two percent in metropolitan counties, and in some counties the sector accounts for more than one in ten jobs.²

The Oregon Prosperity Council recommendations should therefore treat the forest sector not as a narrow special interest, but as a test case for whether Oregon is serious about competitiveness. Oregon Business and Industry's (OBI's) recommendations correctly emphasize predictable regulation, manageable cost structures and a more durable business climate. OFIC agrees with that framework and urges the Council to apply it with specificity to Oregon's forest sector, where policy choices are made over decades, capital is mobile and market share can be lost slowly but permanently.³

¹ OFRI, Oregon Forest Facts 2025-26, pp. 3, 5, 7, 14.

² Oregon Employment Department, "Oregon's Forest Sector Employment Totaled 62,300 in 2023" (2024); OFRI, Oregon Forest Facts 2025-26, p. 8.

³ OBI, Recommendations to Governor Kotek's Prosperity Council (Apr. 2, 2026).

Recommendations for the Prosperity Council

1. Treat the forest products sector as a priority traded sector in the Council’s final report.

The Council should expressly recognize the forest products sector as a core traded sector that supports statewide prosperity and rural economic and environmental resilience. That recognition should not be symbolic. It should guide tax, permitting, workforce, land use and housing recommendations toward preserving in-state production and manufacturing capacity.

Support:

- Oregon remains the nation’s top producer of softwood lumber, plywood and engineered wood products like mass timber.⁴
- Even though privately-owned forestland makes up less than 50 percent of the forested land base, 72 percent of Oregon’s 2023 timber harvest came from private lands.⁵ Private landowners, family forest landowners, tribal forests and private-sector manufacturers play an outsized role in maintaining the strength of the sector. Without their sustained participation, mills, contractors, loggers and haulers that make up Oregon’s forest economy cannot function at scale.⁶

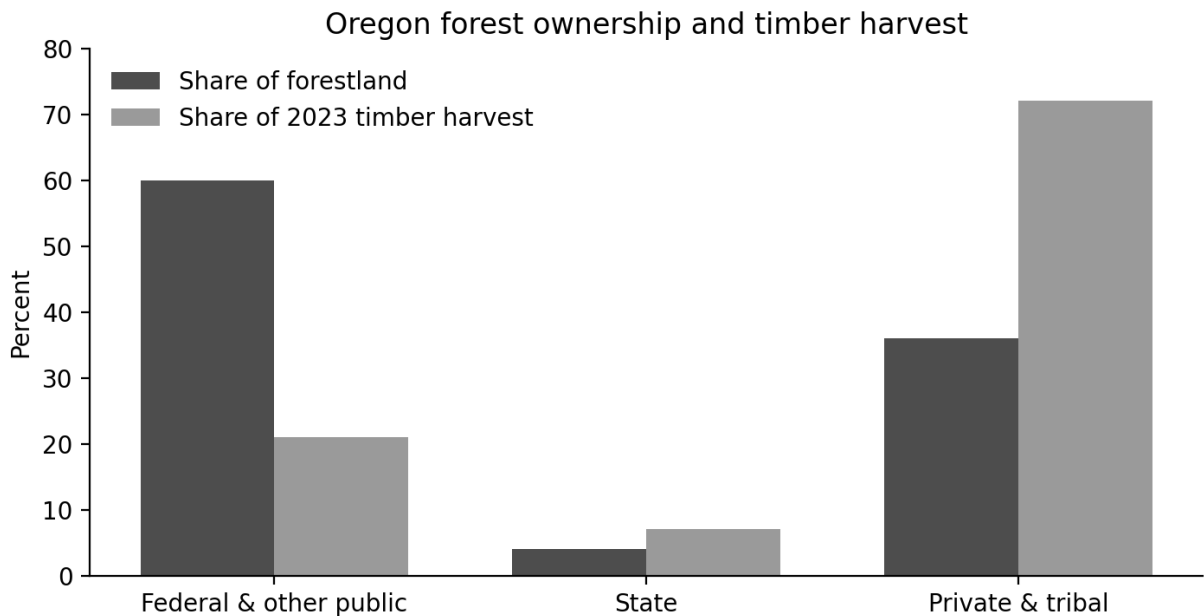


Figure 1. Private lands supply a much larger share of Oregon timber harvest than their share of the forest base.

⁴ OFRI, Oregon Forest Facts 2025-26, p. 8.

⁵ Id. at p. 3.

⁶ Id. at p. 5.



- Oregon’s forest sector directly employed 62,300 people in 2023 with an average annual wage of \$71,900, compared with an average of about \$68,283 for Oregon employment overall. In some rural counties forest sector wages paid as much as 77 percent more than the all-jobs average.⁷
- Prosperity in rural Oregon depends less on headline job counts than on the availability of year-round, stable employment that produces a viable living wage and benefits. These jobs cannot be replaced by seasonal, lower paying leisure, tourism and hospitality jobs that often do not provide the salary and benefits necessary to support a family.

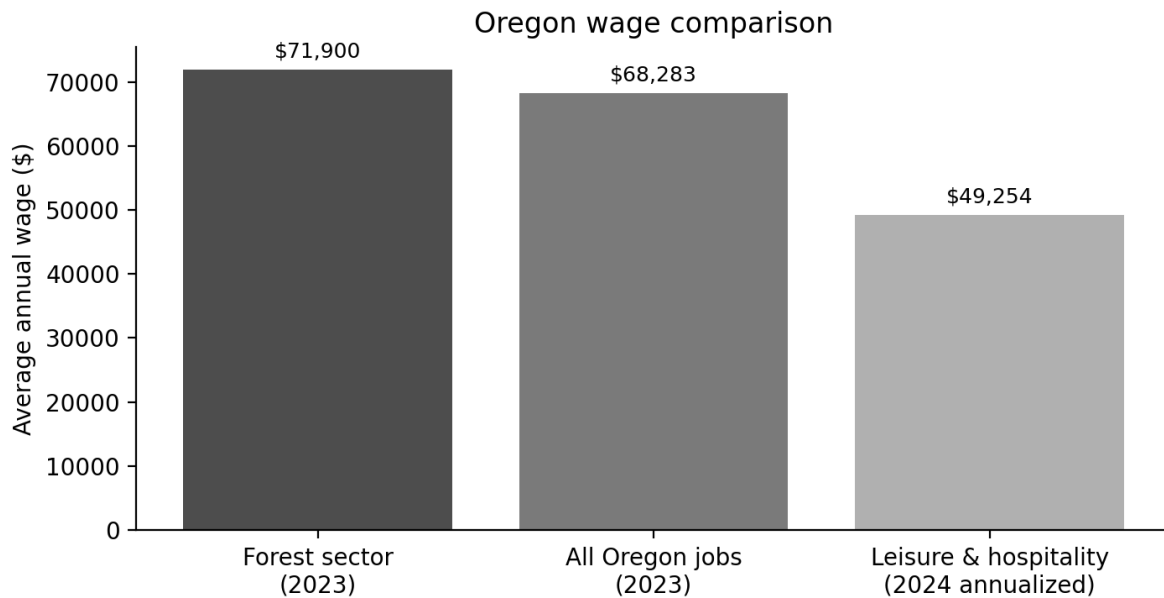


Figure 2. Forest-sector wages exceed the statewide average⁸ and are well above leisure-and-hospitality earnings⁹.

- Close to 75 percent of Oregon wood products are sold outside the state, bringing external revenue into the state economy rather than merely recirculating local spending.¹⁰
- Forest-sector employment includes far more than logging and sawmilling. It also includes trucking, reforestation, equipment maintenance, engineering, hydrology, management, dock work and wood products distribution. These are durable jobs that stabilize school district and local government tax bases and induce small business demand in communities.¹¹

⁷ Oregon Employment Department (2024); Oregon Blue Book, “Oregon’s Economy: Wages.”

⁸ OFRI, Oregon Forest Facts 2025-26, p. 15.

⁹ FRED series SMU41000007000000003A (BLS source); annualized at 2,080 hours.

¹⁰ OFRI, “Oregon’s forest economy.”

¹¹ Oregon Employment Department (2024).



2. Endorse the OBI framework on cost structure and predictability and apply it specifically to forestry.

OFIC agrees with OBI’s call for a more predictable regulatory environment, modernization of the Corporate Activities Tax (CAT) and a stronger competitiveness lens in policymaking. In forestry, the Council should recommend that major new rules be evaluated for technological and economic feasibility, interaction with existing programs and cumulative cost on a traded-sector supply chain.

Support:

- Rising production costs for a commodity producer such as a lumber mill, which must compete in national and international markets, often cannot pass increased local production costs onto the end consumer. When production costs in Oregon rise faster than in competing jurisdictions, the result is not simply thinner margins. Over time, such increases are likely to result in reduced market share, deferred capital investment and the gradual relocation of processing capacity out of state.¹²
- Cheaper wood products from places with far less stringent environmental protections are regularly taking market share away from Oregon landowners and manufacturers. Continual increases to the cost of operating in Oregon and regulatory and cost uncertainty is resulting in the certain replacement of Oregon products by products from less desirable regions – resulting in a net environmental cost and loss of Oregon jobs.
- Forest investments are made on long time horizons. Timberlands are managed over decades, and mills require large, fixed capital outlays that are difficult to redeploy once committed.¹³
- A single Oregon log may move through multiple taxable transactions before becoming lumber, plywood, engineered wood or a secondary product sold out of state. Each step can add cost before the product ever reaches a final market.¹⁴
- Therefore, the cumulative effect of policy choices is often more important than any single rule. The interaction and cumulative effect of taxes, labor costs, permitting risk, environmental rules, carbon policy and emerging land use constraints aimed at manufacturers together make Oregon incrementally less attractive than competing jurisdictions.¹⁵

¹² OFRI, “Oregon’s forest economy”; OBI (Apr. 2, 2026).

¹³ OBI, “OBI Shares Recommendations with Prosperity Council” (Apr. 2, 2026)

¹⁴ OBI (Apr. 2, 2026).

¹⁵ OBI (Apr. 2, 2026); OFIC policy analysis.



- The result is older facilities are not modernized, and new lines are built elsewhere. Each decision to divert capital and invest elsewhere is a loss to the state’s overall vitality and competitiveness.¹⁶

3. Recommend full and durable implementation of the Private Forest Accord.

The Council should emphasize that the PFA should be respected as a negotiated, science-based framework that builds on a long history of cooperative salmon and watershed restoration. Oregon should not signal to investors that even major settlements of this kind merely invite the next round of regulatory layering before the ink is dry.

Support:

- The Oregon Plan for Salmon and Watersheds, launched in 1997, created a statewide framework for restoring salmon populations, water quality, habitat and watershed health through cooperation among agencies, private citizens, watershed councils and other organizations.
- Between 1997 and 2021, that voluntary program resulted in roughly 20,000 projects – half of which were privately funded - to improve aquatic habitat.¹⁷
- Since 2014, the Oregon Department of Environmental Quality’s Water Quality Index Report has confirmed that forestland provides the highest quality water of any land use in the state.¹⁸
- The PFA is the most recent iteration of a historical cooperative water quality strategy that has produced measurable gains over decades. It has formed the basis for more than 100 changes to Forest Practices Act rules, affecting around 10 million acres of private forestland. ODF itself has acknowledged just how monumental this update has been.¹⁹
- The 2024 annual report on the Oregon Coast Coho Conservation Plan reported an estimated 161,293 wild spawners, or 125 percent of the prior 34-year average.²⁰
- This successful policy framework should be reinforced, not treated as a floor for perpetual ratcheting. **The prosperity problem in Oregon is not that the sector lacks environmental obligations. It is that businesses increasingly doubt whether agreed upon, science-based regulatory frameworks will actually be respected and afforded the durability they deserve.**²¹

¹⁶ OBI (Apr. 2, 2026); commodity-market effects stated as economic analysis.

¹⁷ Oregon Watershed Restoration Inventory, 2022

¹⁸ Oregon Water Quality Index Data Summary, March 2026

¹⁹ Oregon Department of Forestry, “Private Forest Accord”; ODF, “Private Forest Accord Updates: Habitat Conservation Plan.”

²⁰ ODFW, Oregon Coast Coho Conservation Plan 2024 Annual Report.

²¹ OBI (Apr. 2, 2026).



4. Align housing and industrial policy by supporting wood and mass timber.

The Council should connect Oregon’s housing agenda to Oregon’s forest economy. That means supporting mass timber manufacture and utilization, encouraging public procurement of wood for appropriate projects and recognizing that higher delivered wood costs reduce the number of projects that pencil and therefore reduce housing starts and supply. Building on the strength of a longstanding traded sector to address a statewide need is the type of win-win Oregon strategy we need.²²

Support:

- The National Association of Home Builders (NAHB) reports that the average new single-family home uses roughly 15,000 board feet of framing lumber, more than 2,200 square feet of softwood plywood, and more than 6,800 square feet of oriented strand board (OSB).²³ This underscores the point that wood is not a marginal input to a house; it is a foundational one. When the delivered cost of those inputs rises materially, the economics of projects change. More expensive inputs contribute to higher overall building costs, lower affordability and constrained supply relative to demand – further exacerbating the problem.
- At the same time, Oregon has become a leader in advanced engineered wood. OFRI reports that 18 of the nation’s 77 engineered-wood manufacturing plants are in Oregon, and state agencies have been promoting mass timber and modular housing as part of the state’s housing strategy.²⁴
- Public procurement that prioritizes mass timber construction where appropriate can help undergird Oregon manufacturing, attract and expand local design and construction expertise and create more demand for high value Oregon wood products.

5. Protect existing industrial uses in land use policy.

The Council should recommend land use modernization that preserves industrial lands and explicitly protects longstanding lawful industrial uses from being penalized when non-industrial uses are later sited nearby.

Support:

- A new land use problem is emerging in industrial communities: local planning decisions sometimes place new residential or “vulnerable uses” near long-established industrial operations, after which those existing operations face new scrutiny over truck traffic, air discharges, noise, emergency planning or ordinary industrial activity.²⁵ This new source of

²² Oregon DLCD, “Mass Timber and Modular Housing Resources.”

²³ NAHB

²⁴ OFRI, Oregon Forest Facts 2025-26, p. 8.

²⁵ OBI (Apr. 2, 2026).



uncertainty acts as a disincentive against the capital investment required to maintain competitiveness in national and international markets.

- Longstanding lawful industrial uses should not be penalized because uses that some believe are incompatible are subsequently sited nearby.
- Oregon can both create more housing and preserve industrial employment, but it cannot do so by curtailing ordinary industrial activity via regulation every time the planning map changes around an existing facility.²⁶

6. Prioritize the active management of state forests

The Council should direct the state to prioritize leveraging its revenue-generating forest assets through active forest management on acres outside of habitat conservation area set-asides.

Support:

- Oregon’s management of its state forest land base has historically been guided by three principles: (1) generation of revenue through timber harvest; (2) protection of critical habitat; and (3) promotion of recreational opportunities.
- In 2023, the state voluntarily set aside nearly half of its publicly-owned timberlands as habitat for various threatened and endangered species in the pursuit of a federally approved habitat conservation plan and incidental take permit. Notably, these “habitat conservation areas” (HCAs) are mostly off-limits to timber harvest, though they are still available for public recreation and other non-harvest uses.
- Sustainable timber harvest should be prioritized on those acres that fall outside of the HCAs, and no further constraints should be placed on active management of state forests in the name of habitat preservation or ecosystem services.
- Annual harvest targets should be clearly articulated and any shortfalls in anticipated harvest should be rolled forward to future years. This would provide greater predictability and certainty for purchasers of state timber and local governments who depend on the revenue from them.
- Prioritizing harvest on non-HCA acres not only supports the timber industry and local communities that receive a share of the revenue from state timber sales, but it also furthers the state’s climate goals by maximizing the carbon sequestration potential of these forests through a continuous cycle of timber harvest, conversion of harvested timber into long-lived wood products, and renewal.

²⁶ OFIC planning analysis.



7. Support active management on federal forests and maintain the manufacturing base needed to perform that work.

The Council should view federal forest restoration and Oregon manufacturing capacity as interdependent. Without mills and associated infrastructure, large-scale restoration is more expensive and less feasible.

Support:

- Federal harvest in Oregon fell sharply in the late 1980s and early 1990s with changes in federal forest management, and because of that federal policy, many rural communities lost both jobs and associated public revenues. Local jobs and revenues are not all that was lost because of this misguided policy, however. Oregon State University notes that passive management of federal forestland has contributed to declining forest health and decreased fire resiliency for many federal lands, especially in the drier forests east of the Cascades.²⁷
- If policymakers intend on addressing the wildfire crisis in the West with fuels reduction and prescribed fire, it cannot be done without local loggers, truckers, contractors and sawmills to remove and process wood fiber. When manufacturing capacity erodes because supply is unreliable or policy risk is too high, the state loses the very industrial infrastructure needed to make federal forest restoration financially and logistically feasible.²⁸

8. Require carbon policy to evaluate substitution effects, leakage and disturbance risk.

Any recommendation on climate or carbon should account for the full lifecycle benefits of wood products and the risk of offshoring production to other states or countries. Oregon should not pursue carbon maximalism that weakens one of its most sustainable natural-resource sectors while increasing dependence on more emissions-intensive substitutes.

Support:

- Working forests and a robust forest products industry are key to any domestic or international climate change mitigation strategy.
- Forests are a natural climate solution, as actively growing forests pull carbon dioxide from the atmosphere and store carbon in woody vegetation. By sustainably managing forests, these benefits can be enhanced above and beyond the natural forest carbon cycle. Carbon sequestered by harvested trees from working forests is stored in wood products and used as a carbon-neutral energy source. Not only are primary wood products, wood

²⁷ OFRI, "Oregon's forest economy."

²⁸ OFRI, "Oregon's forest economy."



manufacturing byproducts and biomass-derived energy carbon neutral, but they provide a substitutionary benefit over the use of fossil fuel-intensive alternatives.²⁹

- This cycle of carbon capture and storage from working forests can be indefinitely and sustainably maintained through a continuous process of adaptive reforestation (replanting and regrowth) and harvest, and is dependent on a thriving, local, integrated forest products industry. Growth of the forest products industry is essential for the social and economic wellbeing of Oregon communities and is key in maximizing the climate benefits of our state's forests.
- Policies that suppress active management on either state or private forests may increase stored carbon on paper while increasing the risk that some of that carbon is later lost through disturbance.³⁰

Conclusion

The forest products sector occupies a unique place in Oregon. It is deeply rooted in rural and suburban communities, it is exposed to national and international competition, and it is able to contribute meaningfully to the advancement of Oregon's housing development and climate goals. Few industries touch this many aspects of state policy. For that reason, the Prosperity Council should not treat forest policy as separate from a statewide prosperity policy. In Oregon, they are intertwined.³¹

If the Council wants to recommend policies that materially improve Oregon's economic trajectory, it should include clear, sector-specific recommendations that reduce avoidable costs, improve predictability, protect existing industrial capacity and respect successful cooperative conservation frameworks. Doing so would not be a favor to one industry. It would be a concrete step toward a more prosperous and balanced Oregon economy across the entirety of the state.³²

²⁹ OFRI, Oregon Forest Facts & Figures, carbon section.

³⁰ OFRI carbon materials; disturbance-risk discussion stated as policy analysis.

³¹ OFRI materials; OBI recommendations.

³² OBI (Apr. 2, 2026); OFIC policy analysis.





**Oregon
Winegrowers**
ASSOCIATION EST 1981

Dear Members of the Prosperity Council,

Thank you for the opportunity to provide input on the Governor's Prosperity Roadmap and the development of a long-term economic strategy for Oregon. The wine industry appreciates the Council's work to identify actionable steps that will strengthen Oregon's competitiveness, support workforce development, and improve the overall business climate. As a cornerstone of Oregon's food and beverage economy, the wine industry plays a critical role in supporting rural communities, driving tourism, and contributing to the state's overall economic success with an estimated \$8.5 billion annual economic impact.

The Oregon Winegrowers Association (OWA) is a member-driven advocacy organization advancing the interests of one of the state's most significant agricultural economic sectors. Our hundreds of winery and vineyard members represent over two-thirds of Oregon's wine production. For more than 40 years, OWA has advocated for policies that support the health, growth, and long-term sustainability of Oregon's wine industry.

Feedback gathered from wineries and vineyards across the state reflects a consistent message: while Oregon remains a desirable place to live and operate a wine business, the cumulative impact of rising costs, regulatory complexity, anti-alcohol messaging from state leaders and agencies, workforce challenges, and infrastructure constraints is placing increasing pressure on the industry's ability to grow and compete.

Business Climate

There is a general sentiment that Oregon is becoming a more difficult place to run a wine business and there is strong concern throughout the industry regarding anti-alcohol messaging and a lack of visible state support.

Recommended Actions:

- **Governor Kotek and state agencies should actively promote and champion Oregon's world-class wine industry** as a leading driver of tourism, employment, agriculture, and regional economic development. Oregon wine industry leaders should be consistently represented in state-led economic development, trade, and tourism efforts, including domestic and international trade missions, business recruitment activities, and official state events.
- The Oregon Health Authority's efforts should focus on addressing problem drinking and alcohol abuse, rather than discouraging moderate consumption broadly. **Elements of the Rethink the Drink campaign have unfairly targeted the wine industry and should be revised** to better reflect the distinction between abuse prevention and responsible, moderate consumption.
- **Increase the use and promotion of Oregon wine at official state events**, including at the Governor's residence Mahonia Hall.



- Designate **dedicated wine industry liaisons within key state agencies and the Governor's office**, including OLCC and OHA, to improve communication, coordination, and industry engagement, while ensuring Oregon wine is consistently integrated into statewide tourism and marketing efforts through Travel Oregon.
-

Cost of Doing Business

The overall cost structure in Oregon continues to be a concern. Members point to taxes, labor costs, regulatory requirements, and rising utility expenses as key drivers. Oregon has a high business tax burden, ranking among the top states for corporate taxes. Policies such as Extended Producer Responsibility (EPR) are adding significant costs, in some cases rivaling or exceeding Corporate Activities Tax (CAT) obligations. At the same time, the rising cost of living is reducing discretionary spending, directly impacting tourism and hospitality sectors.

Recommended Actions:

- **Review cumulative tax burden** on Oregon businesses and individuals to ensure competitiveness. If Oregon considers a new tax structure, the wine industry would like to be part of the conversation.
 - Reinstate **bonus depreciation** for machinery and equipment.
 - **Reduce unnecessarily high glass-related fees within the EPR Program**, which are creating significant cost pressures for wine producers despite strong existing glass recycling rates prior to enactment of the Recycling Modernization Act.
-

Regulatory Environment and Permitting

The wine industry is highly regulated, and our members consistently identify regulatory complexity and permitting as a primary challenge. Small wineries especially face difficulty maintaining compliance across multiple state agencies with small staff.

Recommended Actions:

- **Preserve the current alcohol regulatory model** where the state controls liquor sales, including for Ready-to-Drink spirit-based cocktails.
- **Support for county land use planning efforts** to integrate state law and rule changes into local code.
- Enable **flexibility for water users and expedite permit processing** at OWRD.
- Support **ongoing state investment in invasive species management** in partnership with industry.



Workforce Challenges

Workforce shortages remain a persistent issue, particularly for seasonal vineyard and winery labor and hospitality roles. Immigration uncertainty, limited training pipelines, and evolving compliance requirements all contribute to these challenges.

Recommended Actions:

- Advocate for **federal immigration reforms and visa program improvements** that support agricultural labor stability.
- Expand and extend the **agricultural overtime tax credit** to help offset increased costs.
- Expand **workforce housing and childcare access** in rural areas.

Infrastructure Needs

Transportation infrastructure continues to impact both business operations and visitor access, particularly in more rural wine regions. Road conditions and connectivity directly affect the movement of our product, employee access, and the overall visitor experience. Broadband access is also critical for modern business operations, including reservations, sales, compliance and marketing.

Recommended Actions:

- Increase funding for **rural road maintenance and improvement**, prioritizing key agricultural and tourism corridors.
- Expand **state investment in rural broadband infrastructure** to ensure reliable, high-speed internet access.
- Create targeted **grant or matching programs** for infrastructure improvements that support tourism and agriculture.

The Council has a meaningful opportunity to advance policies that not only support emerging industries but also strengthen long-standing economic drivers like Oregon's wine sector. Many of these challenges are not unique to the wine industry, but they are particularly pronounced in a sector that sits at the intersection of agriculture, manufacturing, alcohol production and sales, and hospitality. Thoughtful, targeted action in these areas will improve the state's competitiveness, support rural economies, and ensure the continued success of one of Oregon's signature industries.

We appreciate the Council's consideration of this input and look forward to continued engagement as the strategy moves toward implementation.



**Oregon
Winegrowers**
ASSOCIATION EST 1981

Sincerely,

Alex Sokol Blosser
OWA President

Jana McKamey
OWA Executive Director

CC: Business Oregon, Oregon Wine Board, Travel Oregon, Oregon Liquor Control Commission



MEMORANDUM

To: Curtis Robinhold, Renee James
Co-Chairs, Governor's Prosperity Council
From: Oregon Public University Presidents
Date: May 13th, 2026
Subject: Prosperity Council Higher Education Roundtable Follow-Up

Dear Co-Chairs Robinhold and James and Members of the Governor's Prosperity Council,

Thank you for your time and for your interest in the role that Oregon's public universities play in creating a prosperous future for our state. We greatly appreciate your work towards collaboratively building that future.

As we discussed, we firmly believe that public universities are foundational to Oregon's current and future economy. If we are serious about improving Oregon's economic outlook, accessible, affordable, high-quality, industry-aligned higher education must be included every step of the way.

Oregon's public universities play a major economic role, generating over \$10 billion in annual impact (or nearly \$20 billion when including OHSU's academic and hospital operations) and producing more than 20,000 graduates each year who benefit from higher earnings, lower unemployment, and stronger career prospects. Some important figures to note include:

- Approximately 85% of personal income tax revenue is paid by those with bachelor's degrees or higher.
- Industry surveys consistently rank access to a skilled and educated workforce as the top factor in site selection for large, high-wage employers.

However, Oregon's public four-year universities face growing financial pressure, as costs, especially benefits, are rising faster than revenues despite efficient operations.

At the same time, Oregon significantly underfunds its public universities, ranking 46th nationally in per-student appropriations. This gap has shifted more of the financial burden onto students, leading to higher tuition, with students now covering about two-thirds of costs compared to the state's one-third.

Universities want to be part of the solution. We should be a key part of Oregon's prosperity and business development plans. Across the nation, we see that states with robust business climates include their public universities as active partners in these efforts. Workforce and

innovation are critical for companies and essential in recruiting and retaining businesses. We all are willing and ready to partner in these efforts.

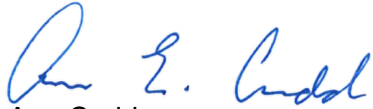
Specifically, we want to highlight the five following recommendations:

- **Sustain and strengthen base funding for public universities**
 - Ensure Public University Support Fund, Statewide Public Services, State Programs, and student financial aid are sufficient to provide stability of core programs
 - Maintain Oregon's long-term talent pipeline without further placing the burden on students and families
 - Support universities in managing costs from increasing retirement and healthcare obligations
- **Active university engagement in economic development planning**
 - Formally include public universities in state programs for:
 - Industry recruitment
 - Regional planning
 - Workforce development boards
 - Regional economic development strategies
- **Develop workforce-aligned investment pools**
 - Flex Future Ready Oregon programs and create targeted funding streams for universities to:
 - Expand capacity in high-demand programs
 - Launch rapid credentialing and reskilling programs
 - Respond quickly to employer needs
- **Create a statewide work-based learning initiative**
 - Establish incentives (grants or tax credits) for employers to provide:
 - Paid internships
 - Apprenticeships
 - Cooperative education opportunities
 - Focus particularly on small and mid-sized businesses and rural communities.
- **Invest in research and innovation through existing programs**
 - Maintain and expand funding for programs such as the University Innovation Research Fund, which:
 - Attract federal and private R&D dollars
 - Support commercialization and startup activity
 - Strengthen Oregon's position in emerging industries

We recognize the difficult budget environment that the state faces, and we want to emphasize that public universities, and indeed these recommendations, serve as multipliers for state resources. For every \$1 spent on public universities, over \$10 is returned to the state's economy.

Again, we thank you for your time and consideration of these proposals. Oregon's public universities stand ready to serve the state and your efforts in any way we can. We are optimistic about the critical role universities can play in renewing Oregon's economic promise.

Please don't hesitate to reach out to any of us if we can be of further assistance.



Ann Cudd
President, Portland State University



Jesse Peters
President, Western Oregon University



Kelly Ryan
President, Eastern Oregon University



Nagi Naganathan
President, Oregon Institute of Technology



Jayathi Murthy
President, Oregon State University



Rick Bailey
President, Southern Oregon University



Karl Scholz
President, University of Oregon



Shereef Elnahal
President, Oregon Health & Science University

From: Murthy, Jayathi Y <jayathi.murthy@oregonstate.edu>
Date: Wednesday, 13 May 2026 15:09
To: Lois Cho <admin@getchowines.com>
Cc: Fast, Katie <katie.fast@oregonstate.edu>
Subject: OSU and the economic health and prosperity of Oregon

Dear Lois,

I understand that Governor Kotek's Prosperity Council is coming to the end of its deliberations. As it prepares to release its findings, I thought it would be important to convey to you the strategies that OSU feels would be most beneficial for the economic development of the state of Oregon.

First, let me say that the economic health and prosperity of Oregon is critical to the success and future of Oregon State University. OSU not only wants but believes it is critical that we be a coordinated part of Oregon's economic development strategy. We have observed that states with robust business climates designate universities as active partners. We are eager to assist in development of strategies and/or new business and retention efforts.

I list below the strategies that OSU considers to be most important for workforce and economic development:

1. Sustain public university budgets for the benefit of Oregon students

Approximately 85% of personal income tax revenue is paid by those with bachelor's degrees or higher. Affordability is the biggest hindrance facing potential university students. Oregon public universities have the highest tuition in the western region due to low state investment (46th in the nation) and higher than industry benefits costs. Addressing these challenges will directly impact students' ability to access a four-year degree. Accordingly, Oregon

- Should invest in the entire education continuum, including K12, community colleges, and public universities.
- Assist universities through policies and/or investments to assist with the growing employee benefit costs that are outside of the universities control.

2. Develop workforce-aligned investment pools

Industry surveys consistently rank access to a skilled and educated workforce as the top factor in site selection for large, high-wage employers. Therefore, Oregon should

- Create targeted funding streams for universities to:
 1. Expand capacity in high-demand programs
 2. Launch rapid credentialing and reskilling programs
 3. Respond quickly to employer needs
- 2. Create a statewide work-based learning initiative by establishing incentives (grants or tax credits) for employers to provide:
 1. Paid internships
 2. Apprenticeships
 3. Cooperative education opportunities

3. Bolster Oregon's Research and Innovation economy

The state of Oregon should

- a. Annually fund the University Innovation Research Fund, which provides matching funds for large federal innovation and economic development grants, with at least \$10M per year (\$20M for a biennium).
- b. Extend the December 31, 2027, sunset of the University Venture Development Fund tax credit, which supports entrepreneurship programs, provides opportunities to apply research to commercial activities, and funds efforts to transform novel concepts into products and services. This is how new ideas on campuses become new businesses for the state.
- c. Provide startup and early operational/staffing support of \$1M for the Southern Willamette Valley Innovation Corridor to have the effort officially endorsed and launched by the state.
- d. Provide bridge funding of \$1M for the Corvallis Microfluidics (CorMic) Tech Hub, which is a joint effort between OSU, University of Oregon, and Oregon Health Sciences University and an economic engine that stimulates, drives, and supports the commercialization of microfluidics-connected technologies to meet national security goals.

We would be delighted to work with you and the Prosperity Council to help flesh out these ideas further and to help implement them as plans mature. And thank you for all your hard work on the Council on behalf of our state and its communities.

Sincerely,

Jayathi

Jayathi Y. Murthy

President

Oregon State University | 638 Kerr Administration Building | Corvallis, OR 97331

Executive Assistant: Brad Canfield | brad.canfield@oregonstate.edu

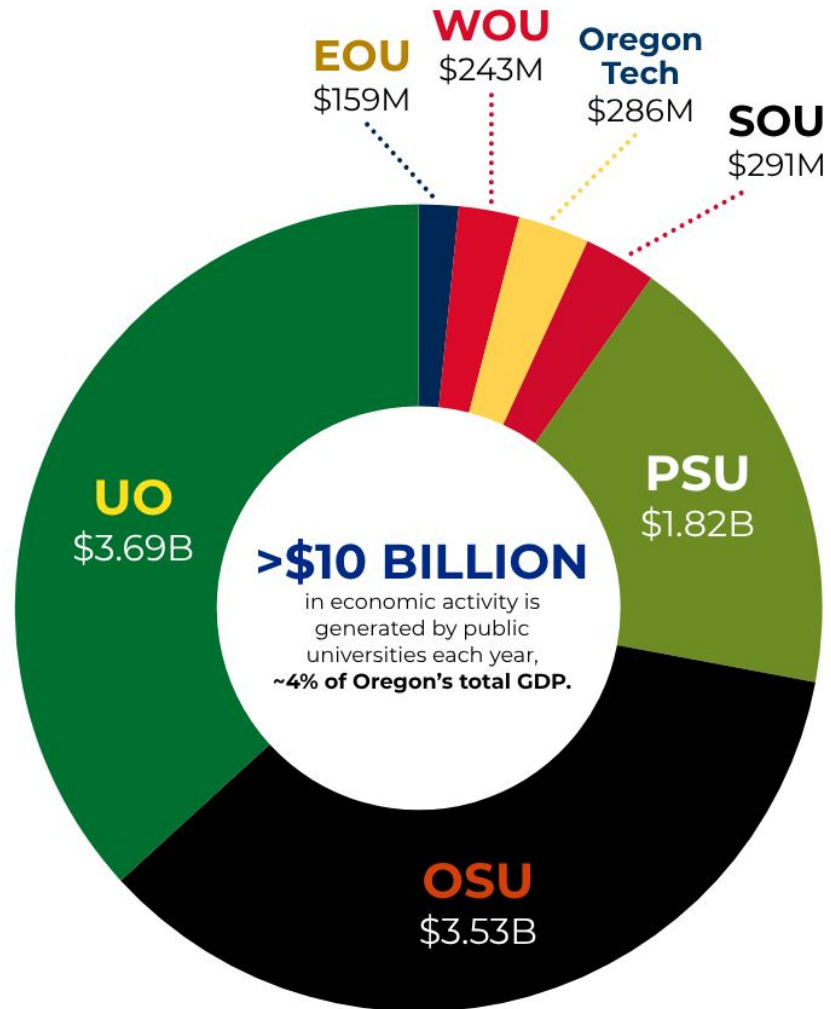
Universities are Delivering for Oregon

- Delivering on the state's **40/40/20** goals
- Actively engaged in **partnerships** with other universities, community colleges, government, and industry partners
- Direct statewide **impact** on economy and prosperity



Statewide Impact

- More than \$10 billion in annual economic impact
- 30,000+ employees
- Nearly half a million alumni in Oregon



Return on Investment



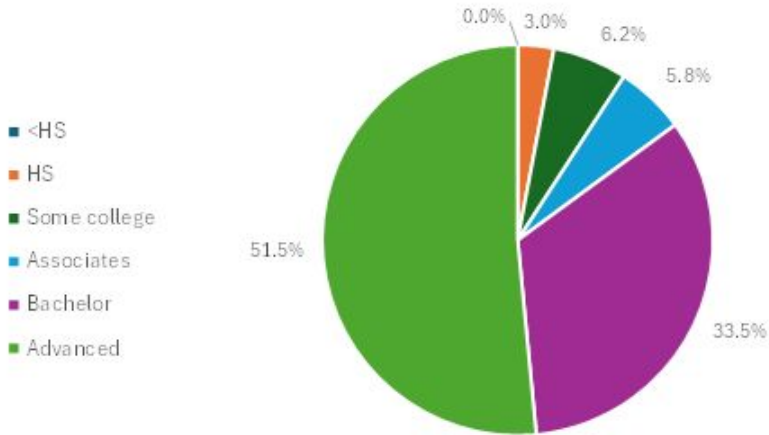
\$1 = \$10

For every \$1 the state invests, Public Universities return \$10 in economic impact.

Higher Earnings = Better Public Benefit

85% of income taxes are paid by those with a bachelor's degree or higher

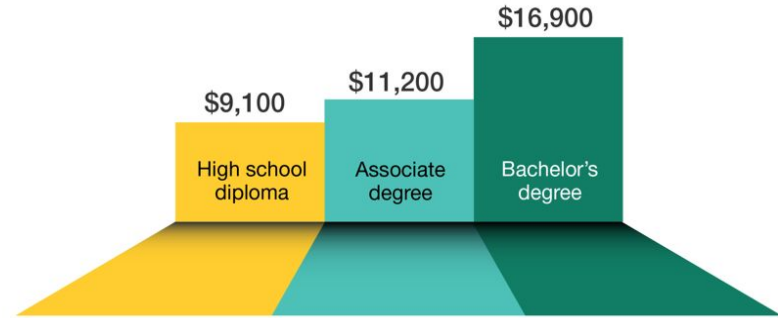
Federal Personal Taxes Paid
TY 2023



Source: Bureau of Labor Statistics

College Grads Pay More in Taxes

Median tax payments of full-time year-round workers age 25 and older by education level, 2021

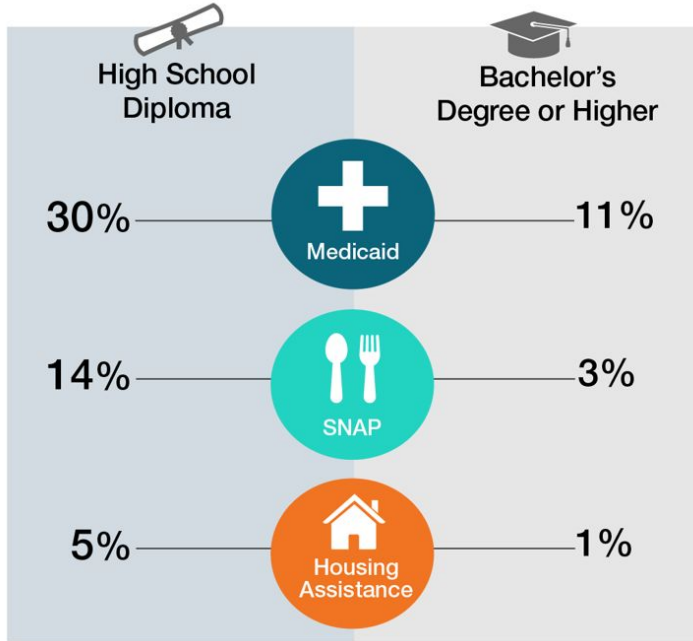


Note: Figures represent the estimated average federal income, Social Security, Medicare, state and local income, sales, and property taxes.

Source: Jennifer Ma and Matea Pender, "Education Pays 2023" Figure 2.1, College Board, 2023.

College Grads Less Likely to Rely on Public Assistance

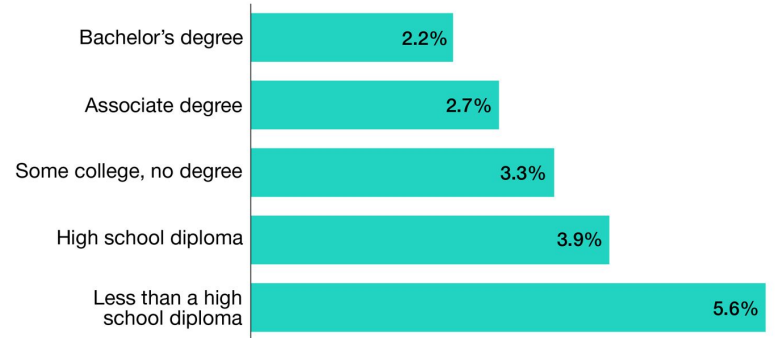
Percent of individuals age 25 and older living in households that participated in various public assistance programs, by education level, 2021



Source: "Education Pays 2023," Figure 2.17, The College Board, 2023.

Degree Holders Are Less Likely to Be Unemployed

Unemployment rates by educational attainment, 2023



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, "Employment Projections," Current Population Survey, August 29, 2024.

Fastest-Growing Occupations in Oregon, 2024-2034

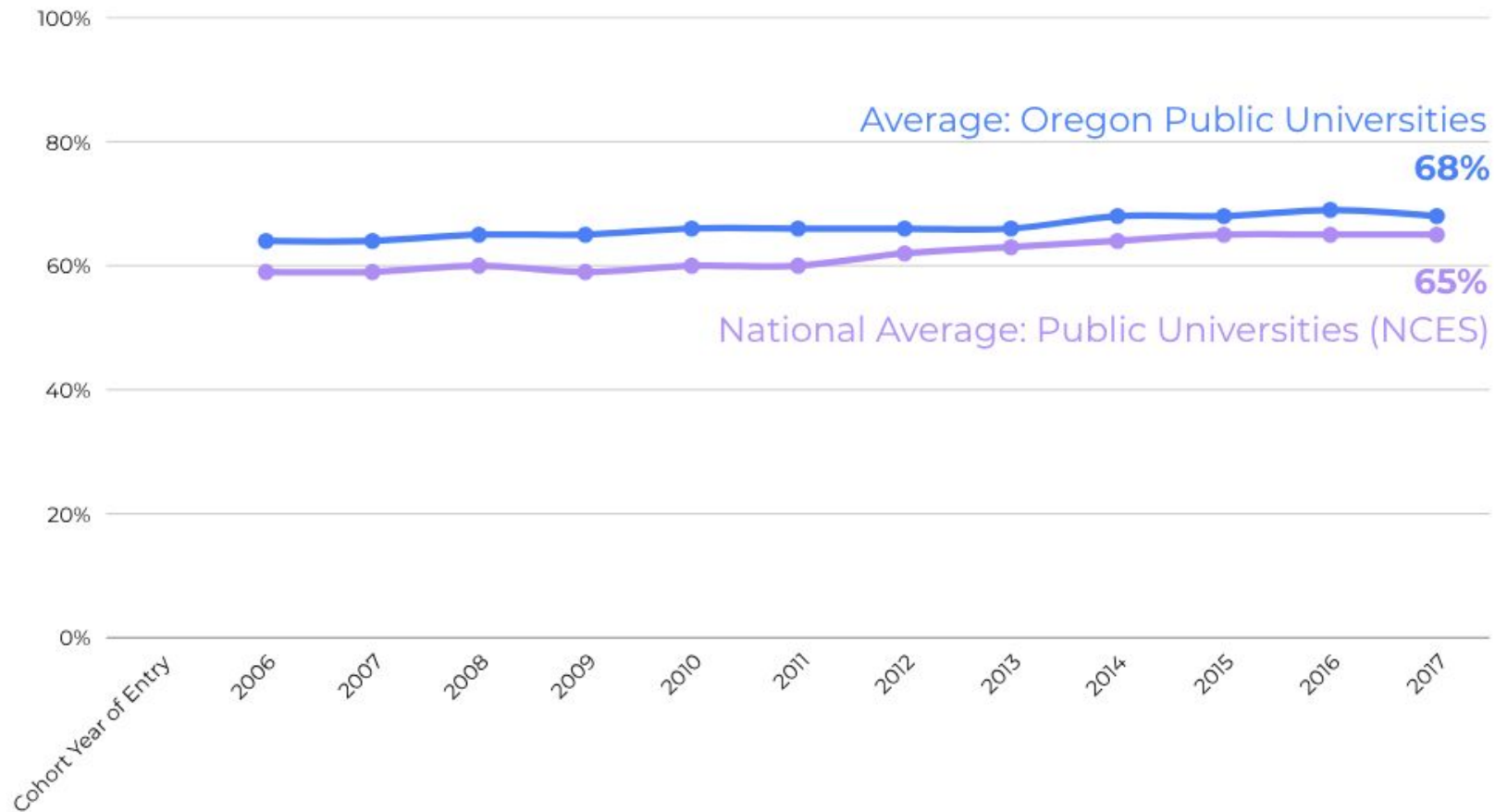
(Minimum of 1,000 jobs in 2024)

Occupation	2024 Employment	10-Year Job Growth Rate	Median Hourly Wage, 2025
Nurse Practitioners	2,642	48.0%	\$71.41
Data Scientists	2,755	32.5%	\$52.40
Physician Assistants	2,096	30.7%	\$73.65
Medical and Health Services Managers	6,285	29.4%	\$66.37
Psychiatric Technicians	1,654	28.1%	\$25.50
Ophthalmic Medical Technicians	1,470	27.6%	\$24.07
Information Security Analysts	1,372	26.4%	\$58.76
Marriage and Family Therapists	1,252	24.9%	\$39.45
Veterinarians	1,742	23.7%	\$50.82
Substance Abuse, Behavioral Disorder, and Mental Health Counselors	6,945	23.5%	\$34.40
Operations Research Analysts	2,624	21.8%	\$49.01
Logisticians	3,149	21.5%	\$44.03
Architectural and Civil Drafters	1,435	20.3%	\$33.30
Diagnostic Medical Sonographers	1,392	19.6%	\$53.44
Couriers and Messengers	2,866	19.5%	\$20.56

The Future of Work

- By 2031, 72% of jobs in the US will require postsecondary education and/or training.
- Although many employers are dropping degree requirements from job postings, they are still hiring candidates with degrees.
- The highest-growth job sectors require degrees offered at Oregon Public Universities

6 Year Bachelor's Degree Completion Rates Over Time

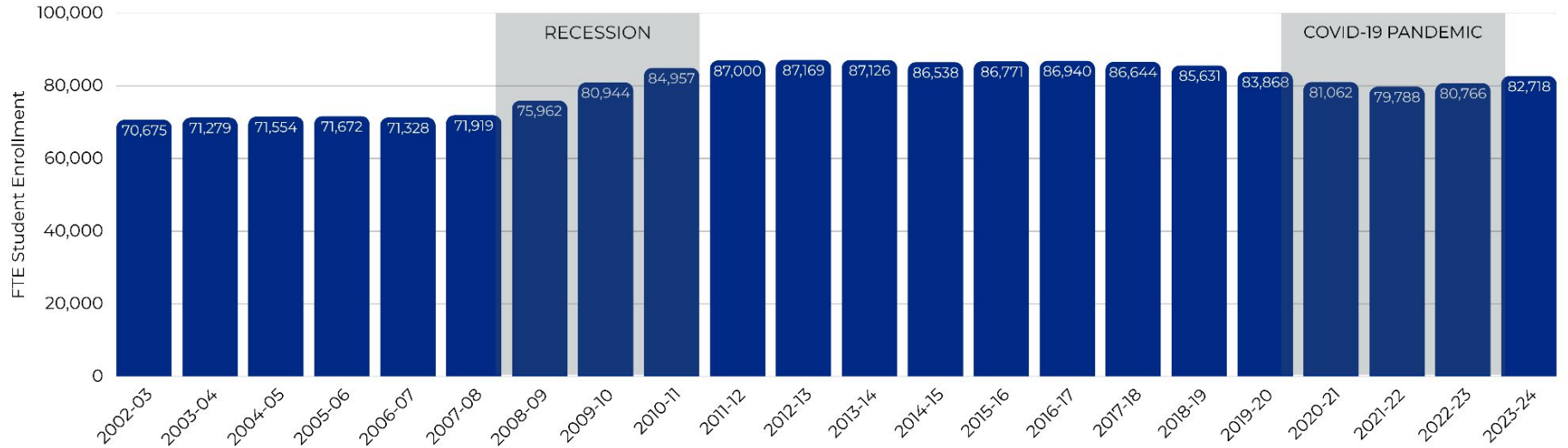


Sources: Higher Education Coordinating Commission; National Center for Education Statistics (NCES), Table 326.10

Funding Context



Oregon Public University Enrollment Over Time Full-Time Equivalent (FTE) Students

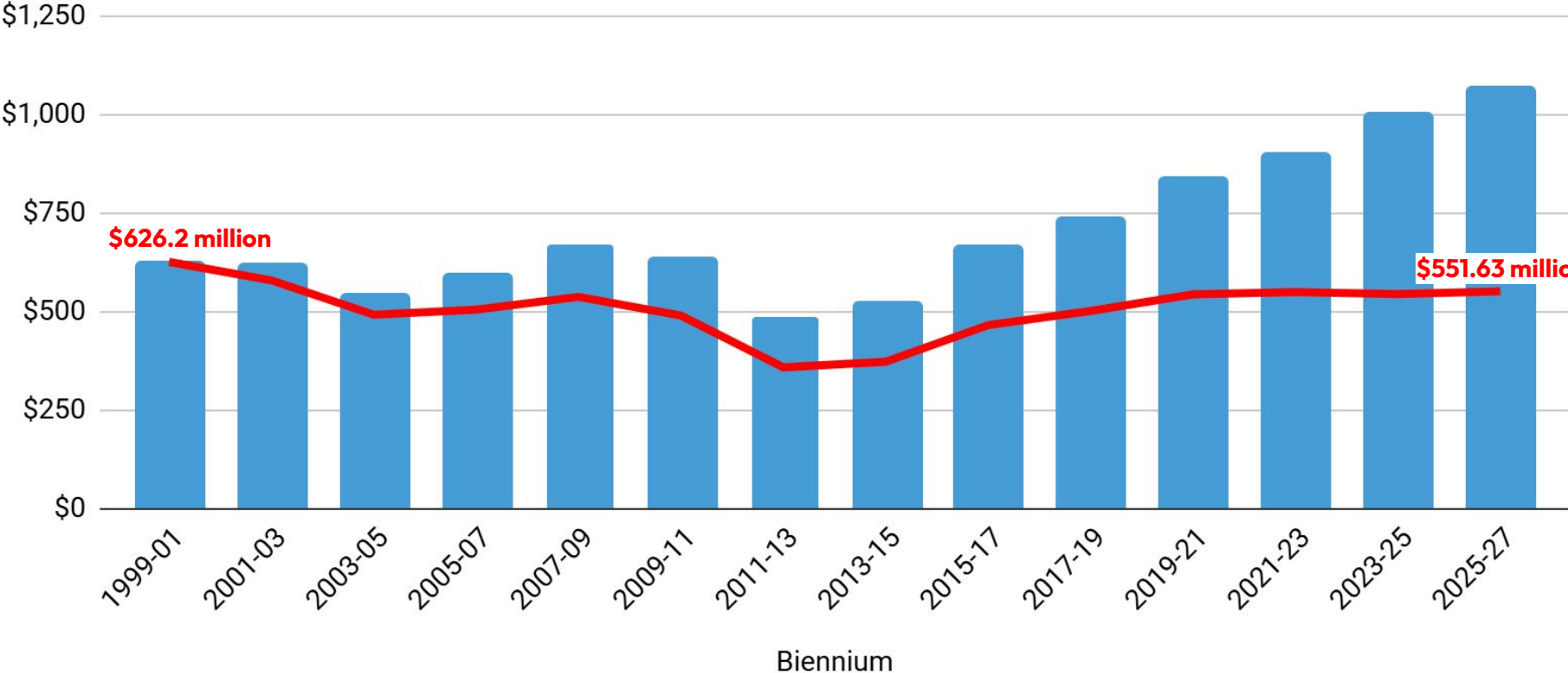


Source: Higher Education Coordinating Commission. Includes all students who were enrolled during the academic year.

Public University Support Fund by Biennium

(millions)

— PUSF Inflation-adjusted ■ PUSF Appropriation

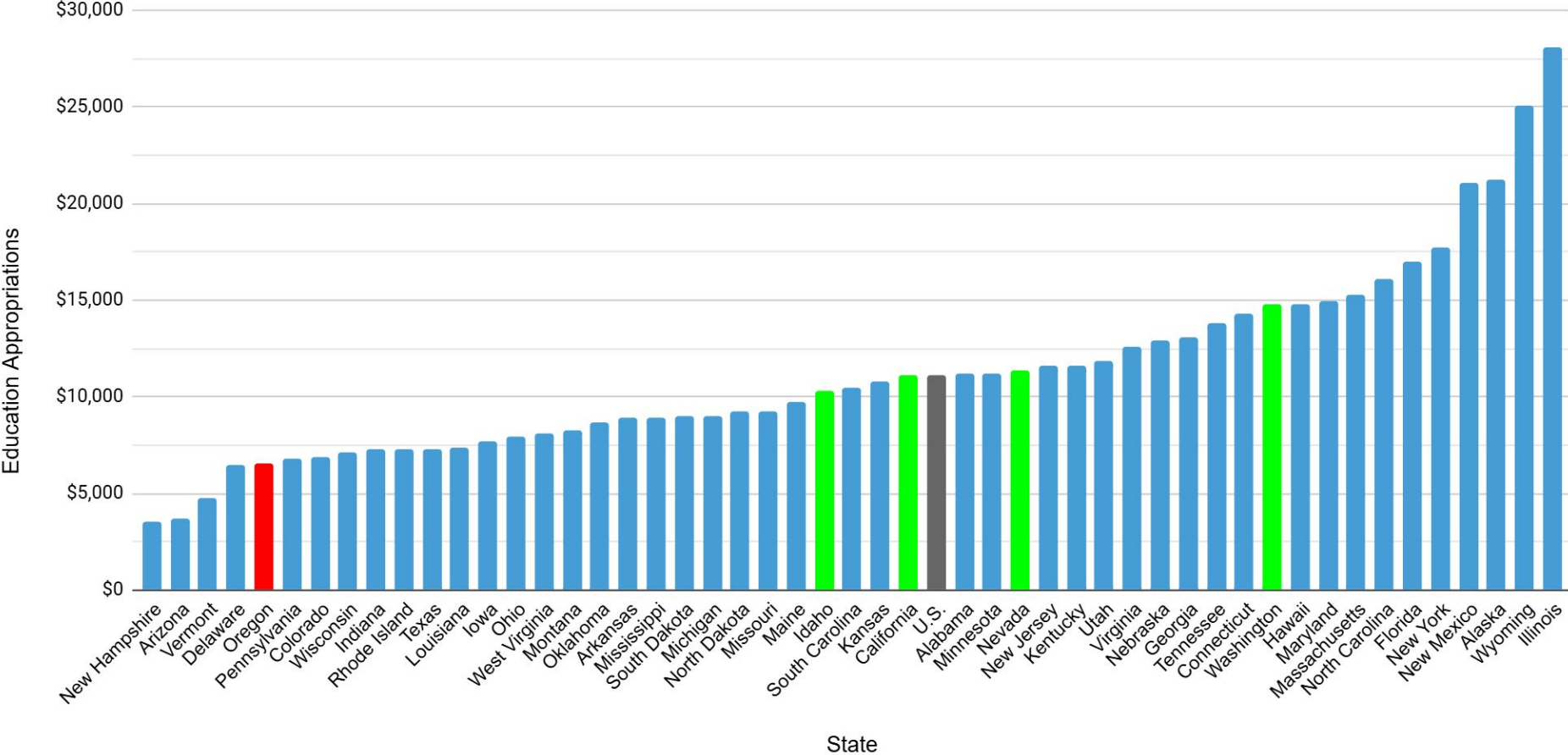


State vs Student Share of Public University Funding

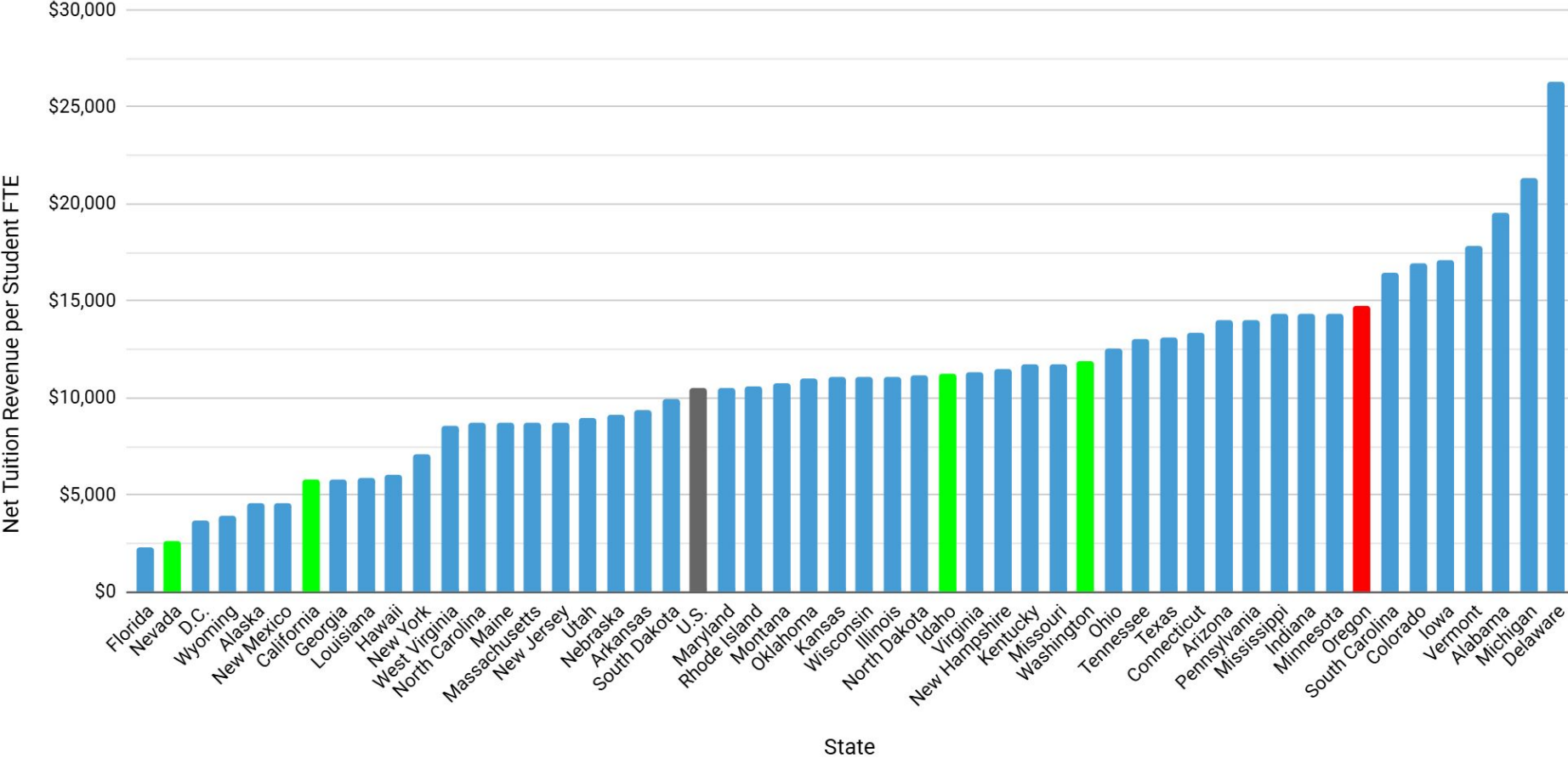


Source: Oregon University System Factbook 2013; HECC E&G Survey

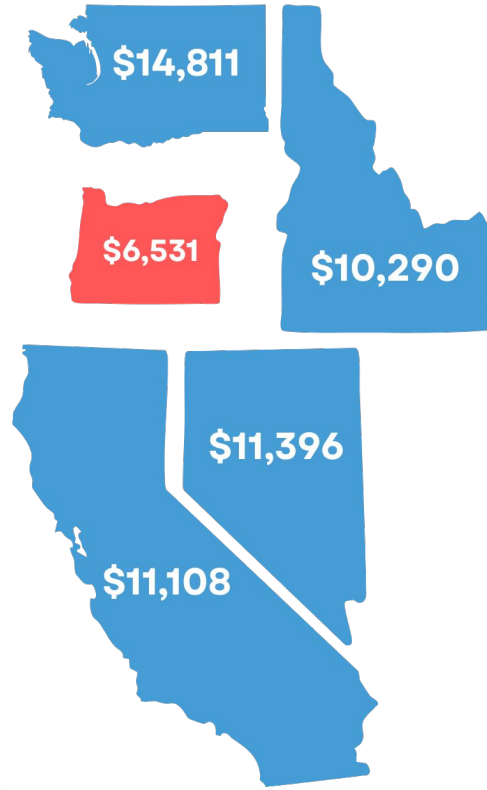
Four Year Education Appropriations Per FTE



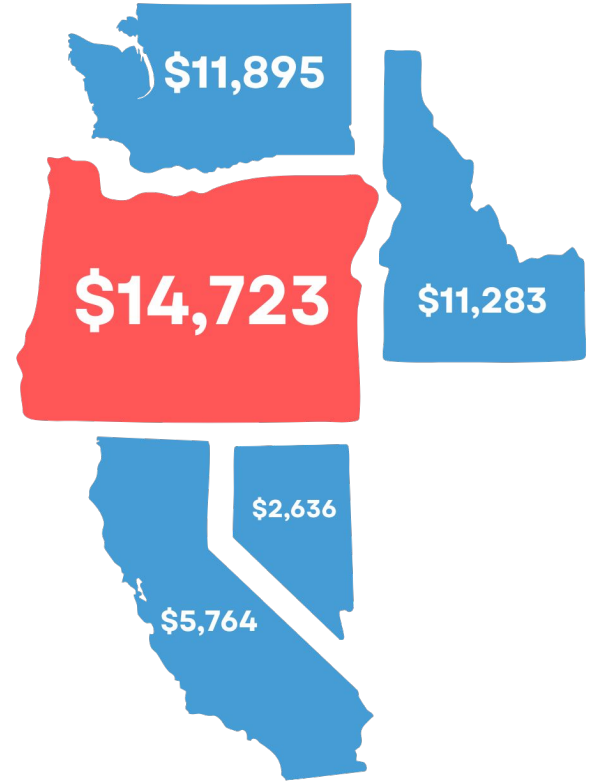
Net Four-Year Tuition Revenue per FTE



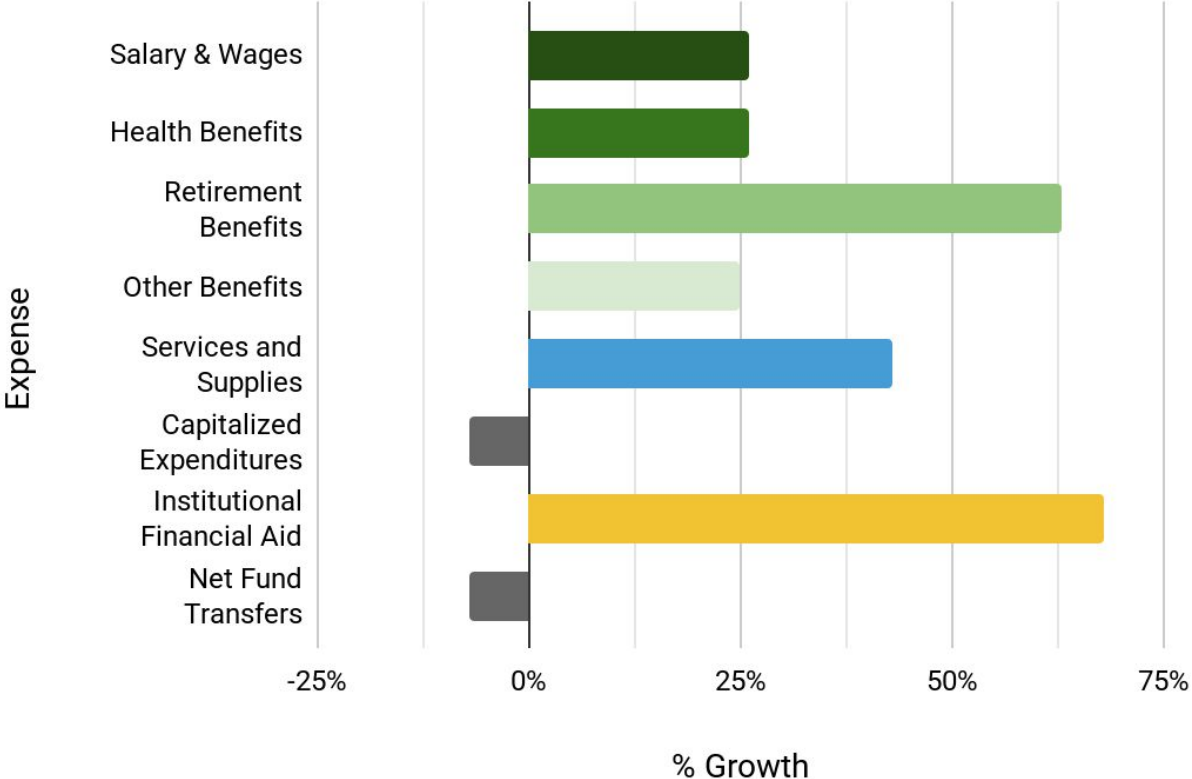
State Appropriation per FTE



Net Tuition per FTE



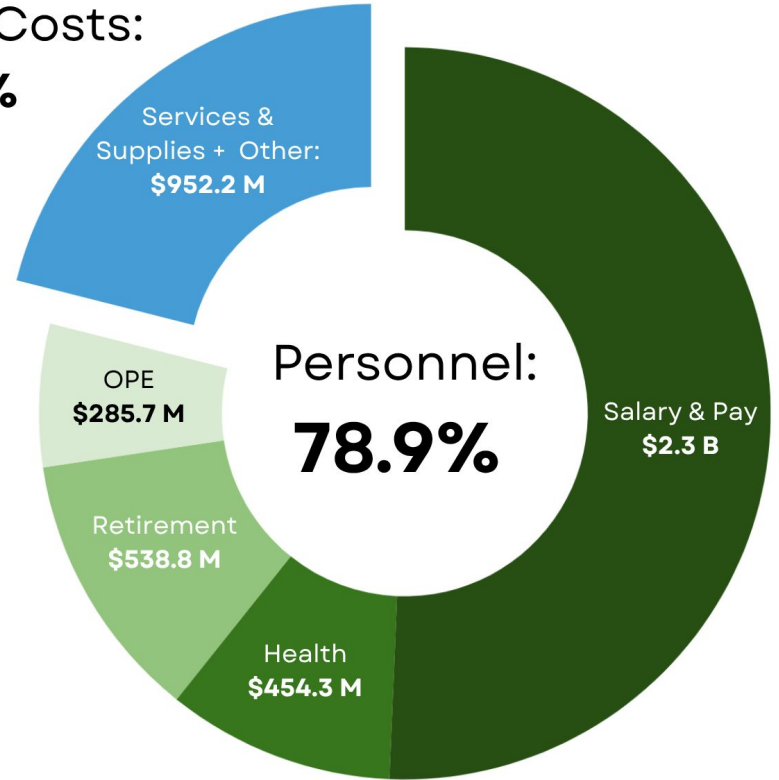
E&G Cost Growth (2017-2025)



Our Costs

- Nearly 80% towards personnel
- OPE costs rising quickly – higher than inflation and higher than revenue

All Other Costs:
21.1%



May 15, 2026



Governor's Prosperity Council
State of Oregon
Curtis Robinhold and Renee James, Co-chairs

Re: Accelerating prosperity through Oregon's natural and working lands and local/state capacity to effectively plan for the future

Dear Co-Chairs and Members of the Governor's Prosperity Council,

On behalf of the Pew Charitable Trusts (Pew), thank you for the Prosperity Council's (Council) work to advance actionable recommendations under the Governor's Prosperity Roadmap¹ and for the opportunity to provide feedback as the Council moves forward.

Pew's U.S. Conservation project advances commonsense solutions that address the impacts of a changing environment on nature and communities, in collaboration with policy makers, Tribes, and stakeholders. This project works on several related issues: protection of lands and waters, climate-ready management of species and habitats, restoring terrestrial and aquatic connectivity, a focus on greenhouse gas (GHG) sinks like coastal wetlands and peatlands, and preparing communities for climate impacts.² Our U.S. Conservation program's interest in the Council's work relate to Oregon's natural and working lands, Oregon's Statewide Land Use Planning Goals, and their relationship to recent legislative and administrative actions that have bearing on the Roadmap and the Council's strategic goals. Accordingly, we encourage the Council to include the following in its final recommendations to the Governor by June 30, 2026:

- 1:** Call for an independent analysis of Oregon state and local permit operations to evaluate the net benefits of permitting systems for Oregonians, including the extent to which current processes support public trust, environmental stewardship, economic development, and timely decision-making. The analysis should also identify opportunities to reduce unnecessary delays and improve coordination, which could supplement implementation of HB 4084 (2026).³
- 2:** Encourage the state of Oregon to reinvest in state and local planning capacity, including in specialized programs like Oregon's Coastal Management Program (OCMP). This initiative can help build Oregon back from the decades of divestment in local planning that has created barriers to predictable permitting outcomes in cities and counties.
- 3:** Align the Council's recommendations with the Governor's recent climate-focused executive orders, including Executive Order 25-26 directing state agencies "to take urgent action to promote the resilience of our communities and natural and working lands and waters."⁴ This alignment may reveal multi-benefit

¹ State of Oregon, Governor Tina Kotek, Oregon's Prosperity Roadmap, December 2025, https://www.oregon.gov/gov/Documents/Oregon's_Prosperty_Roadmap_December_2025.pdf

² The Pew Charitable Trusts, U.S. Conservation Project, accessed 5/11/26, <https://www.pew.org/en/projects/us-conservation>

³ Oregon State Legislature, House Bill 4084: Relating to economic development, 2026 Regular Session, <https://olis.oregonlegislature.gov/liz/2026R1/Downloads/MeasureDocument/HB4084/Enrolled>

⁴ State of Oregon, Governor Tina Kotek, Executive Order No. 25-26, October 2025, <https://www.oregon.gov/gov/eo/eo-25-26.pdf>

policy pathways that balance conservation, development, and resilience needs as Oregon plots a course for future prosperity.

4: Demonstrate engagement with the Oregon Department of Energy’s Natural Climate Solutions program.⁵ The Council's final recommendations will benefit from this connection as it may surface opportunities to enhance the state’s existing workforce on natural and working lands.

1: Call for an independent analysis of Oregon state and local permit operations to evaluate the net benefits of permitting systems for Oregonians, including the extent to which current processes support public trust, environmental stewardship, economic development, and timely decision-making. The analysis should also identify opportunities to reduce unnecessary delays and improve coordination, which could supplement implementation of HB 4084 (2026).

Governor Kotek’s Prosperity Roadmap states a need to “streamline and/or accelerate permitting”⁶ and indeed the Legislature has acted on this in the 2026 session with the passage of HB 4084 (2026).⁷ Section 5 of this legislation requires eight state agencies to catalog all permits in their jurisdiction that are “related to or have an impact on economic development projects” and identify opportunities to streamline the approval process for those permits.⁸

As a supplement to this effort, Pew encourages the Council to call for an independent analysis of Oregon state and local permitting operations to evaluate how permitting affects prosperity outcomes of Oregonians. Depending on the scope, such an analysis could reveal challenges that exist upstream of the permit-by-permit processes themselves. Our organization is aware of one such upstream challenge: limited local and state capacity for community-led land use planning that is required by Oregon's Statewide Land Use Planning Goals⁹ state values. For more on this, see recommendation 2 below.

We appreciate the effort by the Governor’s office and Prosperity Council to solicit feedback from Oregonians about “insights, experiences, and ideas about our collective economic future” which garnered 1,039 responses.¹⁰ Concepts of permitting delays, zoning rules, and/or regulatory burden were mentioned

⁵ State of Oregon, Department of Energy – Natural Climate Solutions program, accessed 4/3/2026, <https://www.oregon.gov/energy/energy-oregon/Pages/NaturalClimateSolutions.aspx>

⁶ State of Oregon, Governor Tina Kotek, Oregon's Prosperity Roadmap, December 2025, pages 4-5, https://www.oregon.gov/gov/Documents/Oregon's_Prosperty_Roadmap_December_2025.pdf

⁷ Oregon State Legislature, *House Bill 4084: Relating to economic development*, 2026 Regular Session, <https://olis.oregonlegislature.gov/liz/2026R1/Downloads/MeasureDocument/HB4084/Enrolled>

⁸ *Ibid.* Agencies subject to Section 5 are the Departments of Transportation, Land Conservation and Development, Energy, State Lands, Environmental Quality, Water Resources, Agriculture, and the office of the State Historic Preservation Officer.

⁹ Oregon Department of Land Conservation and Development, Oregon Planning, accessed 4/16/2026, <https://www.oregon.gov/lcd/op/pages/index.aspx>

¹⁰ State of Oregon, Governor Tina Kotek, Oregon's Prosperity Council, "Prosperity Council Survey Reponses_2026_03_25", accessed 4/20/26, <https://docs.google.com/spreadsheets/d/1i2GEb49JUA6XEj7z-yJHN6BPAOnLHqi9BY05UZJY1dQ/edit?pli=1&gid=728315544#gid=728315544>

by 15% of respondents (159 individuals or individuals representing an organization) across 293 separate narrative responses given that multiple participants mentioned these concepts more than once. Given this modest but significant number, coupled with the need for a deeper analysis of factors influencing prosperity outcomes, Pew recommends to the Governor's office the completion of an independent analysis of Oregon state and local operations to determine if permitting processes and decision-making are key limiting factors for the prosperity of Oregonians. This analysis should examine both the benefits and constraints of existing permitting systems, including which elements of permitting processes may be limiting prosperity, for whom, and under what circumstances.

2: Encourage the state of Oregon to reinvest in state and local planning capacity, including in specialized programs like Oregon's Coastal Management Program (OCMP). This initiative can help build Oregon back from the decades of divestment in local planning that has created barriers to predictable permitting outcomes in cities and counties.

Oregon's statewide Land Use Goals and planning framework are intentionally structured to front-load development and land use decisions through proactive planning (i.e. comprehensive plans, zoning, and mapped inventories), so that individual permits can be reviewed efficiently and consistently.¹¹ The Department of Land Conservation and Development (DLCD)'s Land Use Planning Program provides predictability for long term investment by clearly allocating land in each community for housing, industry, utilities, and resource protection in advance of specific permitting decisions, while assuring conservation and development values are balanced for communities to thrive. Key decisions about where to locate development are intended to be made in advance of permitting decisions, with statutory timelines – 120 days for local action¹² and 77 days for Land Use Board of Appeals (LUBA) decisions¹³ – used to advance permitting decisions and provide regulatory certainty. When these foundational tools are current and well supported, permitting processes can move efficiently and with less risk for developers.

However, outdated plans and codes, incomplete inventories, unresolved infrastructure questions, and limited staff capacity force local governments to resolve planning issues during permit review—creating delay and uncertainty for applicants. The State itself recognizes this challenge, identifying technical assistance and planning grants as “key elements” of the statewide program.¹⁴ Nevertheless, many cities and counties have gone decades without sustained funding to support long-term planning, particularly in rural communities. This has resulted in strained capacity, outdated plans, and a reliance on small, piecemeal grant

¹¹ Oregon Department of Land Conservation and Development, Oregon Planning, accessed 4/16/2026, <https://www.oregon.gov/lcd/op/pages/index.aspx>

¹² Oregon Revised Statute 227.181: Deadline for final action following remand of land use decision. Accessed 4/16/2026, https://www.oregonlegislature.gov/bills_laws/ors/ors227.html#:~:text=227.181%20Deadline%20for%20final%20action_of%20Appeals%20under%20ORS%20197.830

¹³ Oregon Revised Statute 197.830 Review procedures; standing; fees; deadlines; rules; issues subject to review; attorney fees and costs; publication of orders; mediation; tracking of reviews. Accessed 4/16/2026, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html#:~:text=197.830%20Review%20procedures%3B%20standing%3B%20fees%3B,orders%3B%20mediation%3B%20tracking%20of%20reviews

¹⁴ Oregon Department of Land Conservation and Development, Biennial Report to the Legislature, 2023-2025, page 1, https://www.oregonlegislature.gov/citizen_engagement/Reports/DLCD2023-25BiennialReport.pdf

funds to conduct planning projects, thereby hindering the efficiency of permit processing. More robust and stable investments are needed to resource local governments to meaningfully plan.

Example: Oregon’s Coastal Management Program—powerful, effective, and under-resourced

Oregon’s Coastal Management Program (OCMP)¹⁵ illustrates the capacity challenge clearly. OCMP is a federally approved program, housed within DLCD, that coordinates 11 state agencies and all coastal cities and counties to balance development and conservation while supporting community livability and economic activity. The program provides coastal planning assistance, hazard mitigation tools, data, grants, and federal consistency review—services that are critical to timely, legally durable permitting in coastal communities given planners are responsible for upholding distinct coastal Land Use Goals in addition to all other Land Use Planning Goals.¹⁶

In fall 2025, Pew partnered with DLCD/OCMP to cohost coastal resilience workshops in Pacific City and Coos Bay.¹⁷ These workshops brought together planning, public works, and community development staff from 14 coastal cities and Tillamook, Lincoln, and Coos Counties. Participants consistently emphasized that:

- Coastal hazards and changing environmental conditions are increasing faster than local capacity to plan for them.
- Proactive, community-led planning creates certainty for residents, businesses, conservation interests, and developers alike.
- Despite admirable increases in DLCD capacity around housing, decades of disinvestment in local planning capacity—combined with heavy reliance on strained and uncertain federal funding—have left many coastal jurisdictions struggling to meet both hazard and land use obligations.

With additional capacity, OCMP could more proactively assist jurisdictions with plan updates, code alignment, and preapplication clarity—reducing delays for developers, local governments, and state agencies while maintaining Oregon’s coastal standards.

In the Council's final recommendations, please include a call to reinvest in state and local planning capacity, including in specialized programs like OCMP. Strengthening planning capacity offers a pragmatic, durable path for permitting while safeguarding the values that make Oregon competitive and resilient.

¹⁵ State of Oregon, Oregon Coastal Management Program, accessed 4/16/2026, <https://www.oregon.gov/lcd/ocmp/pages/index.aspx>

¹⁶ Oregon's Statewide Land Use Planning Goals 16 (estuaries), 17 (coastal shorelands), and 18 (beaches and dunes), Oregon Department of Land Conservation and Development, <https://www.oregon.gov/lcd/OP/Pages/Goals.aspx>

¹⁷ The Pew Charitable Trusts, Oregon Coastal Communities Seek Solutions Amid Worsening Storms, Sea-Level Rise, 1/27/26, <https://www.pew.org/en/research-and-analysis/articles/2026/01/27/oregon-coastal-communities-seek-solutions-amid-worsening-storms-sea-level-rise>

3: Align the Council’s recommendations with the Governor’s recent climate-focused executive orders, including Executive Order 25-26 directing state agencies “to take urgent action to promote the resilience of our communities and natural and working lands and waters.” This alignment may reveal multi-benefit policy pathways that balance conservation, development, and resilience needs as Oregon plots a course for future prosperity.

Pew applauded Governor Kotek's recent issuance of Executive Order 25-26 (EO 25-26),¹⁸ instructing state agencies to take urgent action to promote the resilience of our communities and natural and working lands and waters. Our organization had previously made recommendations¹⁹ and provided technical assistance to the Governor’s office along these lines, and we stand ready to help with implementation.

As noted by Governor Kotek in her issuance of EO 25-26:

Oregon is at an inflection point as changing climate and ocean conditions are impacting Oregon's landscapes, waters, communities, and local economies with increased temperatures, warming surface waters, changing precipitation patterns, reduced snowpack, hotter and drier summers, sea-level rise, diminishing water supplies, habitat constraints to iconic species, and more frequent and damaging wildfires and extreme weather events.²⁰

Oregon's working lands and waters, across agriculture, forestry, ranching, and fisheries sectors, collectively represent a major share of the state's economy. Food and fiber production, processing, retail, and service account for more than \$42 billion in annual output.^{21,22} The commercial and recreational fishing economies accounted for \$1.2 billion and \$321 million in output respectively, as of 2020-2021.²³ Further, Oregon’s public lands and waters are the centerpiece of a thriving tourism economy – a more than \$14 billion industry that employs more 120,000 Oregonians²⁴ – and outdoor recreation economy that accounted for more than \$9 billion of economic activity and supported more than 75,000 jobs.²⁵ These natural areas provide clean air and water, and fish and wildlife habitat, all while helping communities prepare for and withstand

¹⁸ State of Oregon, Governor Tina Kotek, Executive Order No. 25-26, October 21, 2025, <https://www.oregon.gov/gov/eo/eo-25-26.pdf>

¹⁹ The Pew Charitable Trusts, "How Oregon Can Leverage Its Nature for a Brighter Future," September, 15, 2025, <https://www.pew.org/en/research-and-analysis/articles/2025/09/15/how-oregon-can-leverage-its-nature-for-a-brighter-future>

²⁰ State of Oregon, Governor Tina Kotek, Executive Order No. 25-26, October 21, 2025, page 1, <https://www.oregon.gov/gov/eo/eo-25-26.pdf>

²¹ Oregon State Board of Agriculture, 2025 Report, accessed 4/29/2026, <https://www.oregon.gov/oda/Documents/Publications/Administration/BoardReport.pdf>

²² Oregon Forest Resources Institute, Oregon Forest Facts 2025-2026 Edition, accessed 4/29/2025, <https://oregonforests.org/media/2351>

²³ The Research Group, LLC. Oregon Commercial and Marine Recreational Fishing Industry Economic Activity for Years 2020 and 2021, Addendum 2023, Executive Summary. Prepared for Oregon Department of Fish and Wildlife, Marine Reserve Program and Marine Resource Program. June 2024, <https://www.dfw.state.or.us/agency/docs/TRG%20Oregon%20fishing%20industry%202020-2021%20ES.pdf>

²⁴ Dean Runyan Associates, The Economic Impact of Travel in Oregon: Calendar Year 2024 Preliminary, 4/14/2025, https://industry.traveloregon.com/wp-content/uploads/2025/05/Oregon_2024_2025-05-01.pdf

²⁵ U.S. Department of Commerce, Bureau of Economic Analysis, Outdoor Recreation Economic Statistics, March 5, 2026, <https://apps.bea.gov/regional/outdoor-recreation/pdf/Oregon2024.pdf>

environmental changes and hazards, including extreme weather events. By proactively managing and protecting these lands and waters for future conditions, state leaders can help ensure that people will continue to enjoy and prosper from Oregon's natural and working lands for decades to come.

Therefore, the state government and communities must prepare for a host of impacts, from longer and more intense droughts and wildfire seasons and less predictable quantities—and quality—of freshwater to more invasive species and diseases, changing wildlife migration patterns, and increased sea-level rise, among others.

EO 25-26 also articulated work underway through the Plan for a Resilient Oregon, a "people-centered resilience strategy to help communities around Oregon "adapt and thrive in the face of increasingly severe climate risks, and to support communities in long-term recovery from climate-driven disasters."²⁶ And a separate executive order, EO 25-29, focuses on reducing greenhouse gas emissions and advancing Oregon's clean energy future.²⁷

We encourage the Council, in its final recommendations, to align with the Governor's recent climate-focused executive orders. These orders contain policy pathways that, if taken together, can help create the balance of conservation and development needed as Oregon plots a course for future prosperity.

4: Demonstrate engagement with the Oregon Department of Energy's Natural Climate Solutions program. The Council's final recommendations will benefit from this connection as it may surface opportunities to enhance the state's existing workforce on natural and working lands.

Since 2023, launched in large part to implement Oregon House Bill 3409, the Oregon Department of Energy (ODOE) has supported efforts to enhance or protect land-based net carbon sequestration on natural and working lands across the state. This work includes publishing, in December 2025, Oregon's first Land-Based Net Carbon Inventory²⁸ which provides the state, decisionmakers, and the public a better understanding of the effects of the state's land use changes over the past 35 years on its greenhouse gas emissions and removals.

And perhaps most relevant to the Council, in December 2025, ODOE also published a *Natural Climate Solutions Workforce Development and Training Programs Needs Study*.²⁹ In its publishing, ODOE provides the following summary of the report findings:

²⁶ State of Oregon, Governor Tina Kotek, Executive Order No. 25-26, October 21, 2025, page 6,

<https://www.oregon.gov/gov/eo/eo-25-26.pdf>

²⁷ State of Oregon, Governor Tina Kotek, Executive Order No. 25-29, November 18, 2025,

<https://www.oregon.gov/gov/eo/eo-25-29.pdf>

²⁸ Oregon Department of Energy and Oregon Climate Action Commission, Report to the Oregon Legislature: Land-Based Net Carbon Inventory, December 31, 2025, <https://www.oregon.gov/energy/energy-oregon/Documents/2025-Land-Based-Net-Carbon-Inventory-Report.pdf>

²⁹ Oregon Department of Energy and Oregon Climate Action Commission, Report to the Oregon Legislature: Natural Climate Solutions Workforce Development and Training Programs Needs Study, December 31, 2025

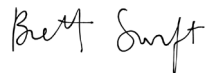
<https://www.oregon.gov/energy/energy-oregon/Documents/2025-NCS-Workforce-Needs-Report.pdf>

According to the study, there are nearly 130,000 natural climate solutions-related jobs already in Oregon, and natural climate solutions-related industries are growing, with opportunities for additional training and engagement with workers. There is also an opportunity to partner with, support, invest in, and prioritize a Tribal-led natural climate solutions workforce. Expansion of the natural climate solutions will have outsized benefits to rural economies and rural workforces in Oregon.³⁰

Pew encourages the Council to reach out to ODOE staff to learn more about the findings and implications of its workforce development study , including Jamshed Suntoke - Climate Team Lead, 503-510-7206, Jamshed.Suntoke@energy.oregon.gov. The Council's final recommendations will benefit from this connection as it may surface opportunities to enhance the state's existing workforce on natural and working lands.

Thank you for your service on the Prosperity Council and for taking the time to review these comments. Taken together, the recommendations above can supplement your work and help Oregon capitalize on what the state is doing well with regard to conservation, development, resilience, and prosperity for all Oregonians. We look forward to the Council's final report in the near future.

Sincerely,



Brett Swift
Project Director, U.S. Conservation
The Pew Charitable Trusts

Cc:

The Honorable Tina Kotek, Governor, State of Oregon
The Honorable Tim Knopp, Chief Prosperity Officer, State of Oregon
Brenda Ortigoza Bateman, Ph.D., Director, DLCD
Geoff Huntington, Senior Natural Resources Advisor, Governor's Office
Chandra Ferrari, Natural Resources Advisor, Governor's Office
Jonna Papaefthimiou, State Resilience Officer

³⁰ Oregon Department of Energy, "New Reports Highlight Importance of Oregon Lands for Climate Mitigation and Workforce Needs to Support Natural Climate Solutions," blogpost dated January 5, 2026, <https://energyinfo.oregon.gov/blog/2026/1/5/new-reports-highlight-lands-climate-mitigation-and-workforce-needs-to-support-natural-climate-solutions>

May 18, 2026

Governor Tina Kotek
900 Court Street NE
Salem, OR 97301

Prosperity Council Co-Chairs Renée James and Curtis Robinhold
Members of the Oregon Prosperity Council

RE: The Prosperity Council's Final Recommendations Must Deliver for Oregon Workers

Dear Governor Kotek, Co-Chairs James and Robinhold, and members of the Oregon Prosperity Council:

The Prosperity Council's draft recommendations confirm that this Council has set out to deliver prosperity for corporations and the wealthy, not working families. The framing, the agenda, and the voices given the most weight have consistently pointed in one direction: tax cuts for businesses and the wealthy, deregulation without accountability, and the same corporate incentive packages that have been failing working people for decades. We have seen this before. It does not work.

Before we get into the specifics, we want to name something. When politicians, academic journals, and business leaders talk about “the economy” they usually mean GDP numbers and business rankings. We think the real question is simpler: Can a person working in Oregon pay their rent? Do they have health insurance? Can they retire with some dignity?

For more than forty years, Oregon and the nation have run the same economic experiment under different names. Cut taxes at the top, reduce regulations, and wait for prosperity to trickle down. We're still waiting. Since 1979, wages for the top 1% have grown nearly three times faster than wages for workers at the bottom¹. The workers who produced that growth saw a fraction of it. The public investments that were supposed to be replaced by private sector growth — schools, childcare, healthcare, infrastructure — were cut and hollowed out instead.

The results of that economic structure are not ambiguous, and they are visible in every Oregon community: underfunded schools, a behavioral health crisis that fills our streets, jails and emergency rooms, a childcare system so broken that parents are priced out of the workforce, and infrastructure that costs more to fix every year we delay.

Here is what makes this especially important for this Council to grapple with: Oregon has been an extraordinarily generous business partner. We've given Intel billions in property tax exemptions and direct funding as well as special legislative authority, while Nike received a custom tax deal worth over \$2 billion across 30 years, all with minimal requirements for

1

<https://www.epi.org/blog/wages-for-the-top-1-skyrocketed-160-since-1979-while-the-share-of-wages-for-the-bottom-90-shrunk-time-to-remake-wage-pattern-with-economic-policies-that-generate-robust-wage-growth-for-vast-majority/>

environmental stewardship, community benefits, or workplace protections. Oregon kept its end of both bargains, and both companies laid off thousands of workers anyway. When public dollars flow to private companies without enforceable conditions, it isn't economic development — it's a transfer of wealth from Oregon's schools and communities to corporate shareholders.

The Trump administration has run this experiment twice — in his first term, the largest corporate tax cut in American history, followed now by even more tax cuts for corporations and the wealthy, shredded federal budgets, gutted worker, and environmental protections, tariffs that are driving up costs for Oregon businesses and families, and the dismantling of the education and research investments that Oregon's innovation economy depends on. Wealth has concentrated further. Oregon is already absorbing the fallout. We cannot add our own version on top of it.

And yet, that is precisely what the emerging recommendations from the Prosperity Council propose to do. The current outline proposes cutting Oregon's top marginal income tax rates in the same year Oregon's wealthiest residents recorded the highest incomes in state history². It proposes vaguely "streamlining" the corporate activities tax that funds our children's schools. It proposes cutting regulations by an arbitrary 20% without naming a single one. It explores a sales tax that Oregon voters have rejected nine times.

These are not new ideas. Every one of them has been on the corporate wish list for years. Repackaging them as a prosperity agenda does not make them one — especially at a moment when the federal government is already gutting Medicaid, education, research funding, and environmental protections that Oregon families and employers depend on. Our community is losing people to immigration enforcement. Our exporters are absorbing the chaos of an erratic trade policy. Our universities and research institutions are watching federal funding disappear. We are about to see our hospitals and providers lose Medicaid funding. Oregonians, especially those most vulnerable, will be sicker because of federal rollbacks of clean air and water protections.

The last thing Oregon needs is to layer our own version of trickle-down economics on top of that damage.

Meanwhile, the jobs Oregon is actually growing — in healthcare, home care, childcare, and behavioral health³, are performed overwhelmingly by women and people of color — are barely mentioned in this Council's work. These are the workers holding Oregon's communities together right now. When they are paid poverty wages, they leave. Programs collapse. Parents exit the workforce because they cannot find or afford childcare. People in behavioral health crises end up in emergency rooms and on our streets. These are not just social problems — they are economic failures with real price tags that fall on all of us. Treating these workers as an afterthought is not an economic strategy. It is a choice about whose prosperity counts.

² <https://www.oregon.gov/das/oea/Documents/appendixb.pdf>

³ <https://www.oregonlive.com/business/2026/04/one-industry-is-propping-up-oregons-job-market.html>

Oregon can do better. We know that the leaked draft is still being discussed, however we also encourage you to fundamentally reshape these proposals to be about Oregonians' prosperity. We believe Oregon can build a genuinely strong economy that creates good jobs with real wages, real benefits, and a real voice at work. One that competes for advanced manufacturing, clean energy, and innovation employers by investing in the workforce pipelines, schools, and quality of life that those employers actually care about. One that stabilizes our tax base without shifting the burden onto working families. One that treats the education continuum from preschool through apprenticeship and higher education as the economic foundation.

We cannot build that economy by repeating the mistakes of the last forty years – cutting taxes at the top, deregulating, tax subsidies without accountability, and waiting for prosperity to trickle down. These policies have been tried. Oregon workers have been living with the consequences of trickle-down economics for forty years and our federal administration is doubling down

Governor Kotek, you charged this Council with delivering prosperity for all Oregonians — not just the wealthy few. There is still time to insist that the Council actually deliver on that promise before it presents final recommendations to you.

Oregon's workers and communities are not the obstacle to prosperity. We have always been its source. It is time for Oregon's economic strategy to be built on that truth.

Sincerely,

Organizations:

1000 Friends of Oregon

350PDX

AAUP Oregon

American Federation of Teachers - Oregon

Basic Rights Oregon

Building Power for Communities of Color

Building Resilience

Climate Solutions

Consejo Hispano

For All Families Oregon

Friends of Family Farmers

Human Services Coalition of Oregon

Klamath-Siskiyou Wildlands Center

Next Up Action Fund

Oregon AFSCME

Oregon Center for Public Policy

Oregon Education Association

Oregon Environmental Council

Oregon Federation of Nurses & Health Professionals (OFNHP)

Oregon Labor Federation, AFL-CIO

Oregon Just Transition Alliance
Oregon League of Conservation Voters
Oregon Nurses Association
Oregon Working Families Party
Our Oregon
Pineros Y Campesinos Unidos del Noroeste (PCUN)
Rogue Climate
SEIU Oregon
Silverton Progressives
Verde
Women's Foundation of Oregon

Individuals:

Khanh Pham, State Senator, Senate District 23
Jeff Golden, State Senator, Senate District 3
Lesly Muñoz, State Representative, House District 22
Farrah Chaichi, State Representative, House District 35
Anthony Estrada
Chuck Sheketoff, Tax Policy Advocate
Deborah Kay Warren
Elise LaVanaway
Jason Freilinger, Mayor of Silverton, OR
Jennifer Wilder, Oregon Farm Owner
Joe Craig
John Mullin, Human Services Advocate
Laurie Chadwick
Lori McEachern
Matt Newell-Ching, Member, Governor's Racial Justice Council
Robbie Earon
Steve Wright
Tristen Edwards, Member, Racial Justice Council

Strengthening Oregon's Competitiveness in the U.S. Semiconductor Industry

Oregon is a long-standing hub of the U.S. semiconductor industry, supporting advanced research, process development, and manufacturing that underpin national technology leadership, economic resilience, and supply-chain security. Historically, Oregon's role centered on high-value R&D and early-stage process development, supported by strong institutions, skilled talent, and a stable investment environment.

The industry is now shifting toward integrated, U.S.-based manufacturing and foundry models that more tightly link R&D, pilot lines, and high-volume production. Under this model, activities once insulated from cost comparison are now evaluated directly across states. Cost structure, regulatory certainty, workforce availability, and incentives increasingly determine where companies place production steps, expansions, and capital investment.

While Oregon retains clear strengths, its competitive position is eroding relative to leading semiconductor states such as Arizona, New Mexico, and Ohio. Oregon now faces higher overall tax burden, greater regulatory complexity with uncertain timelines, and growing affordability challenges for the manufacturing workforce. Without targeted policy modernization, these conditions increase the risk that future semiconductor investment, expansion, and job growth will shift out of Oregon.

Priority 1: Restore Cost Competitiveness Through Corporate Activity Tax Reform

Semiconductor manufacturing is highly input-intensive and capital-heavy, with long, multistage supply chains. Oregon's Corporate Activity Tax (CAT)—a gross receipts tax layered on top of the corporate income tax—creates tax pyramiding that compounds cost at every stage of production. This structure disproportionately impacts advanced manufacturing and is uncommon among competitor states.

As operations become more integrated across U.S. sites, CAT exposure increasingly influences where production steps are located. Suppliers often pass CAT costs through to Oregon-based customers, further increasing operating costs. Absent reform, companies are incentivized to move certain manufacturing activities out of Oregon to avoid recurring CAT liability.

Recommendation: Modernize the Corporate Activity Tax by significantly lowering the rate and/or creating exemptions or deductions for advanced manufacturing inputs to reduce tax pyramiding and restore competitive parity.

Priority 2: Cost Protection for Emissions-Intensive, Trade-Exposed Manufacturing under Greenhouse Gas Reduction regulations

Semiconductor fabrication relies on specialized process gases and chemistries that are essential to manufacturing and often have no viable near-term substitutes. The industry has already invested decades in emissions abatement, chemical substitution where feasible, and energy efficiency. Most advanced facilities now operate at or near the limits of best-available technology, with few remaining reduction pathways.

Oregon's Climate Protection Program (CPP) risks imposing compliance costs without corresponding technical solutions for further reductions. The CPP will act as another costly tax on production when no viable options exist to reduce emissions. Because competing semiconductor states do not impose similar requirements, this creates a cost asymmetry that directly affects where manufacturing work is located within the U.S.

Recommendation: Whether Oregon continues under the current Climate Protection Program or adopts a market-based system, emissions-intensive, trade-exposed semiconductor manufacturing must be protected through credit for early reductions, cost-protected or no-cost compliance mechanisms for facilities using best-available technology, and exemptions for unavoidable process emissions where no feasible alternatives exist.

Priority 3: Streamline and Clarify Air Toxics Permitting (Cleaner Air Oregon)

Semiconductor R&D and manufacturing require frequent process changes and new chemistries. Oregon's Cleaner Air Oregon program is among the most complex and costly air toxics systems in the nation, covering hundreds of compounds and relying on cumulative risk modeling without defined timelines. Moreover, DEQ continues to change implementing rules creating significant uncertainty for manufacturers that are in the program or will need an air permit in the future. Comparable states regulate air toxics with fewer chemicals, clearer thresholds, and much shorter and predictable permitting timelines.

Undefined timelines create uncertainty for expansions and can delay or constrain R&D activities. Chemical-specific limits also restrict innovation by triggering additional modeling and permitting for routine process changes. And constant changes to the regulations create significant regulatory uncertainty.

Recommendation: Simplify Cleaner Air Oregon by establishing enforceable permitting timelines and adopting a simplified process and framework that protect public health while providing operational certainty and flexibility.

Priority 4: Affordability and Workforce Retention

Oregon has made progress in semiconductor workforce development, but cost-of-living pressures undermine recruitment and retention of technicians and early-career professionals essential to fab operations. Housing costs, individual tax burdens, and high

energy and fuel prices increasingly place Oregon at a disadvantage relative to competitor states.

Recommendation: Address affordability drivers—taxes, housing, energy, and fuel costs—to stem talent leakage and sustain workforce competitiveness.

Priority 5: Incentives – Preserve and Modernize Oregon’s Competitive Toolkit

Semiconductor investments are among the most capital-intensive in the global economy and highly sensitive to upfront and ongoing costs. Oregon has benefited from significant investment enabled by the Strategic Investment Program (SIP), which remains critical and must be preserved. However, competitor states now offer broader incentive portfolios, including monetizable incentives that directly reduce project costs and execution risk.

Recommendation: Protect the Strategic Investment Program and expand Oregon’s incentive toolkit to include monetizable R&D, capital investment, payroll, and infrastructure incentives comparable to leading semiconductor states.

Priority 6: Higher Education and Workforce Investment

Oregon has improved alignment between education and workforce systems and semiconductor industry needs, but further growth requires greater scale and coordination. Fragmented credentialing, limited training capacity, and inconsistent pathways constrain workforce responsiveness relative to peer states.

Recommendation: Expand technician training capacity; increase cleanroom infrastructure and high-school-to-degree pathways; improve statewide coordination and credential portability; and strengthen outcome-based accountability aligned to semiconductor workforce demand.

Conclusion

Semiconductor investment decisions are long-term, capital-intensive, and highly competitive. Targeted modernization of tax policy, regulatory frameworks, incentives, and workforce systems is essential for Oregon to retain and grow its role as a national semiconductor leader—supporting innovation, supply-chain resilience, and sustained high-wage employment.



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GROWING STRONG

Oregon Farm Bureau Responds to Governor Kotek’s Prosperity Council and Recommendations

May 18, 2026

The Oregon Prosperity Roadmap articulates an ambitious and necessary vision for growing Oregon’s GDP, strengthening workforce participation, and reducing barriers to investment. Its emphasis on data-driven decision-making, streamlined permitting, and statewide economic coordination provides a constructive starting point for improving Oregon’s business climate.

However, a roadmap to prosperity that doesn’t include dirt and gravel roads will be incomplete. By focusing largely on industry attraction and mobility, the Roadmap understates the importance of production agriculture, the industry that is already here, already invested, and already supporting Oregon’s economy in every corner and county of the state.

Agriculture is not a future opportunity waiting to be developed; it is an existing economic engine that supports jobs, exports, manufacturing, trade, and rural communities across the state.

Agriculture and food processing remain foundational pillars of Oregon’s economy. When accounting for their downstream economic impacts, agriculture and natural resource industries rank among the state’s largest economic drivers. Yet despite their economic significance, these industries are too often overlooked in policy discussions or treated as obstacles to development rather than as essential assets to the state’s long-term prosperity.

Oregon’s geography, climate, and irrigation systems support one of the most diverse agricultural economies in the United States. Oregon’s Department of Agriculture identifies eight distinct agricultural regions in our state.

Regional Highlights¹

- **Willamette Valley** – Often described as “the most diverse agricultural region on earth,” this area produces more than 170 crops. This diversity reflects the innovation and stewardship of Oregon farmers who help supply both local communities and global markets. The valley is the center of much of Oregon’s specialty crop production.

¹ [ODA – Oregon Agriculture Regions](#)

- Key commodities:
 - Grass seed and specialty seed crops
 - Vegetables and berries
 - Hazelnuts, wine grapes, hops, and tree fruits
 - Nursery stock and Christmas trees
 - Dairy, beef cattle, and poultry
- **Mid-Columbia Region** – Hood River and the surrounding areas are known for world-class pears, cherries, apples, and a growing cider industry. Fruit orchards dominate the agricultural landscape. Generations of orchardists have built a reputation for high-quality fruit production that remains central to the local economy and culture.
 - Key commodities:
 - Pears (a national leader)
 - Sweet cherries
 - Apples and growing cider production
- **Columbia Plateau** – Eastern Oregon’s wheat country demonstrates the importance of irrigation infrastructure and working lands. In addition to wheat, the region supports potatoes, onions, vegetables, hay, and dairy operations that contribute significantly to the state’s food system. Irrigation along the Columbia River has enabled production.
 - Key commodities:
 - Potatoes
 - Onions
 - Processing vegetables
 - Watermelon
 - Tree fruit
 - Alfalfa
- **Northeast Oregon / Treasure Valley** – The Treasure Valley near Idaho is especially important for onion production and grows sugar beets and vegetables. This area is recognized for cattle, hay, onions, mint, potatoes, and sugar beets. Agriculture remains a cornerstone of rural communities and local employment throughout this region.
 - Key commodities:
 - Beef cattle
 - Hay
 - Potatoes
 - Mint
- **Coastal Oregon** – Oregon’s coast benefits from the strength of both agriculture and commercial fisheries, producing world-renowned seafood such as salmon, crab, oysters, and clams alongside dairy products and specialty cheeses. The region reflects the full breadth and diversity of Oregon’s food production economy, with the Pacific seafood industry serving as a defining feature of the state’s coastal identity, culture, and economic vitality.
 - Key commodities:
 - Salmon, halibut, crab, oysters, mussels, and clams
 - Dairy products
 - Specialty cheeses,
 - Cranberries
- **Central Oregon** – Known for seed crops, garlic, hay, and cattle production, Central Oregon continues to expand its local food and vegetable production as communities grow.
 - Key commodities:

- Specialty seed crops
 - Garlic
 - Hay
 - Beef cattle
- **Southeast Oregon** – Large ranching operations and irrigated pastureland dominate this region, where ranch families carefully manage vast landscapes that support Oregon’s beef industry and rural economy. Ranching is the primary agricultural activity.
 - Key commodities:
 - Cattle operations
 - Irrigated hay and pasture production due to low rainfall

The diversity represented across these regions is a testament to the resilience of Oregon agriculture. Whether it’s specialty crops in the Willamette Valley, wheat fields in eastern Oregon, orchards in Hood River, or ranchlands in the southeast, each region contributes to a strong and interconnected agricultural system that benefits all Oregonians.

Oregon agriculture is not only economically important, but also deeply connected to the state’s identity, food security, open spaces, and quality of life. Oregon consumers benefit every day from year-round access to fresh, locally grown food, fiber, and natural products produced by hardworking farm and ranch families who care for the land and sustain rural communities across the state.

As the Council considers strategies for economic growth, Oregon Farm Bureau strongly urges the state to reduce the policy and regulatory burdens that increasingly constrain agriculture and rural industries.

Agriculture Is Not a Placeholder

The Roadmap repeatedly emphasizes business retention, economic growth, and investment attraction. Oregon agriculture already advances these goals every day. Unlike many industries, farms and ranches cannot simply relocate in response to rising costs or regulatory uncertainty. They are deeply rooted in Oregon’s land, economy, and communities, often representing generations of stewardship, investment, and commitment tied to the same ground. Agriculture is unique in that way, it carries a deep-seated generational connection to the land, and state policy should recognize, reflect, and support that reality.

Agriculture is not land “awaiting development”; it is productive economic infrastructure that sustains rural communities, drives local economies, and strengthens Oregon’s long-term economic resilience.

- Oregon agriculture, food processing, and related industries, including transportation, manufacturing, and value-added production, generate more than \$42 billion in annual economic activity, support more than 692,000 jobs statewide, and account for roughly 13% of Oregon’s gross state product, making agriculture one of Oregon’s most important economic drivers and manufacturing sectors.²

² https://agsci.oregonstate.edu/sites/agscid7/files/main/about/oragecon_report_2021.pdf

- Oregon agriculture drives more than \$2.5 billion in annual exports and represents approximately 15% of statewide sales activity, connecting Oregon producers to highly competitive national and global markets.³
- Oregon is the second most agriculturally diverse state in the nation, producing more than 220 commodities with an annual farm-gate value exceeding \$6 billion.
- Oregon’s farmers and ranchers manage more than 15 million acres of working land, with approximately 96% family-owned and operated. This is not a talking point, it’s an on-the-ground reality of Oregon agriculture and the communities it sustains.
 - The majority of Oregon’s 30,000+ farms are small-acreage operations between 10 and 50 acres.
 - More than 1,235 farms and ranches have remained in the same family for at least 100 years, including 47 operations with more than 150 years of continuous family ownership.
- Agriculture provides critical year-round and seasonal employment opportunities, particularly in rural communities.
 - Oregon ranks 15th nationally in reliance on farm jobs.
 - Oregon ranks 4th nationally for women principal farm operators, with women representing 44% of Oregon farmers and ranchers.
- Oregon farmers and ranchers help feed the world while producing high-quality, world-class products; on average, a single U.S. farmer feeds 168 people.⁴ Farmers and ranchers continue to produce more with fewer resources – doing more with less to meet growing demands.
- Oregon agriculture faces growing economic pressures, including rising labor costs, inflation, regulatory burdens, and global competition.
 - Nearly 69% of Oregon farmers report operating at a net cash loss.⁵
 - Approximately 77% of farm household income comes from off-farm sources.
 - Oregon continues to lose farms and ranches as operating costs increasingly outpace profitability.⁶

Economic strategies that treat farmland as expendable for other growth priorities risk eroding existing GDP rather than expanding it. While growth and economic development are important, the state must avoid weakening the protections that preserve Oregon’s agricultural land base and long-term food production capacity.

Oregon’s land use system should continue protecting high-value farmland while also supporting the infrastructure, processing capacity, and economic opportunities necessary for long-term agricultural viability.

Regulatory Reform and Non-Mobile Industries

The Roadmap’s commitment to reducing barriers to investment and growth, particularly through permitting inventories, FastTrack programs, and interagency coordination, is especially relevant to agriculture.

³ <https://www.oregonfb.org/oregon-agriculture>

⁴ https://www.nass.usda.gov/Statistics_by_State/Oregon/Publications/facts_and_figures/facts_and_figures.pdf

⁵ <https://www.ers.usda.gov/>

⁶ <https://www.nass.usda.gov/Publications/AqCensus/2022/index.php>

Because agriculture is land-based and operates on long investment timelines, regulatory costs accumulate differently than in mobile industries. Delays, uncertainty, and overlapping compliance requirements directly affect production capacity, investment decisions, and farm viability.

Oregon businesses benefit most from a regulatory system that is transparent, science-based, timely, and predictable. Regulatory certainty allows farms, ranches, and processors to invest confidently, expand operations, and support rural employment.

Examples of regulatory and administrative requirements that warrant careful cost-benefit evaluation include:

- Implementation impacts of Oregon’s Recycling and Modernization Act
- Oregon’s Climate Protection Program, Clean Fuels Program, and related impacts on agricultural fuel, energy, and transportation costs
 - Oregon already ranks among the states with the lowest per-capita carbon emissions. Additional fuel and energy regulations disproportionately affect agriculture, transportation, food processing, and rural consumers while increasing operating costs statewide. These policies risk harming the industries that form the economic backbone of rural Oregon.
- Workforce regulations that increase compliance complexity without directly improving on-farm workplace safety
- Agricultural overtime requirements applied to a seasonal industry with limited ability to absorb or pass through increased labor costs
 - The Council should engage directly with the agricultural community and workforce stakeholders to evaluate how overtime policies are affecting both farms and employees in practice. Policymakers should consider not only the intended benefits of overtime laws, but also the real-world impacts, including reduced hours, lost earning opportunities, and increased operational strain. Labor policies must remain practical and flexible for seasonal, weather-dependent industries such as agriculture.
- Restrictions affecting irrigation flexibility, long-term water supply reliability, and development of additional water storage
 - Long-term agricultural sustainability depends on reliable water access. The state should prioritize practical water storage, groundwater recharge, and irrigation infrastructure projects that support both environmental stewardship and agricultural productivity.
- Maintenance, permitting, and zoning policies affecting essential agricultural infrastructure

When regulatory processes are duplicative, unpredictable, or misaligned with operational realities, the result is not improved outcomes, but reduced production, fewer family operations, and diminished rural economic resilience. This directly conflicts with the Roadmap’s stated goals of GDP growth, job creation, and statewide prosperity.

Tax Policy and Competitiveness

In addition to regulatory reform, Oregon's long-term competitiveness depends on a tax and investment climate that supports reinvestment, modernization, and generational continuity in production agriculture.

Oregon's tax structure should encourage reinvestment in productive businesses and support long-term business continuity, particularly for multi-generational family farms and ranches. Additional recommendations for consideration include:

- Maintaining competitive tax policies relative to neighboring states
- Avoiding new taxes or fees that disproportionately impact production agriculture
- Supporting targeted tax incentives for capital investment, on-farm infrastructure, processing capacity, and rural business development
- Revising Oregon's estate tax and succession policies to help family farms and ranches transition successfully between generations
- Repealing or reforming policies that reduce agricultural competitiveness, including the Corporate Activity Tax and federal tax disconnect provisions
 - The CAT adds substantial costs throughout the agricultural supply chain and reduces the competitiveness of Oregon producers in national and international markets.
 - Agricultural producers need practical and affordable options regarding equipment depreciation, maintenance, and investment. Current policies increase uncertainty and may discourage needed capital purchases at a time when farms are already facing rising operational costs.

Support Medium and Large-Scale Agricultural Processing Capacity

Oregon would benefit significantly from expanded in-state processing infrastructure for fruit, vegetables, livestock, and other agricultural products. Increasing processing capacity would strengthen local economies, improve supply chain resilience, and create additional family-wage jobs in rural communities.

Agriculture Directly Advances the Roadmap's Strategic Goals

Production agriculture materially advances each of the Roadmap's core objectives:

- **GDP Growth:** Agriculture and food processing generate consistent economic output and export-driven revenue.
- **Living-Wage Jobs:** Farm, processing, transportation, and input-supply jobs support families across all regions.
- **Business Retention:** Agriculture represents one of Oregon's most deeply rooted and enduring industries.
- **Global Trade:** Oregon agriculture serves as a primary gateway to Pacific Rim markets.

Failing to explicitly integrate agriculture into sector strategies, FastTrack eligibility, and regulatory streamlining risks leaving one of Oregon's strongest economic sectors overlooked, constrained, and increasingly vulnerable.

Recommendations

To better align the Prosperity Roadmap with Oregon's actual economic structure, Oregon Farm Bureau recommends the following:

1. Explicitly identify production agriculture as a priority sector within economic growth, retention, and trade strategies.
2. Ensure production agriculture is represented in implementation bodies, including the Governor's Prosperity Council.
3. Apply permitting reform and FastTrack concepts to agricultural and food-processing projects, not solely large industrial or urban developments.
4. Prioritize investment in Oregon State University Extension, Experiment Stations, and applied agricultural research to support innovation, improve productivity, and position Oregon to lead in emerging agricultural opportunities.
5. Adopt risk-based, scale-appropriate regulatory approaches that recognize differences between family farms and large industrial facilities.
6. Frame farmland as productive economic infrastructure, not simply as a site for alternative development.

Summary

Oregon farmers and ranchers are a part of the solution. Oregon Farm Bureau has consistently advocated for policies that promote economic growth through lower costs, practical regulation, infrastructure investment, and a stable business climate.

Oregon agriculture is not asking for special treatment; we are asking for fair and accurate treatment. A prosperity strategy that overlooks the state's most enduring, place-based economic engine risks undermining the very foundation it seeks to strengthen. Fully integrating production agriculture into the Prosperity Council and its roadmap will lead to stronger economic outcomes, more resilient rural communities, environmental stewardship grounded in working lands, and a growth strategy rooted in Oregon's economic reality.

If Oregon is serious about long-term prosperity, agriculture and natural resource industries must be fully integrated into the state's economic strategy. Policies that improve regulatory certainty, invest in critical infrastructure, strengthen in-state processing capacity, and preserve business competitiveness are essential to ensuring farms, ranches, and rural communities remain viable for future generations.

Oregon cannot credibly claim to be advancing prosperity and business friendliness while continuing to impose disproportionate regulatory burdens on farms and ranches.

Farmers and ranchers face an ever-growing web of permitting requirements, labor mandates, environmental regulations, and compliance costs that erode competitiveness, discourage investment, and make it increasingly difficult for family operations to survive. Agriculture is not a peripheral industry; it is one of Oregon's foundational economic sectors. Policies that continually increase costs and uncertainty ultimately push production, processing, and jobs out of state. True

prosperity requires a regulatory and economic framework that supports, rather than constrains, the people who produce Oregon's food, fiber, and fuel.

Oregon Farm Bureau appreciates the opportunity to provide input and looks forward to continued engagement with the Governor's Office, Business Oregon, the Prosperity Council, and others.

Respectfully,

A handwritten signature in black ink that reads "Angela Bailey". The signature is written in a cursive, flowing style.

Angela Bailey
President



May 15, 2026

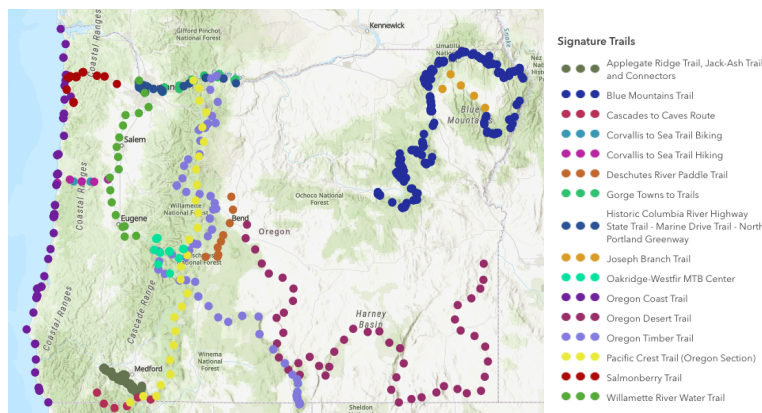
Dear Members of the Governor's Prosperity Council,

As you map a strategy for the advancement of Oregon's economic prosperity and growth, we ask you to consider the power of investing in Oregon's outdoor recreation economy: both in the trails and public infrastructure that support outdoor experiences for Oregon residents and tourists alike, and in supporting the outdoor business sector for which Oregon is a national leader.

BEA data showed that nationally, in 2024, outdoor recreation generated \$1.3 trillion in economic impact (2.4% of U.S. GDP) and 5.2 million jobs, reflecting the desire of Americans across the country to get outdoors and recreate. Oregon's natural landscapes from mountains to ocean, from our high deserts to our Wild and Scenic Rivers, hold huge potential for a thriving and robust outdoor recreation economy, but we are currently leaving much of that potential on the table as other states make strategic investments that draw both businesses and visitors away from our state.

More than 80% of Oregonians report using local trails, and we know that connected trail systems help visitors stay longer, spend more, and reach small businesses. However, thus far, Oregon has failed to invest strategically in our Oregon Signature Trail system.

To illustrate the strategic power of investment in trails, let's look at a single example from our nation's other coast, the 150-mile Great Allegheny Passage Trail, a walking and biking trail connecting cities and small towns from Pittsburgh to Cumberland. The infrastructure that cost \$80 million in initial investment to create now generates more than \$121 million in annual economic impact, supporting 1,400 jobs and \$74+ million in direct visitor spending and an additional \$46 million from indirect/induced spending. That's the impact of just one fully-connected and maintained 150 mile trail. Imagine the power of investing in fully connecting Oregon's 15 Signature Trails pictured below.





Even with our anemic investment in trails and other recreation infrastructure, the 2022 *Economic Analysis Of Outdoor Recreation In Oregon* report showed that outdoor recreation in Oregon supported \$15.7 billion in expenditures, \$20.6 billion in total economic output, 192,000 full- and part-time jobs, and \$12.4 billion in Oregon GDP in 2022. Every dollar spent on outdoor recreation in Oregon generated an additional \$0.31 in secondary economic activity, with benefits flowing to restaurants, hotels, grocery stores, outfitters, retailers, and rural main streets.

SHORT-TERM INVESTMENTS FOR LONG-TERM PROSPERITY AND A THRIVING OREGON OUTDOOR ECONOMY

Reinstate Oregon's Office of Outdoor Recreation

Oregon's Office of Outdoor Recreation, originally enabled through legislation in 2017, and further codified in 2021's HB 2171, has remained empty and unstaffed since April 2023. This office is critical for cross-agency and cross-sector coordination and collaboration to streamline efforts to forward Oregon's outdoor recreation economy such as those laid out in the Governor's Task Force on Outdoor Recreation's *2020 Framework for Action*. We are especially in need of an all-lands hub for outdoor recreation planning and coordination in light of the disinvestment in and reorganization of federal land management agencies, affecting the management of more than 50% of the land mass of our state.

Meaningfully invest in a world-class trail network for Oregon

Trails are how we access Oregon's iconic landscapes. Oregon's trails funding programs are vastly oversubscribed from the Recreational Trails Program administered by OPRD to the Oregon Community Paths program administered by ODOT. Our public agencies are frequently forced to reduce project scopes, building our trails network by just a mile (or less) at a time rather than making the bold investments that can transform local economies.

As the legislature takes up transportation funding again in 2027, there is an opportunity to dedicate new funding in a transportation package for a transformative investment in developing and maintaining our statewide multi-use path network: creating the kind of communities where businesses want to locate, people want to live, people of all ages can safely get around, and visitors choose as destinations for multi-day trips.

Oregon leaders can also call for more direct investment in Oregon's Signature Trails such as the \$1.3 M Congressionally Directed Spending allocation Senators Merkley and Wyden secured for Signature Trails in the Columbia Gorge, Umatilla NF, and Willamette NF in 2024.



Learn more about Oregon Signature Trails at
<https://www.oregontrailscoalition.org/signature-trails>

As you conclude your work, I hope the council will include strategies to support the state agencies managing our state lands and waterways, to invest in the trails and other recreation infrastructure that makes Oregon an accessible, appealing, world-class destination, and to support Oregon's outdoor recreation businesses from our small guides and outfitters to our outdoor product companies serving international markets.

Thank you for your work,

A handwritten signature in black ink that reads "Stephanie Noll". The signature is written in a cursive, flowing style.

Stephanie Noll, Director

The Oregon Trails Coalition is a cooperative body of broad-based, statewide trail interests dedicated to supporting, promoting, and advocating for the preservation, development, and stewardship of a statewide network of sustainable, world class trails. The Oregon Trails Coalition strives to ensure that Oregon's trails benefit all of our residents and visitors, and inspire respect for Oregon's natural and cultural resources. Our advisory council includes representatives from more than thirty federal, state, and local agencies, trail user groups, outdoor industry and tourism partners, and volunteer organizations. We represent walkers, bikers, runners, paddlers, equestrians, adaptive equipment users, skiers, snowmobilers, and motorized trail enthusiasts.



Dear Members of the Governor's Prosperity Council,

On behalf of Building Resilience, a statewide coalition of climate justice and public health, business and labor, faith and frontline communities, environmental, family, and youth organizations, and thousands of individual Oregonians, we share the attached brief, *Smarter Buildings for a Stronger Oregon Economy*, as a resource for the Council's work.

It is our deeply held belief that prosperity is not a number on a balance sheet. It cannot be measured by GDP, the profits of our largest industries, or Oregon's ranking on a business climate index. Enterprise, sustainable innovation, and economic growth have their place in measuring prosperity. Prosperity in the long-term is investments that broaden opportunity for all Oregonians and strengthen our long-term trajectory, not trading away our health, safety, and joy in the pursuit of more profit for the few.

Oregon's prosperity is measured by the experience of our residents. It is felt in whether a family can afford to live in a home in the community where they work, whether families can afford their utility bills, whether a parent has access to quality childcare so they can contribute fully to their community, and whether the infrastructure of daily life— homes, buildings, schools, roads, public health— is strong enough and clean enough to support a thriving society. A truly thriving state is not simply a cheap state or one that myopically proposes tax breaks for corporations and the most wealthy — it is an affordable one for all Oregonians, and a capable one, with an educated workforce, resilient communities, and a quality of life that attracts the most talented people and the most innovative firms.

This Council's work offers an important opportunity to connect Oregon's economic strategy with its homes and businesses. The following brief pulls from multiple sources of recent research and demonstrates the need to prioritize investments in:

- Business Climate: *Reducing Costs, Increasing Competitiveness, and Protecting Oregon Businesses from Energy Volatility*
- Workforce: *Building the Trades Pipeline for Oregon's Fastest-Growing Energy Sector*
- Equity, Resilience, and a Managed Transition: *Ensuring the Economic Benefits Are Broadly Shared*
- Tools for Growth: *Incentives, Land Use, and Economic Development Tools for the Electrification Era*

Policies that advance **healthy, affordable, resilient homes and buildings that run on renewable energy** are not separate, and should not be separate from economic policy; **they are economic policy**. The quality, efficiency, and resilience of our buildings directly affect the strength and success of our people and economy.

Sincerely,

The Building Resilience Steering Committee



Smarter Investing in Buildings for a Stronger Oregon Economy

Executive Summary

Core thesis: The policies the Building Resilience coalition advocates for — energy efficiency in buildings, strategic electrification, and community resilience infrastructure — are not environmental policies with economic side effects. They are economic policies with environmental co-benefits. They reduce household and business energy costs, create high-road in-state jobs, expand Oregon's tax base, improve workforce participation, and strengthen Oregon's competitive position at a moment when the national clean energy economy is undergoing a structural transformation.

Central ask to the Prosperity Council: Integrate building electrification, energy efficiency, and community resilience into the Council's recommendations on all three strategic priorities — Business Climate, Workforce, and Tools for Growth — as fundamental economic development strategies. We have included some ideas for funding these priorities below, through existing policies like the Climate Protection Program and passing a Climate Resilience Superfund.

Statistics of note:

- Oregonians spent **\$19.5 billion on energy in 2022**, with roughly \$8.5 billion spent on energy to power homes, businesses, and industries. (*ODOE Biennial Energy Report, 2024*)
- The average Oregonian could lose **~\$12,000 per year** in income from the effects of greenhouse gas emissions under a business-as-usual scenario (*Oregon Energy Strategy, 2025*)
- Oregon's goal of installing 500,000 heat pumps by 2030 will deliver **median savings of \$300 to \$650 a year**, depending on heat pump efficiency, for 92 - 100% of the 49 million homes analyzed. (*ODOE 2025 Biennial Heat Pump Report*)
- Oregon employed **57,860 clean energy workers** in 2025, with clean energy accounting for 59.2% of the state's total energy workforce — ranking Oregon **8th nationally** (*E2 Clean Jobs America, 2025*)
- The Oregon Energy Strategy projects **9,200 to 16,500 net new energy sector jobs by 2035**, driven primarily by efficiency and electrification investments, with buildings' jobs projected to grow 9–12% (*ODOE, Oregon Energy Strategy Jobs Analysis, 2025*)
- Independent modeling estimates Oregon's clean energy transition will add **\$2.5 billion annually to GDP by 2050**, with \$49 billion in cumulative economic benefits (*Energy Innovation, 2022*)

Policies of note:

- **The Oregon Energy Strategy establishes the least-cost pathways for Oregon's economy and finds that it runs through efficiency and electrification.** The Governor's Executive Order 25-29 directs agencies to take action on Energy Strategy recommendations. A delay in implementing these least-cost approaches risks higher costs and economic burdens for businesses, families, and the government.
- The **Climate Protection Program ('CPP')** is a **business-minded solution**, developed over years of public process with considerable industry input. By providing a predictable, flexible path for reducing



emissions, the CPP will accelerate innovation, cut costs for consumers, and create thousands of jobs in the clean economy. Moreover, **Community Climate Investments as a component of the CPP can help fund projects that reduce greenhouse gas emissions in Oregon's environmental justice communities.**

- Heatwaves, like the 2021 Heatdome, **killed more than 100 people and had economic impacts between \$1.3 billion and \$4.6 billion** due to mortality and health effects. The economic ripple effects of smoke-related health issues and lost productivity are estimated to **cost Oregon up to \$1 billion in GDP during heavy smoke years.** (*Economic Costs of Climate Change in Oregon, 2024*)
- The state must pass a sustainable revenue and funding measure for heat pumps, community resilience hubs, and other **public safety and wildfire mitigation and adaptation solutions** to address urgent and growing climate damages. Policy solutions like **Climate Resilience Superfund legislation** can create a sustained revenue source from multinational oil and gas companies - *not* local Oregon businesses nor taxpayers - to pay for the pollution and damages these companies have caused.

SECTION 1: BUSINESS CLIMATE

Reducing Costs, Increasing Competitiveness, and Protecting Oregon Businesses from Energy Volatility

Prosperity Council Goal: Explore and recommend strategies for regulatory streamlining and potential changes in tax policy that would stimulate GDP growth and long-term tax revenue.

Core argument: Volatile fossil fuel costs are a structural drag on Oregon's business climate. Buildings that run on efficient electric systems insulate businesses and households from energy price shocks, reduce operating costs, and free up capital for other investments. Strategic regulatory frameworks — Building Performance Standards, updated energy codes, and incentives for heat pumps and other efficiency measures — can reduce costs and deliver certainty for businesses planning capital upgrades.

1.1 Renewable Energy and Efficiency as Smart Economic Policy

- Renewable electricity and electrification are not just cheaper on average — they are **more price-stable**, insulating businesses from the global commodity price swings that have destabilized energy costs since 2020. (*Oregon Energy Strategy, 2025*)
- The Oregon Energy Strategy found that **the least-cost pathway for Oregon's entire economy** depends on high levels of energy efficiency and electrification. Delaying building and transportation electrification **increases statewide costs and strands capital.** (*ODOE Oregon Energy Strategy, 2025*)
- Buildings account for **nearly 20% of energy use in Oregon's commercial sector.** Oregon's new Building Performance Standard (BPS), launched in 2025, creates a structured compliance pathway for large commercial buildings — a regulatory certainty tool for business owners planning capital investments. (*ODOE, 2025*)

1.2 The Cost of Energy Burden and Why Efficiency Is Fiscal Policy

- High energy burden reduces household disposable income and suppresses local economic activity — it is both a social equity issue and a drag on consumer spending in local economies.
- Weatherization delivers significant returns: for every dollar invested in home weatherization, **\$0.90 to \$1.40 is gained in direct energy benefits** — before counting health, productivity, and avoided-cost benefits (*Brookings Institution, 2024*)
- Oregon's BPS program and Building Energy Codes establish a performance floor that reduces long-run operating costs for building owners, increases asset values, and reduces tenant energy burden — all markers of a stronger commercial real estate sector.

1.3 Regulatory Streamlining: Permitting, Codes, and Incentive Certainty

- Streamlined permitting for heat pump installations and building energy upgrades reduces contractor costs and increases project throughput — a regulatory reform that stimulates private investment without public subsidy.
- Consistent, predictable energy codes give builders and manufacturers the market certainty to invest in training, equipment, and supply chains — the Prosperity Council's stated interest in "tools that reflect today's business ecosystem."
- Oregon ranked **#9 nationally for energy efficiency** in ACEEE's State Energy Efficiency Scorecard (2025), recognizing the BPS program and equity-focused efficiency policies — a competitive advantage for attracting businesses that prioritize ESG and operating cost certainty (*ODOE, 2025 Year in Review*)

SECTION 2: WORKFORCE

Building the Trades Pipeline for Oregon's Fastest-Growing Energy Sector

Prosperity Council Goal: Explore and recommend opportunities to modernize Oregon's workforce development systems to improve the effectiveness and relevance of training programs for our workforce and employers in growing sectors.

Core argument: The clean energy transition in buildings — heat pump installation, weatherization, EV charging, grid upgrades, microgrid development — is creating a large, durable, and geographically distributed surge in demand for skilled trades workers. Oregon's workforce development systems must align with this demand now, or cede those jobs to workers from other states. **A truly prosperous Oregon is one where Oregon families have dignified labor and high-road jobs and opportunities that allow their families to thrive.**

2.1 The Occupations Oregon Needs Right Now

- The Oregon Energy Strategy's jobs analysis identifies **electricians, construction laborers, and HVAC/refrigeration mechanics** as the occupations projected to see the **greatest number of new employees by 2035** (*ODOE Jobs Analysis, 2025*)

- Buildings sector jobs are projected to grow between **4,500 and 5,500 by 2035 (9–12% growth from 2024)**, with gains concentrated in commercial HVAC, residential HVAC, and related construction subsectors (*ODOE Jobs Analysis, 2025*)

2.2 Geographic Equity: Eastern Oregon and Rural Communities

- The Oregon Energy Strategy projects **roughly 6,500 new energy sector jobs in Eastern Oregon by 2035 — a 33% increase from the 2024 baseline** — driven by clean electricity generation, transmission, and electrification (*ODOE Jobs Analysis, 2025*)
- This represents a proportionally larger opportunity for rural communities than for the Portland metro area, making workforce alignment a geographic equity and rural development imperative.
- Rural communities along the electrical trades pipeline (electricians, lineworkers, HVAC technicians) stand to gain substantially — but only if training programs are accessible and proximate to where workers live.

2.3 The Workforce Gap: A Policy Risk for Oregon

- The ODOE Jobs Analysis explicitly warns: "If an adequate workforce is unavailable and the pipelines for training and developing the workforce are not sufficient, this could create a significant barrier to meeting our state's energy goals or to ensuring that Oregonians capture those in-state job opportunities." (*ODOE Jobs Analysis, 2025*)
- Oregon clean energy jobs grew **nearly 2% in 2024 and 11.2% since 2020**, but workforce development programs have not kept pace with demand. (*E2 Clean Jobs America, 2025*)
- ODOE awarded **\$2 million in workforce grants in 2025** to six organizations, including Warm Springs Construction Enterprise, Klamath Community College, and Northwest Native Chamber — demonstrating that geographically targeted, community-based training works. (*ODOE, 2025*)

2.4 Recommendations for Workforce Development Modernization

- **Align community college curricula** with projected occupational demand in HVAC, electrical work, weatherization, and grid infrastructure — using Oregon Energy Strategy job projections as a planning baseline.
- **Expand registered apprenticeship pathways** in the clean building trades, with wage standards that reflect the "living wage" tier (\$33–\$48/hour) that energy sector jobs already cluster in. (*ODOE Jobs Analysis, 2025*)
- **Fund location-based training programs** in rural Oregon and Tribal communities where energy sector job growth as a share of baseline will be highest — preventing in-state opportunities from flowing to out-of-state contractors.
- **Co-locate training with deployment:** Programs attached to weatherization, heat pump, and EV charging deployment create immediate employment as training progresses
- **Establish a Clean Buildings Trades Pipeline:** coordinate across ODOE, Oregon Department of Community Colleges and Workforce Development, and industry partners to create a unified workforce signal aligned with building code upgrade cycles and utility electrification programs.

SECTION 3: EQUITY, RESILIENCE, AND THE MANAGED TRANSITION

Ensuring the Economic Benefits Are Broadly Shared

Core argument: A managed transition that prioritizes low-income households, rural communities, and Tribal nations for energy efficiency upgrades and resilience investments is both an equity imperative and an economic efficiency strategy — it reduces the risk of stranded assets, prevents energy burden from deepening economic inequality, and ensures Oregon's workforce pipeline draws from its full talent pool.

3.1 Energy Burden is an Economic Drag

- High-energy-burden households — those spending more than 6% of income on home energy — are disproportionately concentrated in communities already facing economic hardship.
- An unmanaged transition that leaves low-income and rural households on an aging, increasingly expensive fossil fuel system as other customers electrify will **increase energy burden** for the most vulnerable and **reduce their economic participation**.
- Prioritizing energy efficiency upgrades and electrification assistance for high-burden households converts a fiscal liability into a recurring household income gain.

3.2 Tribal Nations: Energy Sovereignty as Economic Development

- Oregon's nine federally recognized Tribes have identified energy sovereignty — the ability to control and determine their own energy infrastructure — as essential to self-determination and long-term resilience. (*Oregon Energy Strategy, 2025*)
- Community-scale solar, battery storage, and microgrid investments on Tribal lands create local economic activity, reduce outflow of energy dollars from reservation communities, and strengthen resilience during grid outages and climate events.
- Oregon's \$1M grant to Warm Springs for solar and battery storage at three community sites (permanent supportive housing, affordable housing, and a community center) is a model of integrated economic and resilience investment. (*ODOE/Microgrid Knowledge, 2026*)

3.3 The Just Transition Workforce Dimension

- Building Resilience coalition advocacy explicitly seeks "high-road jobs" — jobs with living wages, benefits, and advancement pathways — in the clean energy economy.
- ODOE's Jobs Analysis found that energy sector employment growth spans all wage tiers, with the distribution remaining essentially stable — but intentional program design can tilt toward living-wage outcomes.
- Workforce programs prioritizing BIPOC communities, rural workers, and returning workers can help Oregon ensure the economic gains of the clean energy transition do not simply replicate existing patterns of inequality.

SECTION 4: TOOLS FOR GROWTH

Incentives, Land Use, and Economic Development Tools for the Electrification Era

Prosperity Council Goal: Ranging from incentives to land use, explore and recommend updates to economic development tools that reflect and support today's business ecosystem.

Core argument: Oregon's economic development toolkit was largely built for a fossil-fuel economy. Heat pump rebates, building performance standards, community resilience hubs, microgrids, and clean energy manufacturing incentives are not climate programs bolted onto economic development — they are the updated economic development tools of the 21st century. Orienting Oregon's incentive structures, land use frameworks, and infrastructure investment programs around building electrification and community resilience will produce durable, geographically broad economic benefits.

4.1 Energy Efficiency and Electrification Incentives as Economic Development Tools

- Household-level savings from building and transportation energy efficiency and electrification function as **recurring wage increases** for working Oregonians, particularly those in lower income brackets who spend the highest share of income on energy.
- Incentives and services from providers like Energy Trust of Oregon create **economic development opportunities for employing energy efficiency and electrification contractors and installers** - especially in rural and other communities with higher-than-average unemployment rates.

4.2 Community Resilience as Economic Infrastructure

- The Building Resilience Coalition's work centers on the recognition that homes and buildings are Oregon's first line of defense against climate disruption — and that an unmanaged transition leaves the most vulnerable communities exposed.
- Community Resilience Hubs (physical spaces with backup power, cooling/heating capacity, and community services) function as **economic anchors during climate disruptions** — reducing the economic toll of wildfires, heat waves, ice storms, and grid outages on local business activity and workforce participation.
- Oregon's community clean energy grant program, established under HB 2021, explicitly defines Community-Based Renewable Energy projects as those that "result in increased resiliency or community stability, local jobs, economic development, or direct energy cost savings to families and small businesses." (*Pacific Power/HB 2021, 2021*)
- Oregon has invested **\$12 million in microgrids, solar, and storage** to power wells, schools, and Tribal facilities — including a \$1M grant to Warm Springs for solar and battery storage at three community sites. (*Microgrid Knowledge, 2026*)
- HB 2065 and HB 2066 (2025) created new frameworks for microgrid development across Oregon, passing with **bipartisan support** — a signal that energy resilience is understood as a broadly shared economic interest, not a partisan one. (*Sustainable Northwest, 2025*)
- Grid transmission investment delivers broad economic returns: **each \$1 billion of transmission investment supports about 13,000 FTE-years of employment and \$2.4 billion in economic activity.** (*Brattle Group, cited in Move Oregon Forward report, 2025*)

4.3 Land Use: Compact, Connected Development Reduces Energy Costs and Infrastructure Burdens

- Energy-efficient buildings in well-connected, walkable neighborhoods reduce both energy consumption and transportation costs — the two largest household expenses after food.
- Oregon's existing Housing + Transportation cost burden data (ODOT, 2022) shows combined spending of **56% of household income** — a structural affordability crisis that land use and building policy can address in tandem.
- Buildings that meet high energy efficiency standards tend to have **higher assessed values**, contributing to the property tax base and supporting long-term tax revenue — a direct Prosperity Council interest.

4.4 Federal Transition Risk and Oregon's Opportunity

- The federal government's rollback of IRA clean energy incentives creates short-term market uncertainty, but the **structural transformation of global energy markets is already irreversible**. Moreover, the Trump Administration's War in Iran has led to a surge in fuel prices in Oregon and states across the country.
- **State-level incentive continuity** — heat pump rebates, building upgrade incentives, clean vehicle credits, weatherization programs — fills the gap left by federal retrenchment and sends a durable market signal to manufacturers, investors, and workforce trainers like unions.

CONCLUSION

The Building Resilience Coalition's agenda — energy efficient buildings, strategic electrification, community resilience — maps directly onto every dimension of the Prosperity Council's economic mandate. We can reduce the cost of living and doing business in Oregon through upgrades to homes and buildings. The work creates a large, durable pathway for skilled trades jobs distributed across the state, including in rural communities. We must deploy modern economic development tools — building performance standards, resilience incentives, workforce pipelines — that fit the economy Oregon is building, not the one it is leaving behind.

The Oregon Energy Strategy establishes the least-cost pathway for Oregon's economy and finds that it runs through efficiency and electrification. A delay in implementing these least-cost approaches risks higher costs and economic burdens for businesses, families, and the government. The Prosperity Council has the opportunity to give that pathway economic teeth — to ensure that Oregon's businesses, workers, and communities benefit from the structural transformation already underway in global energy markets, rather than being left behind by it.

Building resilience is economic policy. It is time to treat it that way.

APPENDIX: KEY SOURCES AND LINKS

Source	Relevance	Link
Oregon Energy Strategy (ODOE, 2025)	Least-cost pathway, job projections, household cost analysis	https://www.oregon.gov/energy/Data-and-Reports/Documents/Oregon-Energy-Strategy.pdf
OES Jobs Analysis Key Findings (ODOE, 2025)	9,200–16,500 net new jobs by 2035; occupation-level projections	https://www.oregon.gov/energy/Data-and-Reports/Documents/OES-Jobs-Analysis-Key-Findings.pdf
E2 Clean Jobs America (2025)	57,860 Oregon clean energy workers; Oregon 8th nationally	https://cleanjobsamerica.e2.org/wp-content/uploads/2025/09/E2-2025-Clean-Jobs-America-2025_final.pdf
Energy Innovation Oregon Modeling (2022)	10,000 jobs + \$2.5B/yr GDP by 2050 from existing policies	https://energyinnovation.org/2022/03/10/new-oregon-energy-policy-simulator-modeling-shows-major-benefits-of-accelerating-climate-policies/
Oregon Clean Tech Task Force (2024)	\$4–8B investment, 9,000–18,000 manufacturing jobs potential	https://apps.oregon.gov/oregon-newsroom/OR/GOV/Posts/Post/governor-kotek-releases-clean-tech-manufacturing-task-force-recommendations
ODOE Biennial Energy Report (2024)	\$19.5B Oregon energy spend	https://energyinfo.oregon.gov/ber-energy-numbers-2024
U.S. DOE Energy & Employment Report (2024)	National clean energy job growth 4.2%	https://www.energy.gov/sites/default/files/2024-08/2024%20USEER%20FINAL.pdf
Brookings: Weatherization (2024)	\$0.90–\$1.40 energy benefit per dollar invested	https://www.brookings.edu/articles/the-u-s-needs-better-more-accessible-home-weatherization-programs/
Oregon HB 2065/2066 Microgrid Laws (2025)	Bipartisan microgrid/resilience framework	https://www.sustainablenorthwest.org/blog/microgrids-oregon-4-2025
ODOT Oregon Transit and Housing Study (2022)	56% combined housing + transportation cost burden	https://www.oregon.gov/odot/Planning/Documents/ODOT_Transit_%26_Housing_Study_Final_Report.pdf
Brattle Group: Transmission Investment (2011)	\$1B transmission = 13,000 FTE-years, \$2.4B economic activity	https://www.brattle.com/wp-content/uploads/2017/10/8209_employment_and_economic_benefits_of_transmission_infrastructure_investment_pfeifenberger_hou_may_2011_wires.pdf
ODOE Biennial Heat Pump Report (2025)	Median savings of \$300 to \$650 a year, depending on heat pump efficiency, for 92 percent to 100 percent of the 49 million homes analyzed	https://www.oregon.gov/energy/data-and-reports/Documents/2025-Biennial-Oregon-Heat-Pump-Report.pdf

Source	Relevance	Link
<p>The Economic Costs of Climate Change for Oregonians. A First Look. (2024)</p>	<p>Heatwaves, like the 2021 Heatdome, killed more than 100 people, and had economic impacts between \$1.3 billion and \$4.6 billion due to mortality and health effects. The economic ripple effects of smoke-related health issues and lost productivity are estimated to cost Oregon up to \$1 billion in GDP during heavy smoke years.</p>	<p>https://www.sustainable-economy.org/economic-costs-of-climate-change-in-oregon-a-first-look</p>



June 1, 2026

sent via email: Prosperity.Roadmap@oregon.gov, tim.knopp@oregon.gov

Governor's Prosperity Council
Tim Knopp, Chief Prosperity Officer
Office of Governor Tina Kotek, State of Oregon
900 Court Street, Suite 254
Salem, Oregon 97301

RE: Recommendations for development of statewide economic strategy by the Prosperity Council

Dear Co-Chair James, Co-Chair Robinhold, Prosperity Council members, and Mr. Knopp:

Thank you for the opportunity to provide comments as the Prosperity Council develops its recommendations to inform approaches to achieve goals outlined in the [Prosperity Roadmap](#). The Wild Salmon Center (WSC) works to promote the conservation and sustainable use of wild salmon ecosystems across the Pacific Rim. We identify science-based solutions to sustain wild fish and the human communities and livelihoods that depend on them.

The Roadmap's goals prioritize accelerating Oregon's economic growth, creating more living wage jobs today, and retaining and growing Oregon businesses. The Roadmap highlights Oregon's "exceptional quality of life, marked by clean air, abundant fresh water, and a stunning natural environment" that make Oregon a desirable place to live. Our iconic rivers and landscapes draw people and businesses to the state and motivates people to stay.

The natural values of Oregon's lands and waters must be protected, for the health of all Oregonians and the resilience of the businesses and communities that depend upon clean air and water. The statewide economic strategy in development by the Prosperity Council must prioritize the protection of natural resources as integral to a healthy Oregon and include strategies to ensure cold clean water in Oregon's rivers, thriving populations of wild fish, healthy forests, and a growing restoration economy. All communities benefit from healthy ecosystems. Growth and prosperity must be consistent with the protection of vital ecosystem services, which provide the foundation for Oregon quality of life. These include healthy forests, cold clean water, tourism and recreation, and restoration of habitat for fish and wildlife.

1. Healthy forests and abundant supplies of cold clean water support sustainable economies and thriving communities across the state of Oregon.

Clean water and healthy forests that support fish and wildlife are integral to the livability and welfare of Oregon communities. Abundant supplies of cold, clean water support Oregon's economy through irrigated agriculture, industrial uses, drinking water for communities, recreation, tourism, and commercial fishing. In 2021, commercial fisheries in Oregon generated \$642 million alone.¹ Healthy watersheds provide habitat for fish and



wildlife, store and slow down floodwaters, filter out pollutants, and buffer the impacts of fire and climate change.ⁱⁱ

Failing to adequately protect Oregon’s natural resources has real consequences for the state’s economy, particularly under a changing climate. More extreme weather, from increased flooding to drought, is projected to impact Oregon communities statewide. Changes in precipitation that increase drought risk and decrease snowpack will have significant impacts to irrigated agriculture and other industries that rely upon sustainable supplies of clean water. The Oregon Climate Change Research Institute identifies economic losses from smoke impacts to businesses and tourism, reduced timber prices from wildfire exposure, and adverse public health outcomes related to increased wildfire smoke as projected effects of climate change.ⁱⁱⁱ

Many Oregonians recognize and value the importance of protecting the state’s natural resources. A 2023 Oregon Values and Beliefs survey found that 53% of Oregonians believe that maintaining a quality environment attracts people and companies to Oregon. The same survey also found that a majority of Oregonians believe that stronger environmental laws and regulations are worth the cost (63%).^{iv} The Prosperity Council must include the protection of Oregon’s natural resources as foundational to the health of Oregon’s economy.

2. Tourism and outdoor recreation are important economic drivers that depend upon a healthy environment.

Outdoor recreation in Oregon supported \$16 billion in spending that supported 192,000 full or part-time jobs in 2022.^v As stated in a 2024 analysis by Earth Economics, “outdoor recreation is an important part of Oregon’s identity” and a majority (95%) of Oregonians participate in outdoor recreation.^{vi} Oregon’s rivers, forests, mountains, and coastlines are also a major driver of visitors to the state.^{vii}

Fishing, hunting, and wildlife viewing contributed \$1.2 billion in spending by Oregonians and visitors in 2019 and supported 11,000 jobs. These activities, which rely upon a healthy environment that is protected and restored, generated \$385 million in labor income.^{viii} According to Travel Oregon, the Oregon Coast tourism economy is the second largest in the state. In 2018 alone, the Oregon Coast captured 17% (\$2.053 billion) of total statewide spending and 59% (17 million) of all visitors to Oregon (29.1 million).^{ix} The coastal Oregon counties of Lincoln, Lane, and Coos have the highest percent of the labor force employed by spending in outdoor recreation.^x

3. Restoration investments are investments in local communities.

The labor, materials, and private-sector contracts that result from financial investments in habitat restoration projects is often referred to as the “restoration economy” and offers important benefits to Oregon communities. Increasing investments in these types of projects can particularly benefit rural communities in Oregon. Communities that have traditionally relied upon natural resource extraction are finding new strategies to use



natural resources that focus on environmental stewardship and ecological restoration. A study of Oregon Watershed Enhancement Board (OWEB) projects found that 80 percent of grant funding remains in the county where the project is located.^{xi} Between 2001 and 2010, habitat restoration in Oregon alone generated up to 6,400 jobs and more than \$977 million.^{xii} A University of Oregon study found that every \$1 million invested in watershed restoration results in an average of 16 to 17 new jobs and averages \$2.3 million in economic activity.^{xiii} Additionally, researchers have found a strong local bias for hiring related to restoration projects. Between 95% and 99.5% of restoration project managers hired Oregon-based businesses for contracted work.^{xiv} The restoration economy offers job creation potential and employment opportunities in fields such as construction, engineering, natural resources. WSC encourages the Prosperity Council to consider the economic benefits, particularly to rural communities and local businesses, connected to a growing restoration economy here in Oregon.

We urge the Prosperity Council to ensure that any recommendations are aligned with the majority of Oregonians that value a healthy environment and protections for clean air and water. These recommendations should prioritize the protection of Oregon’s natural resources, and the need for regulations and agencies that implement those protections on behalf of the public. These recommendations should also be aligned with the Governor’s Executive Order 25-26 that directs state agencies to promote the resilience of Oregon’s lands and waters.^{xv} Further, any recommendations should address barriers to supporting a thriving recreation and restoration economy. Thank you for your consideration of these comments.

Sincerely,

Stacey Detwiler
Oregon Policy Director
Wild Salmon Center

ⁱ Oregon Department of Fish and Wildlife. Oregon Commercial and Marine Recreational Fishing Industry Economic Activity for Years 2020 and 2021.

<https://www.dfw.state.or.us/agency/docs/TRG%20Oregon%20fishing%20industry%202020-2021%20ES.pdf>

ⁱⁱ Oregon Department of Fish and Wildlife. State Wildlife Action Plan: Water Quality and Water Quantity.

<https://swap.oregon.gov/key-conservation-issue/water-quality-and-quantity/>.

ⁱⁱⁱ Fleishman, E., editor. 2025. Seventh Oregon climate assessment. Oregon Climate Change Research Institute, Oregon State University, Corvallis, Oregon. <https://doi.org/10.5399/osu/1181>.

^{iv} Oregon Values and Beliefs Center, Environment and Land Use, 2023 <https://oregonvbc.org/environment-and-land-use/>

^v Mackey, E., Cousins, K., 2024. Economic Analysis of Outdoor Recreation in Oregon: 2022 Update. Earth Economics. Tacoma, WA.

^{vi} Mackey, 2024.

^{vii} OPRD (2018). Outdoor Recreation in Oregon: Responding to Demographic and Societal Change. Oregon Parks and Recreation Department. Salem, OR

^{viii} Mojica, J., Cousins, K., Madsen, T., 2021. Economic Analysis of Outdoor Recreation in Oregon. Earth Economics. Tacoma, WA. Factsheet available <https://www.dfw.state.or.us/agency/docs/Factsheet-Economic%20Impact%20OR%20Counties-Earth%20Economics%202019.pdf>.



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- ^{ix} Travel Oregon. Regional Cooperative Tourism Program. 2019. https://industry.traveloregon.com/wp-content/uploads/2019/10/Oregon_Coast-4.pdf
- ^x Mackey, 2024.
- ^{xi} Bonner, K., and M. Hibbard. 2002. The economic and community effects of Oregon Watershed Enhancement Board Investments in Watershed Restoration. University of Oregon, Institute for a Sustainable Environment, Ecosystem Workforce Program, Briefing Papers.
- ^{xii} Ecotrust. 2012. Oregon’s Restoration Economy, Investing in natural assets for the benefit of communities and salmon. p. 4. <http://www.ecotrust.org/our-programs/water/>.
- ^{xiii} Nielsen-Pincus, M., and C. Moseley. 2010. Economic and employment impacts of forest and watershed restoration in Oregon. University of Oregon, Institute for a Sustainable Environment, Ecosystem Workforce Program, Working Paper Number 24, Spring 2010; Edwards, P.E.T., A.E. Sutton-Grier and C.E. Coyle. 2013. Investing in nature: Restoring coastal habitat blue infrastructure and green job creation. *Marine Policy* 38:65-71.
- ^{xiv} Nielsen-Pincus, M. and C. Moseley. 2010. “Economic and Employment Impacts of Forest and Watershed Restoration in Oregon.” University of Oregon: Ecosystem Workforce Program, Working Paper 24.
- ^{xv} Executive Order 25-26 “Directing State Agencies to Take Urgent Action to Promote the Resilience of Our Communities and Natural and Working Lands and Waters.” 21 October 2025. <https://www.oregon.gov/gov/eo/eo-25-26.pdf>.

June 8, 2026

Governor Tina Kotek
900 Court Street NE
Salem, OR 97301



Prosperity Council Co-Chairs Renée James and Curtis Robinhold
Members of the Oregon Prosperity Council

RE: The Prosperity Council's Final Recommendations

Dear Governor Kotek, Co-Chairs James and Robinhold, and members of the Oregon Prosperity Council:

We understand the Prosperity Council is considering draft recommendations to improve the Oregon economy. We are aware that these recommendations may change and are not final. As a result, Tax Fairness Oregon would like to offer our opinion in the hope that it might modify the final result.

We agree with the goal of improving the growth in the Oregon economy. It has been underperforming in comparison with other states since the start of the pandemic and the damaging protests in Portland in 2020. Commercial property values in Portland have suffered, reducing revenues needed to support the city and the county. The state is suffering from federal funding cutbacks and cannot support the needs of the citizens without increasing revenue.

At the same time, we need to remember that over the longer term, Oregon has outpaced national growth and some of the problems we face today are transitory and not based upon current state public policies. Portland suffered from significant vandalism in 2020. The badly implemented attempt to legalize drugs caused additional damage. Intel and Nike, our two largest companies, suffered major layoffs due to their internal problems causing additional economic pain for the state from their local suppliers. Oregon's trade dependent and small business sectors are a bigger share of the national economy than in most states and were hurt by national tariff and trade policies. Fortunately, the impact of these events is reversing and what has been a drag on our economy is shifting to a more positive environment. The drug policy was reversed, vandalism and crime overall are down sharply, Intel and Nike have stopped their bleeding and should begin adding employment and the Supreme Court ended some of the tariffs.

Given this background, we agree with some of the recommendations, have concerns about some, and offer a few we think are missing.

What we like

- Elevating economic development priorities within the executive branch makes sense. We recognize that Oregon is in a serious competition for beneficial growth. Competing means having a clear idea of what benefits Oregonians, a deep knowledge of business conditions, and the flexibility to act when conditions are right.
- Implementing a sales tax would allow us to reduce income taxes to make our tax structure more like other states. However, the total package must remain at least as progressive as it is today to retain our support. California, which has a significant sales tax, also has a more progressive tax system overall than Oregon, showing that adding a sales tax does not necessarily create a regressive system.
- Establishing a process to systematically reduce regulations that are counterproductive. Announcing a goal is easy. Establishing a process to continuously review and eliminate low value regulations is the hard part.

We read the bills and follow the money

What we don't like

- Simply cutting taxes across the board is counterproductive. Taxes pay for public services. Cutting services reduces economic activity, offsetting the stimulus effect of tax cuts. Further, states with successful economies demand more and better public services. – better schools, safer streets, healthier and adequately-housed people, good roads, and clean air and water. In a healthy economy, a working person should be able to buy healthy food, adequate housing, and consistent health care. Navigating this dynamic requires more than simple solutions.
- At the highest level, this means our state and local governments need to do their job better. In competing for beneficial growth, we can do a lot better. For example, there is ample evidence that we massively overpaid and do not have to continue to give data centers hundreds of millions each year in tax incentives to attract them to Oregon. Yet we continue to do so. This does not deny that data centers have brought some benefits. Thousands of Oregon businesses provide public benefits every day without special incentives. We've constructed a system in which the incentives are an entitlement. You get them if you meet the (very) minimum standards regardless of how large the incentive is. We've built an administrative system that incentivizes capturing the surplus at the expense of other governments and the public at large and allows mega corporations to pit local governments against each other. And we've justified it all with woefully inadequate analysis of public benefits and costs.
- Oregon's treatment of foreign "tax haven" income is equally wasteful. Exemption of this income not only reduces our revenue by hundreds of millions each year, it creates unfair competition for businesses lacking foreign operations and, because corporate income is allocated to the state by sales, provides no incentive to locate facilities or jobs in Oregon.
- Similarly, attaching to other federal level incentives to encourage investment, such as bonus depreciation, does nothing to encourage investments in Oregon. The bulk of the funds just reward investments in other states.
- Finally, TFO supports adjustments to the estate tax exemption to make it more equitable. However, doing it in the pursuit of economic development is misguided. Studies clearly show that taxes are a very minor reason that people choose to move, a conclusion supported by the rapid growth in revenue from the tax itself.

What we think is missing

- Public investments in higher education. Oregon has starved our public universities for decades. We know that an educated workforce will produce positive economic benefits over time, but we keep failing to make those investments.
- Addressing our infrastructure needs. The public has voted down the transportation package, but without addressing our deteriorating roads and bridges we will do long term damage to the state economy.

Going forward

- Reducing tax rates in the pursuit of economic growth without dealing with existing wasteful practices is fiscal folly. The state should eliminate wasteful tax incentives based on a careful analysis of benefits and costs and awareness of economic opportunities. New or modified incentives should be structured to reward investments that maximize public benefits rather than just meet minimum standards. The incentives should recognize the benefits provided by Oregon-based businesses. At minimum, the incentives should be judged by their ability to efficiently incentivize family-wage jobs, such as the recently passed jobs credit for qualified businesses.

We read the bills and follow the money

- The state should replace the current administrative system that focuses solely on increased activity regardless of the external costs and who must bear them. Instead, the structure should be focused on maximizing the benefits for the citizens of the state, be empowered to act when conditions are right, and be accountable for results. Such a system would seek investments that use Oregon's resources efficiently, minimize negative impacts on the things that make Oregon a good place to live, and would not otherwise occur.
- Any reduction of overall tax rates should be conditioned on the elimination of wasteful incentives and tempered by the realization that the federal government is actively making it harder for working people to live off their income and shifting the cost of dealing with the consequences to the state.

Sincerely,

Jody Wiser, John Calhoun, Jim Scherzinger
Tax Fairness Oregon

We read the bills and follow the money

Technical Report:
Data & Research



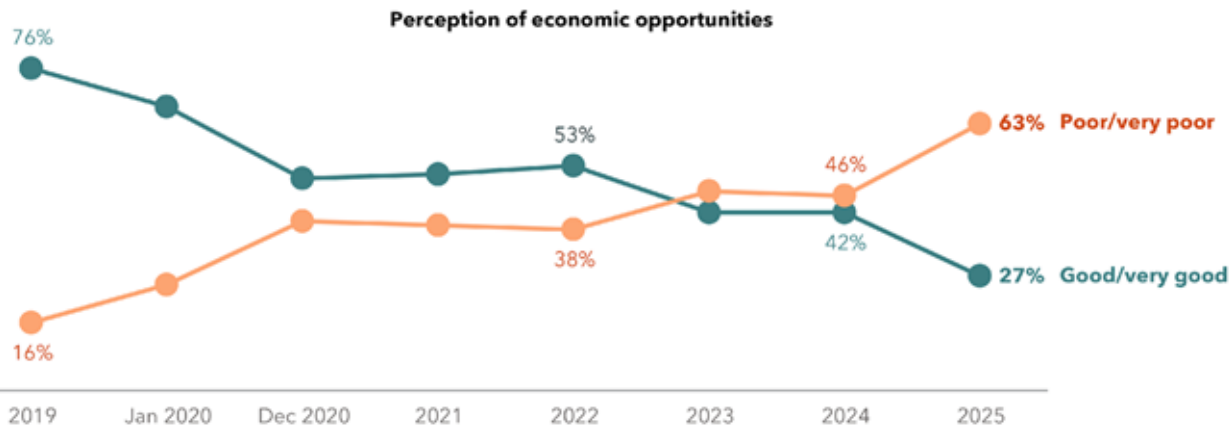
Oregon Prosperity Council

Appendix F: Technical Report – Data and Research

Section 1: Economic Competitiveness

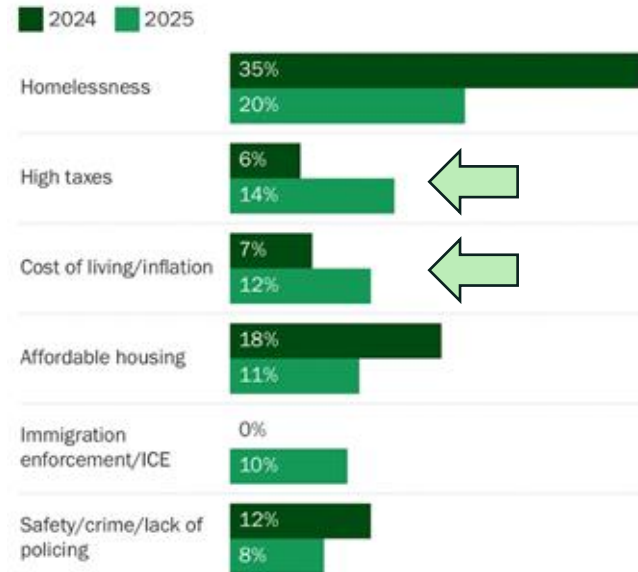
High taxes and cost of living are growing concerns in the Metro

For the first time, most Metro voters feel their economic opportunities are poor, and positive perceptions of economic opportunities are at an all time low



Biggest issues facing the Portland area, according to voters

Asked an open-ended question, voters still say homelessness is the region's biggest issue. But taxes and the cost of living are of growing concern.

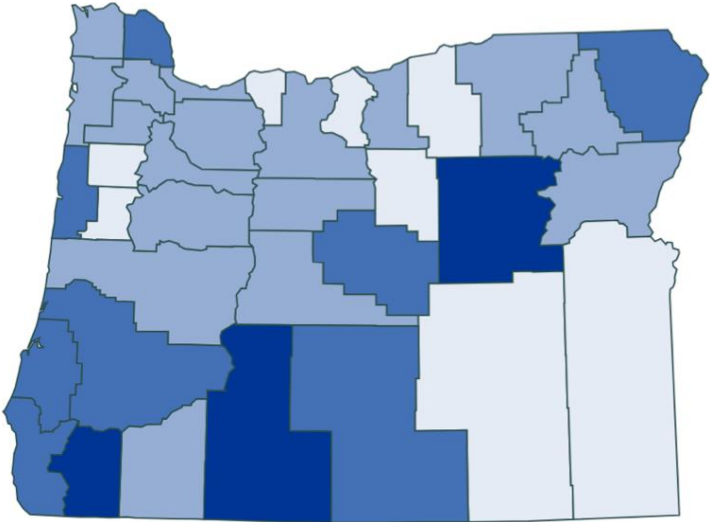


Based on a December poll of 600 voters in Multnomah, Washington and Clackamas counties. Margin of error is ± 4 percentage points.

Source: Oregonian, from DHM, PMC economy survey, December 2025

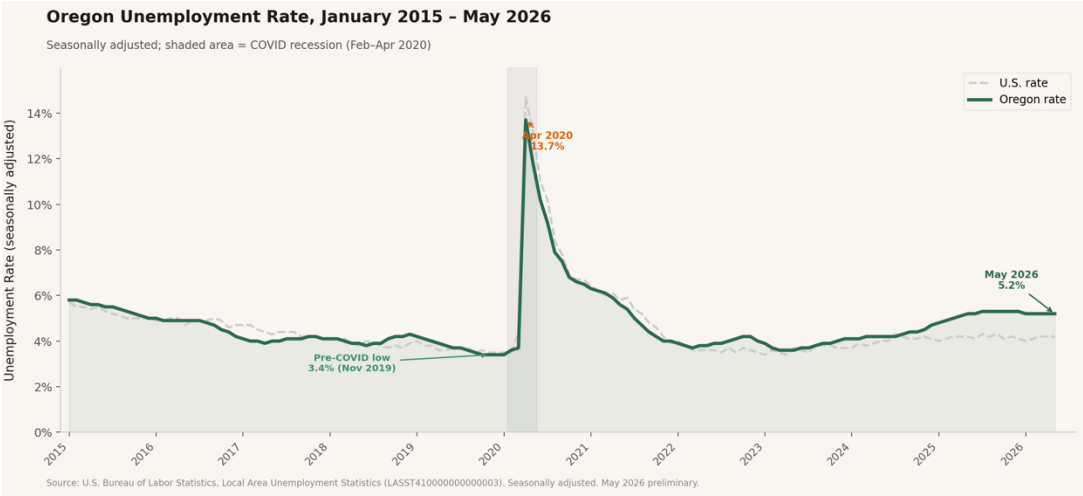
Unemployment rate statewide increasing faster than nationally

Seasonally Adjusted Unemployment Rate
May 2026



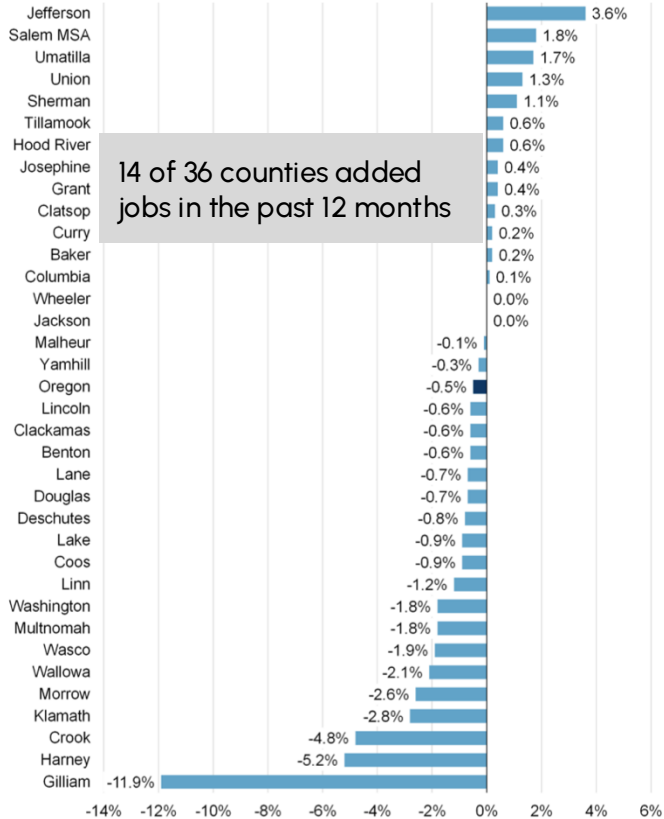
Unemployment Rates (%)

- 4.8 or less
- 4.9 - 5.6
- 5.7 - 6.4
- 6.5 - 7.2



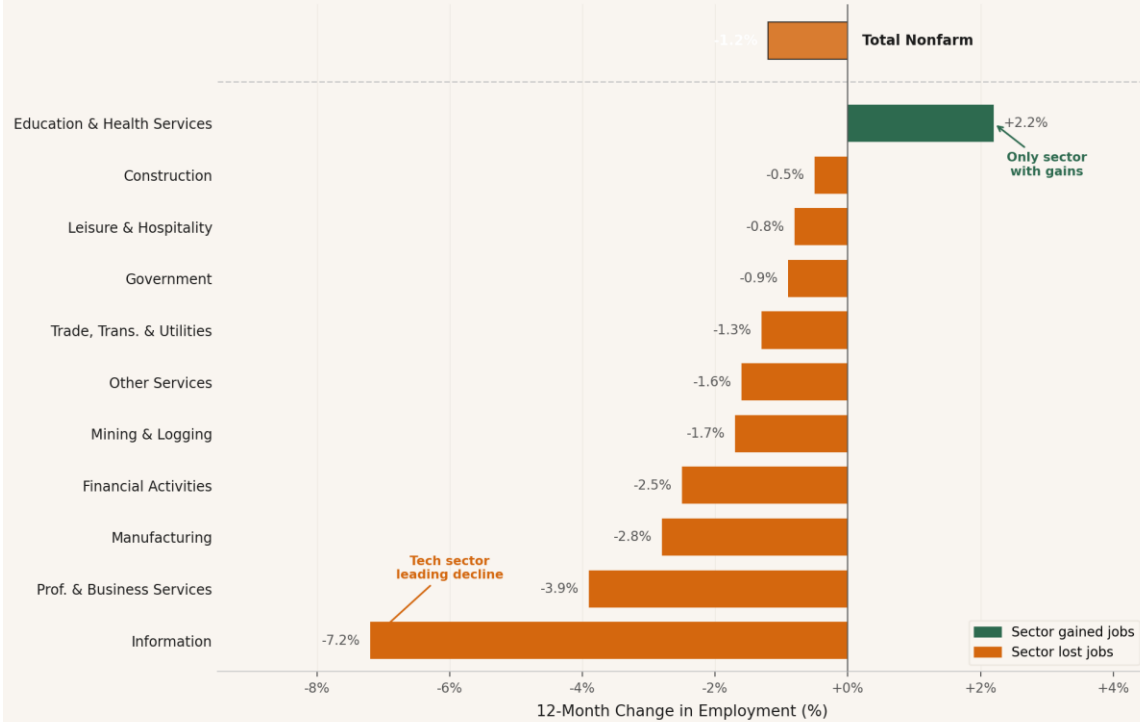
Oregon lost 9,100 jobs over the past 12 months, 3 county metro lost 16k

Job Growth by Oregon County
Seasonally Adjusted, May 2025 - May 2026



Oregon Employment Change by Industry

April 2025 to April 2026 · 12-month change · Seasonally adjusted

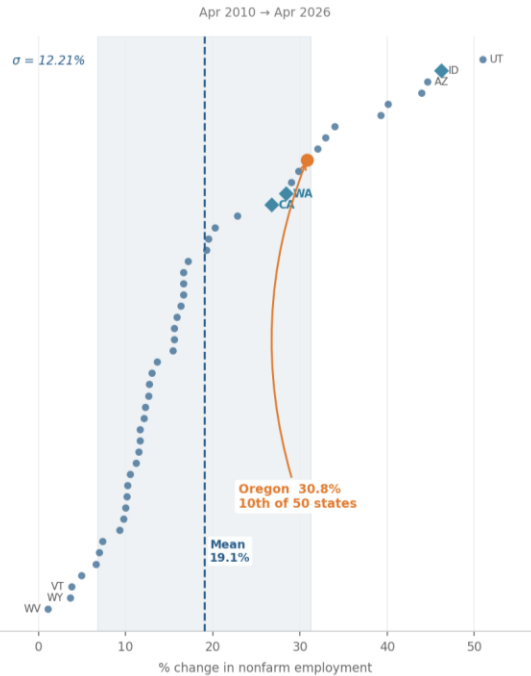


Source: U.S. Bureau of Labor Statistics, State and Metro Area Employment Statistics (SM), Oregon Economy at a Glance. Seasonally adjusted. April 2026 preliminary.

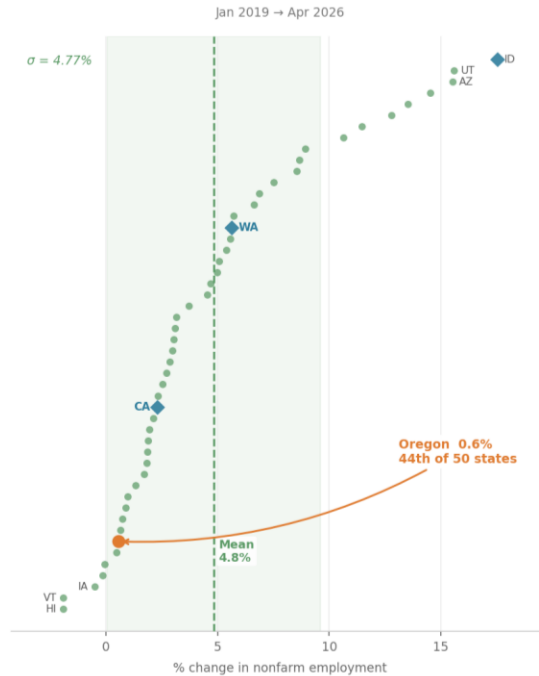
Job growth performance highly sensitive to reference period

State non-farm employment change ranking

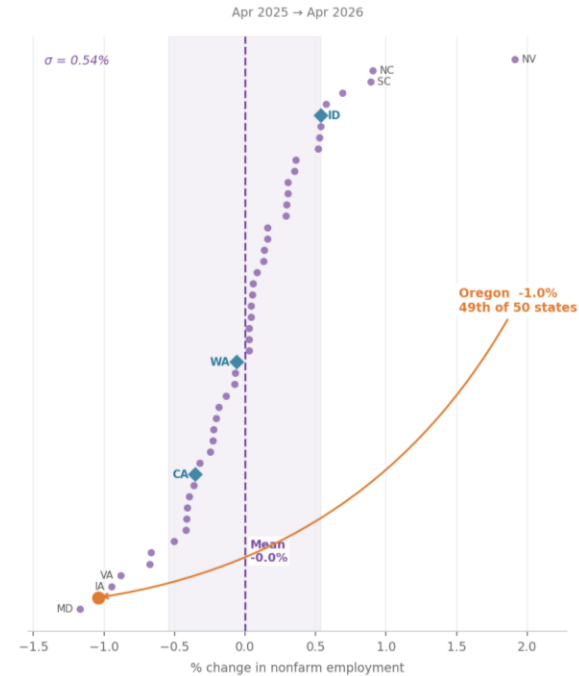
Job Growth Since 2010



Job Growth Since Pre-COVID



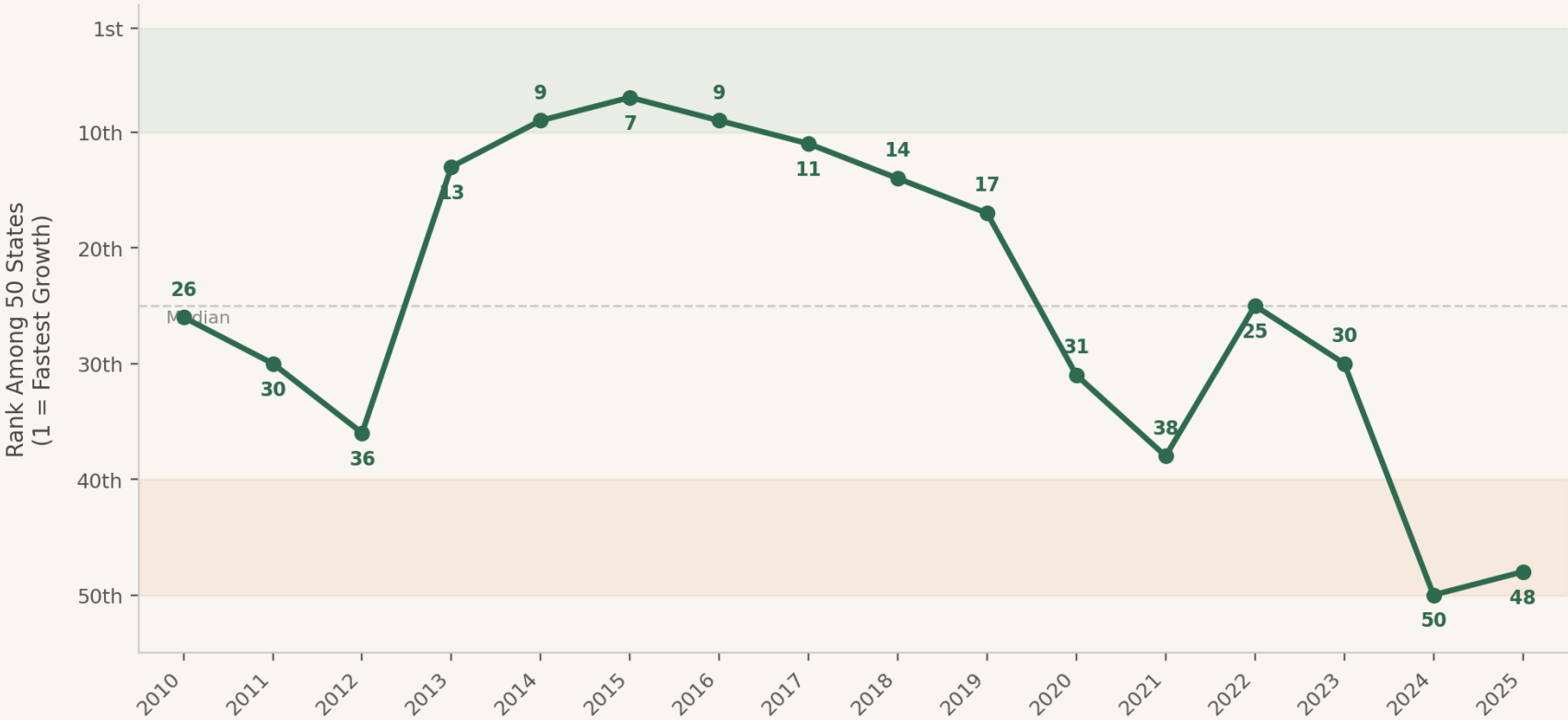
One-Year Job Growth



Oregon's annual job growth ranking was trending down pre-pandemic, then amplified

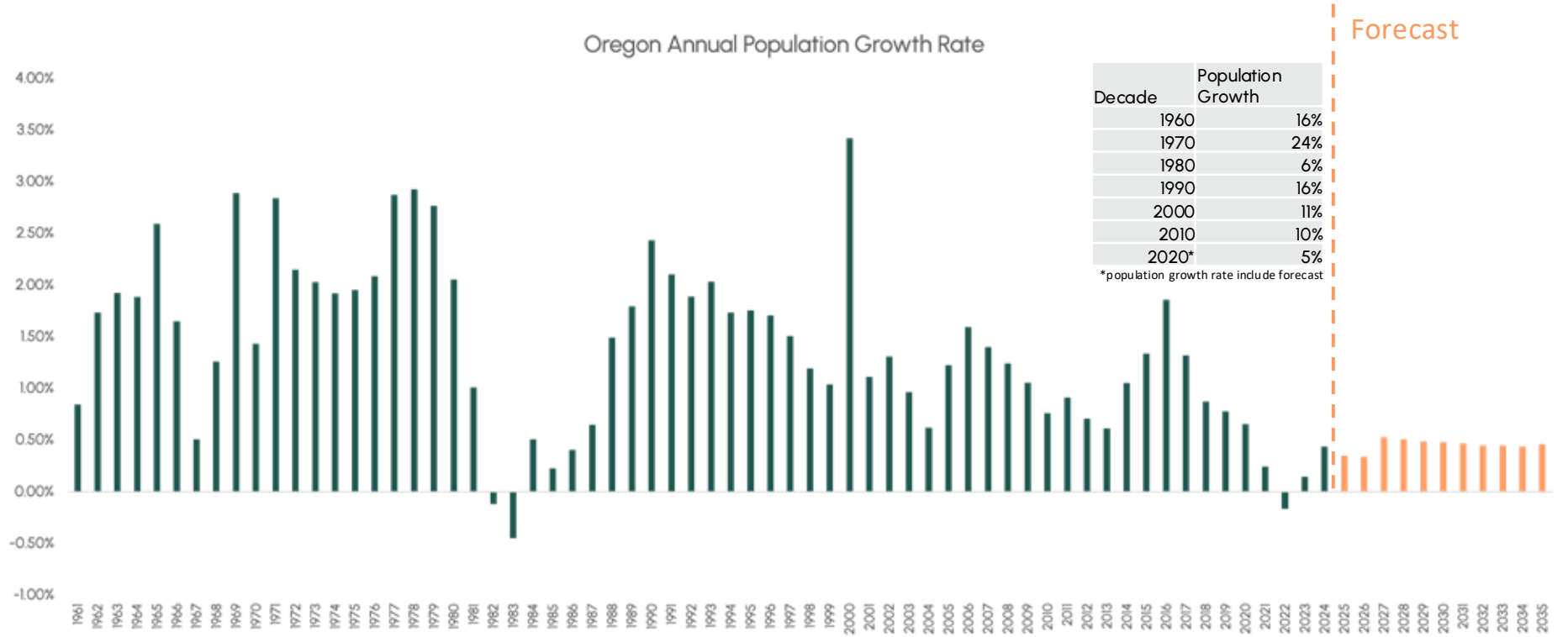
Oregon's Annual Job Growth Ranking Among All 50 States

Annual % change in total nonfarm employment; rank 1 = fastest-growing state

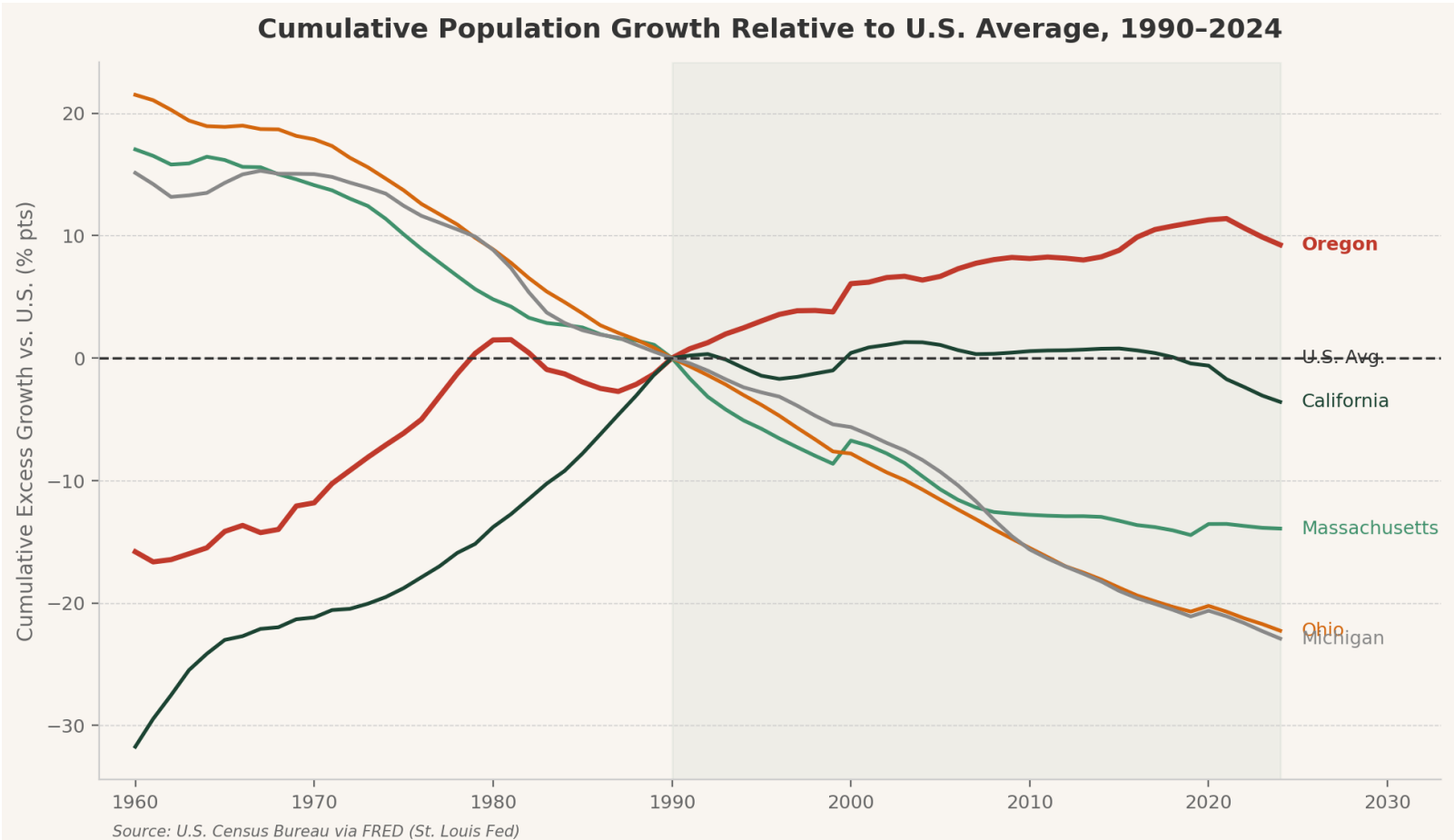


Source: U.S. Bureau of Labor Statistics, seasonally adjusted nonfarm payroll employment (FRED).

Population growth rate expected to be half of previous 30 year trend



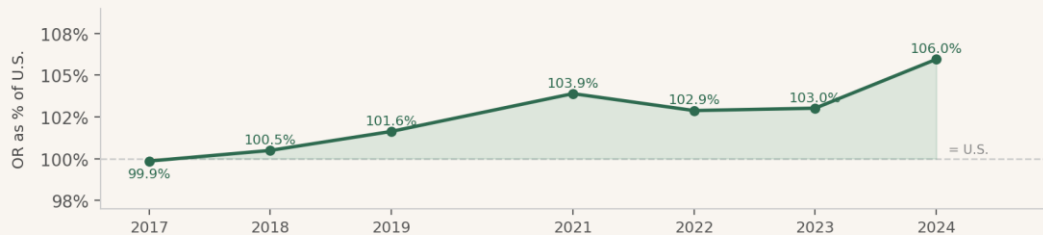
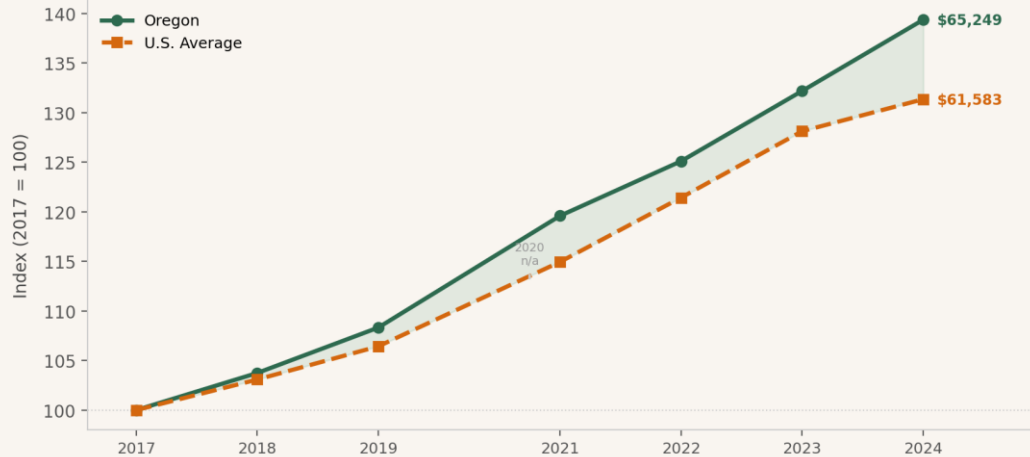
Oregon population growth has stagnated in past decade compared to U.S.



Full time worker median wages in Oregon growing faster than U.S.

Oregon vs. U.S.: Median Earnings, Full-Time Year-Round Workers

Median annual earnings for workers 16+ employed full-time, year-round; indexed to 2017 = 100

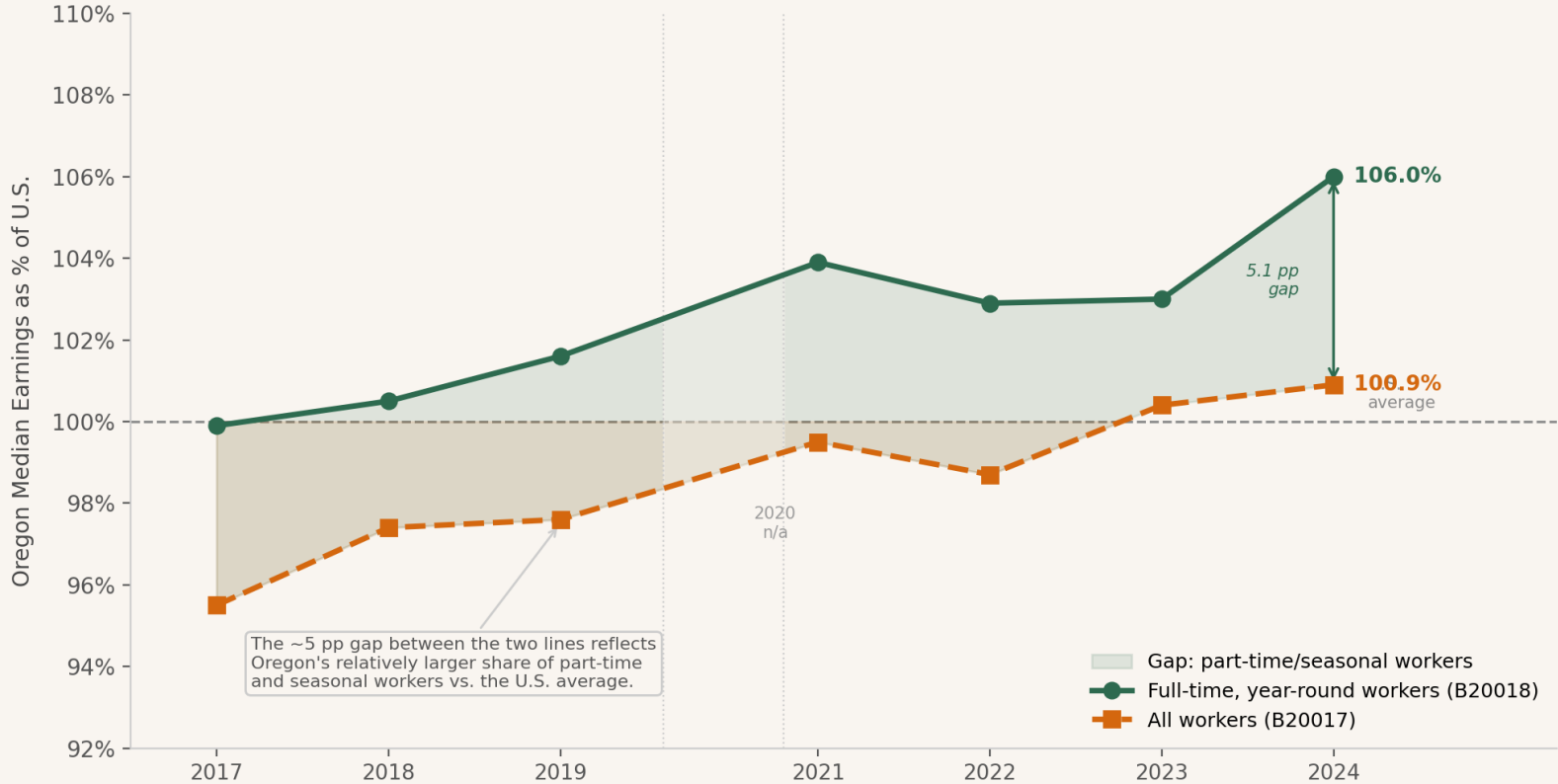


Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, Table B20018 (nominal dollars). 2020 not released. Comparable series begins 2017.

Gap in median income in Oregon is primarily a structural gap from less full-time work

Oregon Median Earnings Relative to U.S.: Full-Time vs. All Workers

Oregon median annual earnings as a share of U.S. median; ACS 1-year estimates, 2017-2024

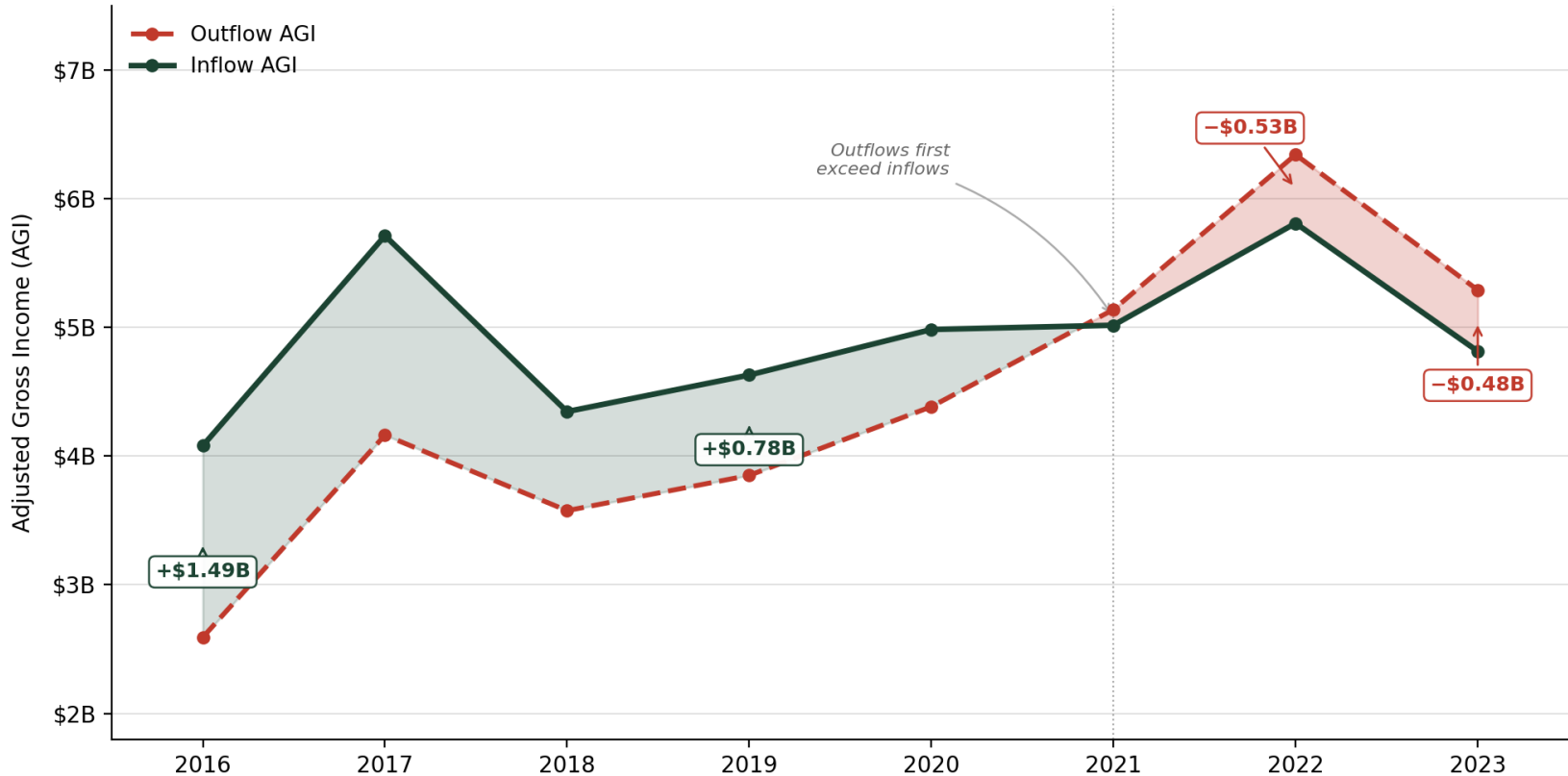


Source: U.S. Census Bureau, ACS 1-Year Estimates. Full-time: Table B20018 (worked 35+ hrs/wk, 50+ wks/yr). All workers: Table B20017. Nominal dollars. 2020 not released.

Statewide net loss of \$500 million in income through migration in last 2 years

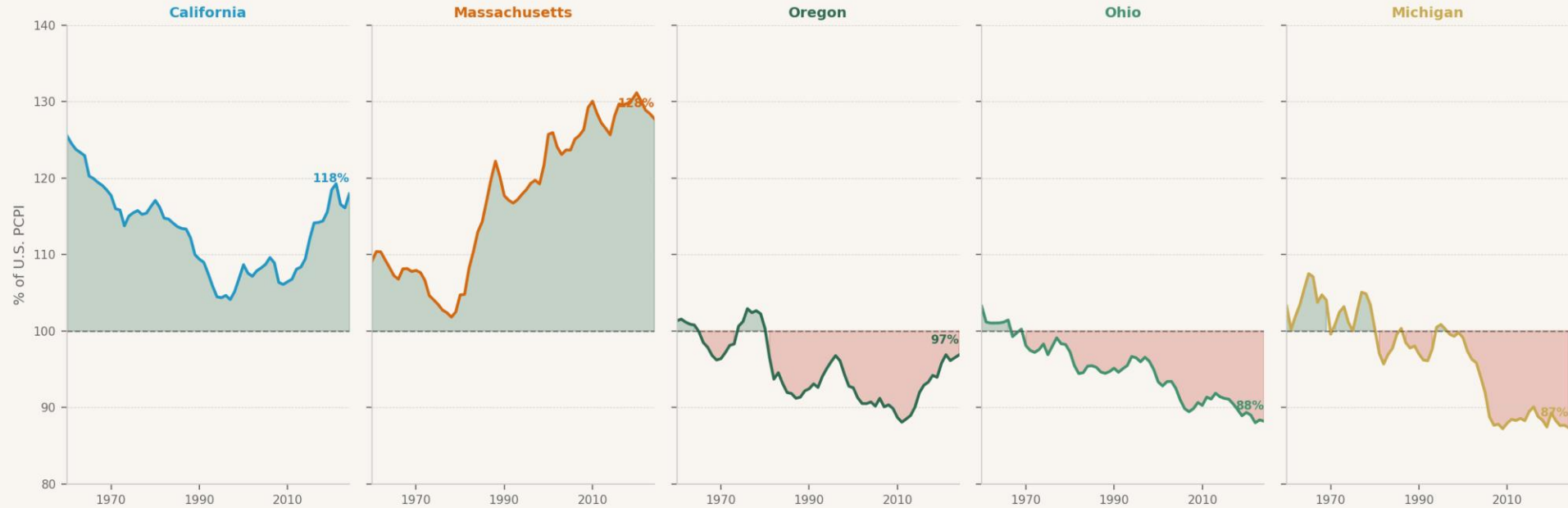
Oregon Statewide Migration: Annual AGI Inflows and Outflows

Adjusted gross income of households migrating into and out of Oregon, IRS SOI data



Oregon's income trajectory was similar to Rust Belt states through 2010

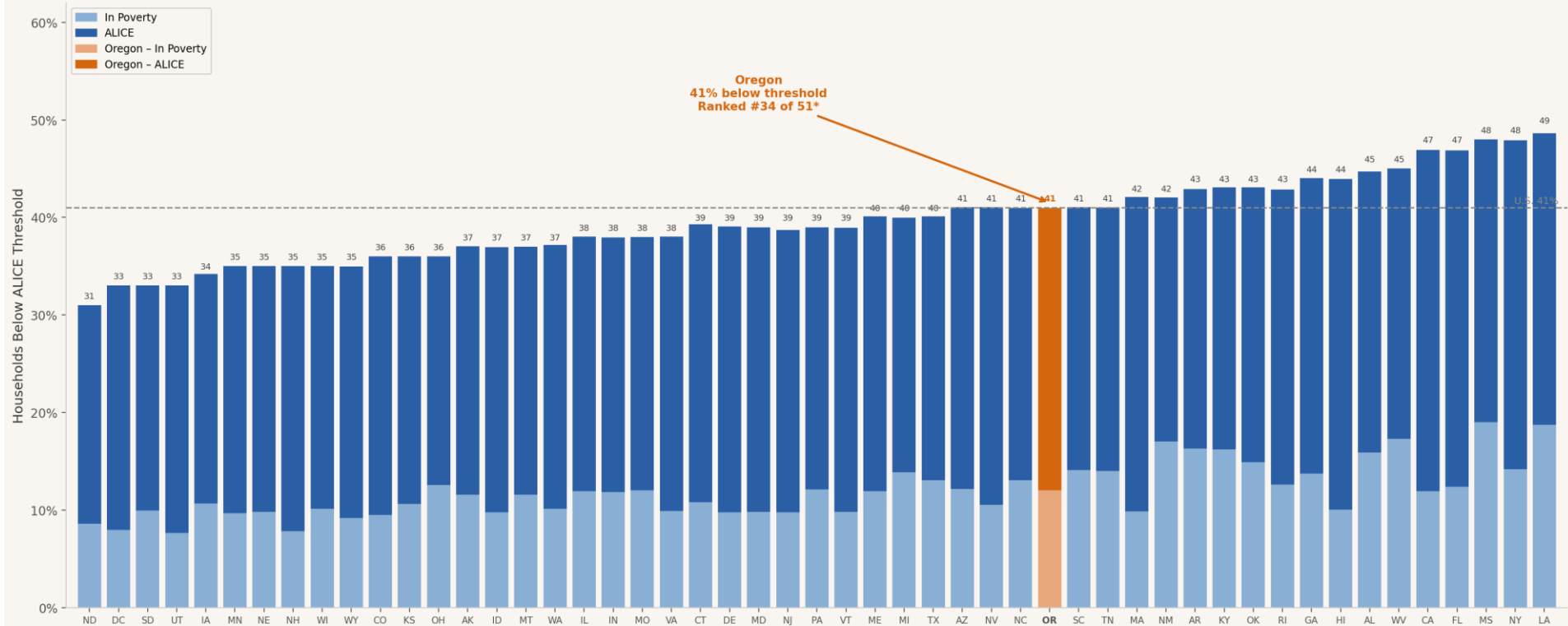
Per Capita Personal Income vs. U.S. Average by State, 1960-2024



Source: U.S. Bureau of Economic Analysis via FRED (St. Louis Fed)

ALICE data represent HHs not earning enough to cover basic necessities

Financial Hardship by State: % of Households Below ALICE Threshold, 2024



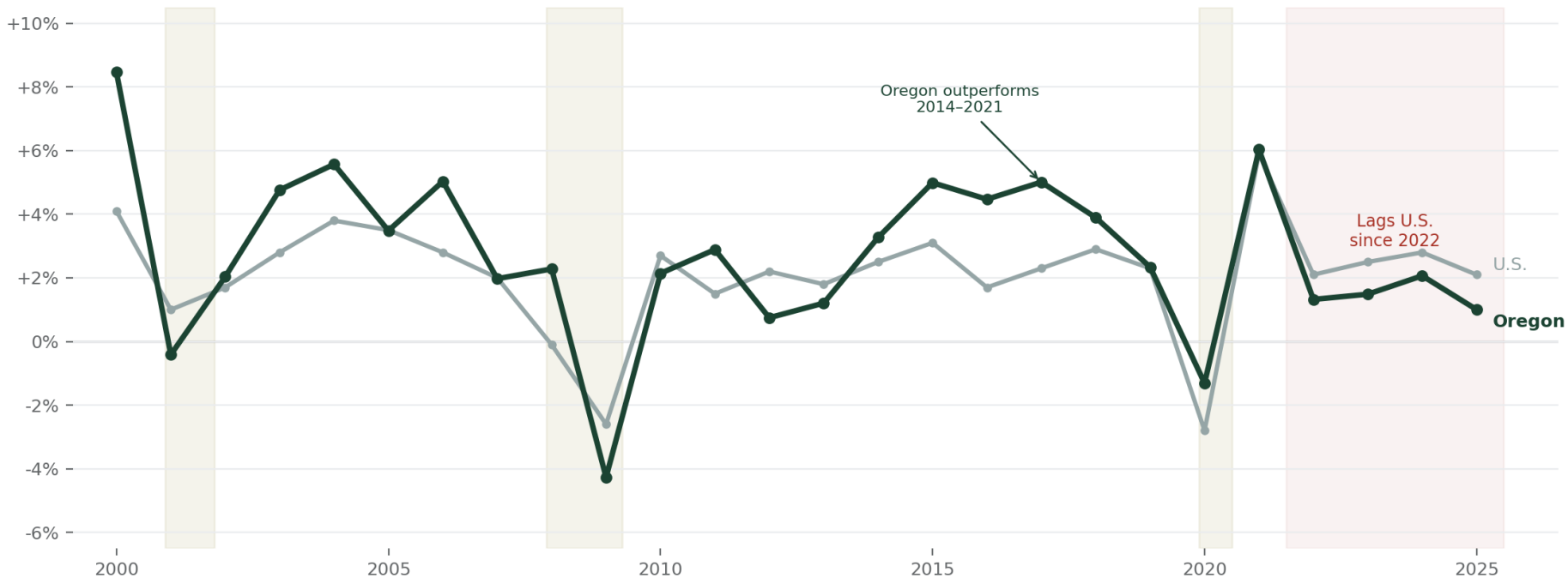
Oregon
41% below threshold
Ranked #34 of 51*

* Rank 1 = lowest financial hardship; Rank 51 = highest. Oregon cited as #34 of 51 in the 2026 State of ALICE Report (states + DC), where rank 1 = lowest hardship. Source: United For ALICE, State of ALICE Report 2026 (2024 ACS data). unitedforalice.org

Oregon's GDP growth has typically exceed the national rate until the past 3 years

Oregon Real GDP Growth vs. U.S.: A Story of Outperformance Then Reversal

Annual percent change in real GDP | Gray bands = recessions

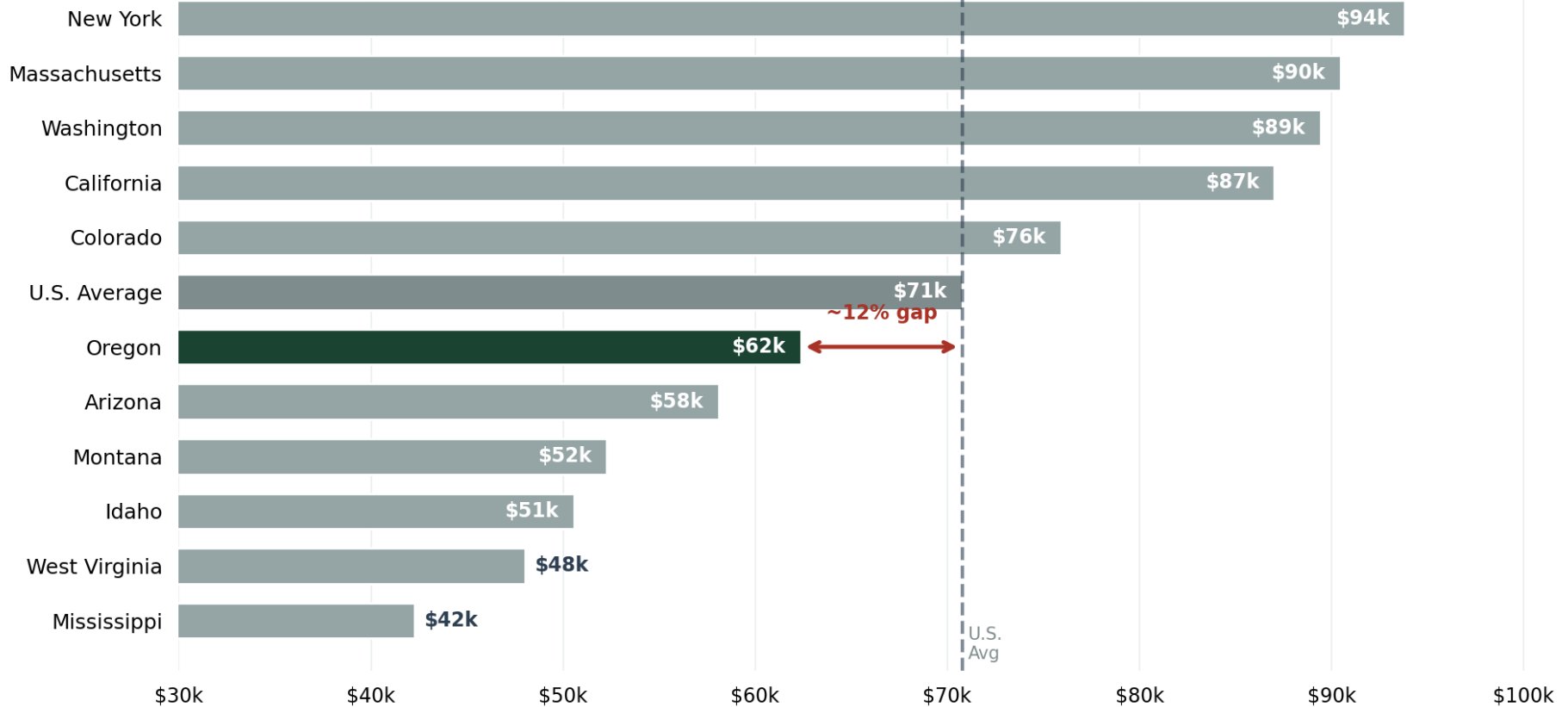


Source: Bureau of Economic Analysis (BEA), Annual GDP by State, Table SAGDP1. Updated April 2026.

ECONorthwest

Current productivity in Oregon lags the national average by 12%

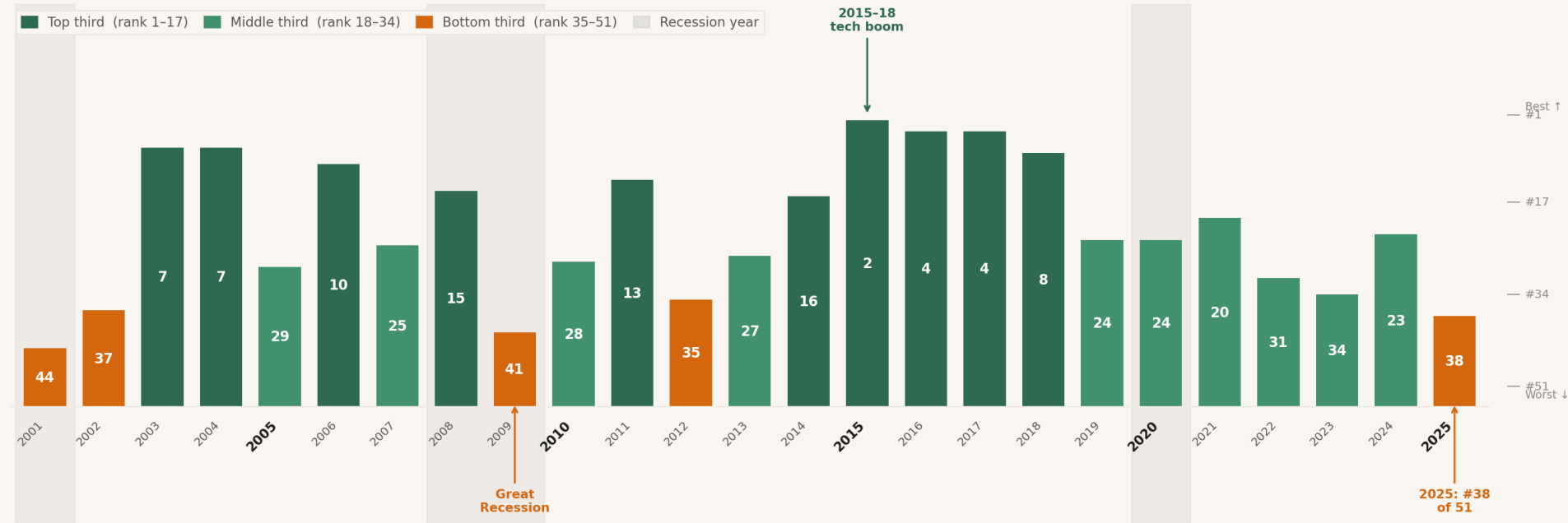
Real GDP per capita by state, 2025 — proxy for labor productivity (chained 2017 USD)



Oregon's productivity growth has been eroding since peaking from 2015 to 2018

Oregon's Annual Rank: Per Capita Real GDP Growth Among 50 States + D.C., 2001-2025

Bar height and color indicate performance tier · Rank 1 = highest per capita real GDP growth that year · Numbers show Oregon's rank out of 51

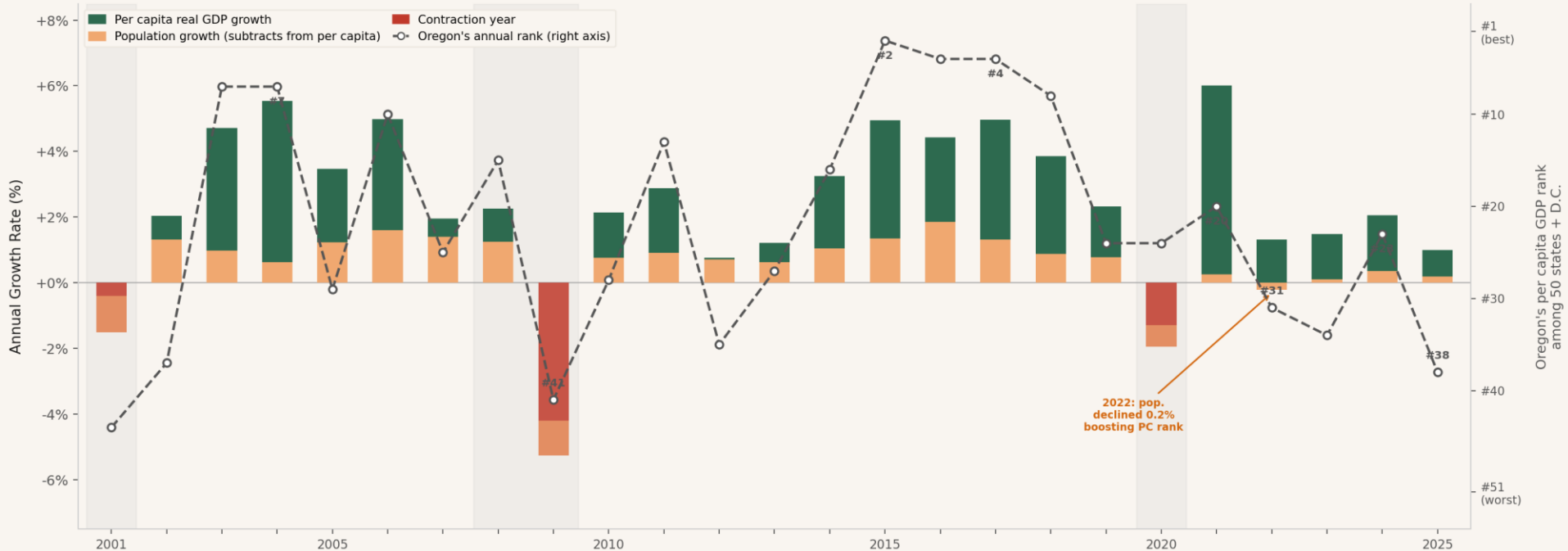


Source: U.S. Bureau of Economic Analysis, SAGDP9 Real GDP by State (chained 2017 dollars) and SAINC1 Population. Per capita real GDP computed annually. 2025 data are advance estimates.

Productivity is a combined measure of both population and GDP change

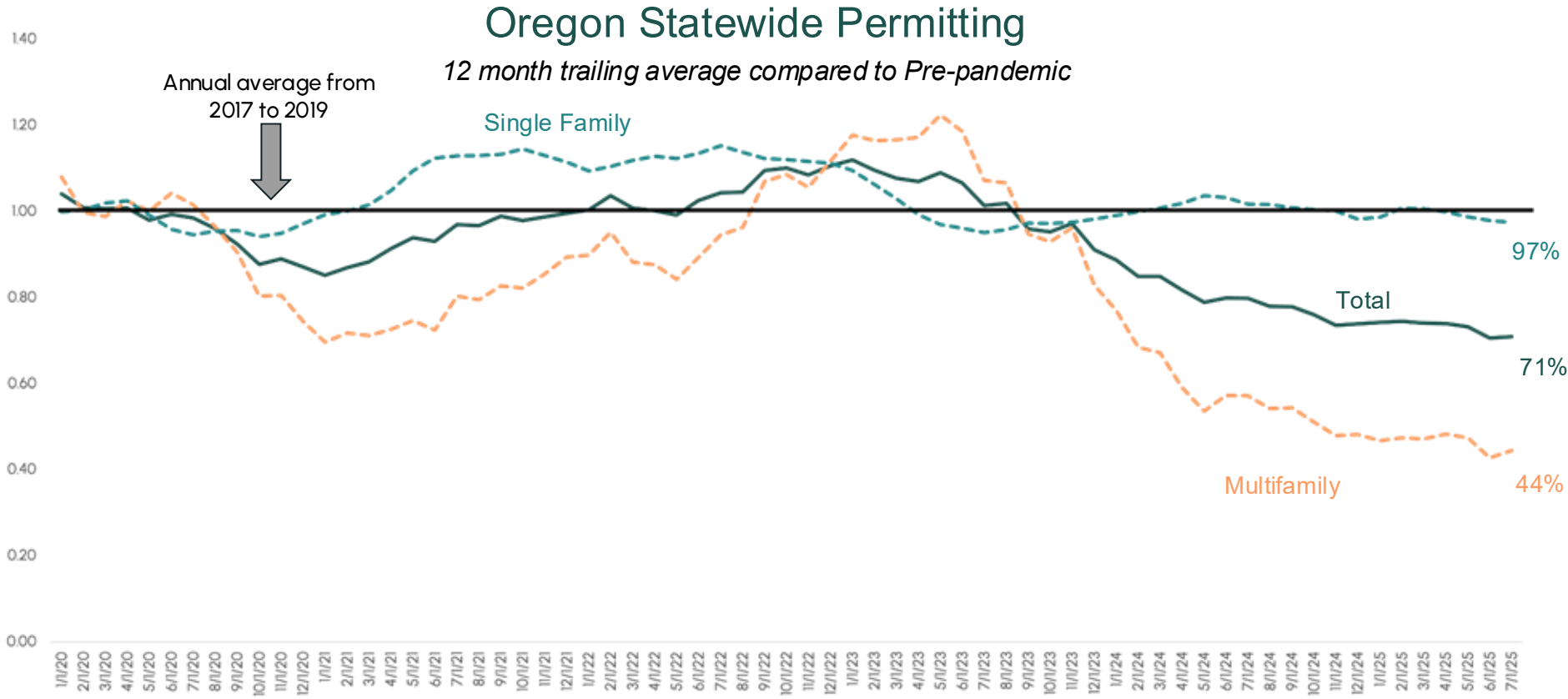
Oregon Real GDP Growth: Decomposed into Per Capita Gains vs. Population Growth, 2001-2025

Bars show how real GDP growth is split: population growth (light, consumed by more people) vs. per capita gains (dark green, productivity improvement). Dashed line shows Oregon's annual rank among states.



Source: U.S. Bureau of Economic Analysis, SAGDP9 Real GDP by State (chained 2017 dollars) and SAINC1 Population. Per capita growth computed as $(1 + \text{GDP growth}) / (1 + \text{pop growth}) - 1$. 2025 advance estimates. Shaded = recession years.

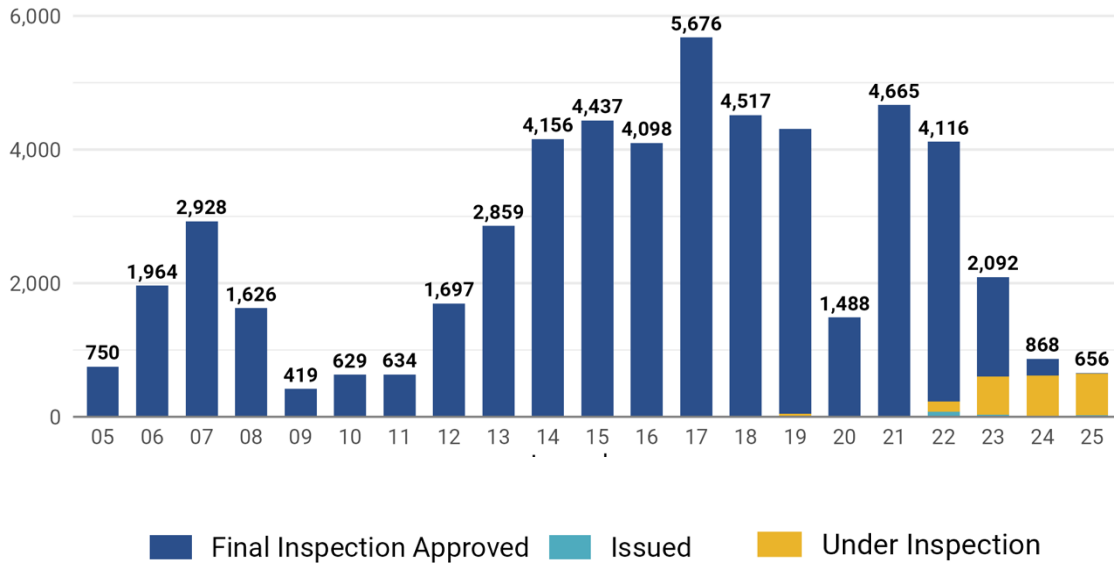
Single family permitting statewide unchanged from pre-pandemic



Source: HUD SOCDs

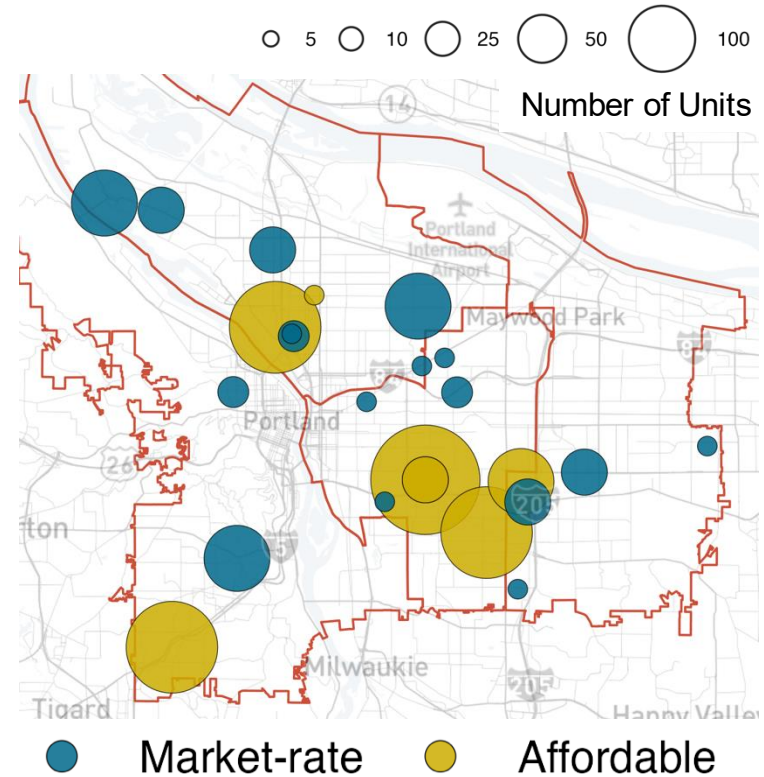
No Market rate projects over 50 units in Portland Central City

City of Portland Multifamily Permitting (through December 2025)



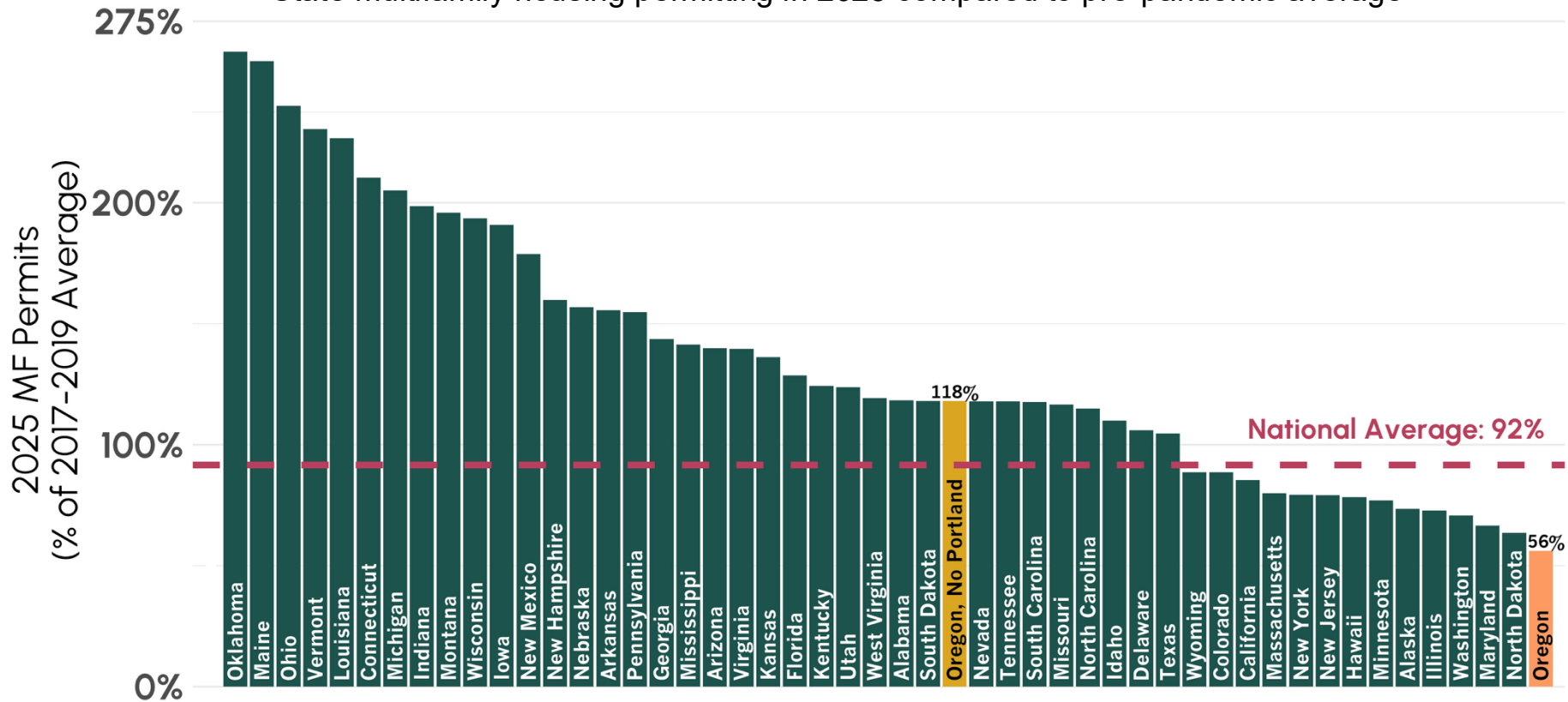
Source: City of Portland, Bureau of Planning and Sustainability

Multifamily Permits in 2025



Oregon has the largest multifamily permitting decrease, entirely a Portland effect

State multifamily housing permitting in 2025 compared to pre-pandemic average



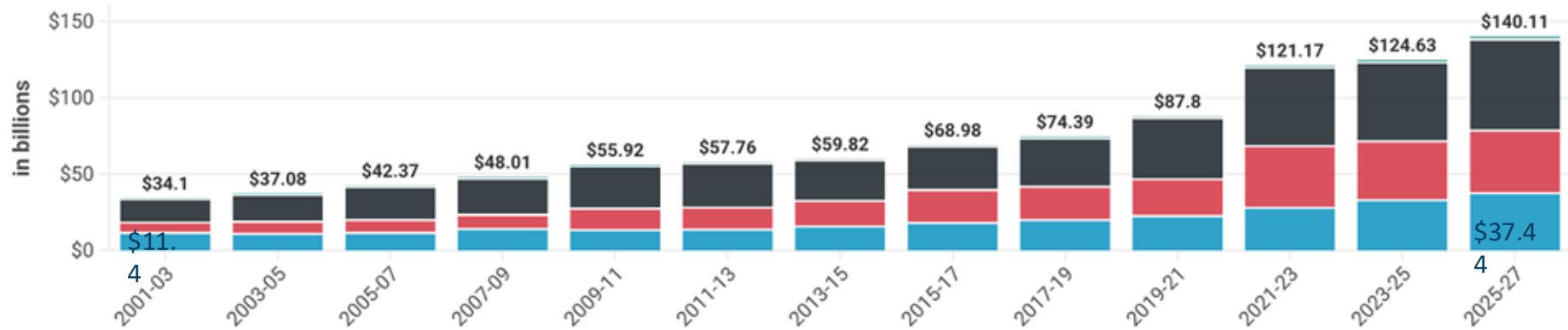
State expenditures have increased 4x since 2001

Oregon Budget History - Total Funds (in billions)

Legislatively Adopted Budget Funds

Oregon's budget has more than quadrupled since 2001, with General Fund and Federal Funds driving recent surges—while 2025-27 marks a pivotal shift in projected spending.

■ General Fund ■ Federal Funds ■ Other Funds ■ Lottery Funds



General fund is 85% reliant on personal income, decreasing as a share of total expenses

2025-27 General Funds/Lottery Funds Budget

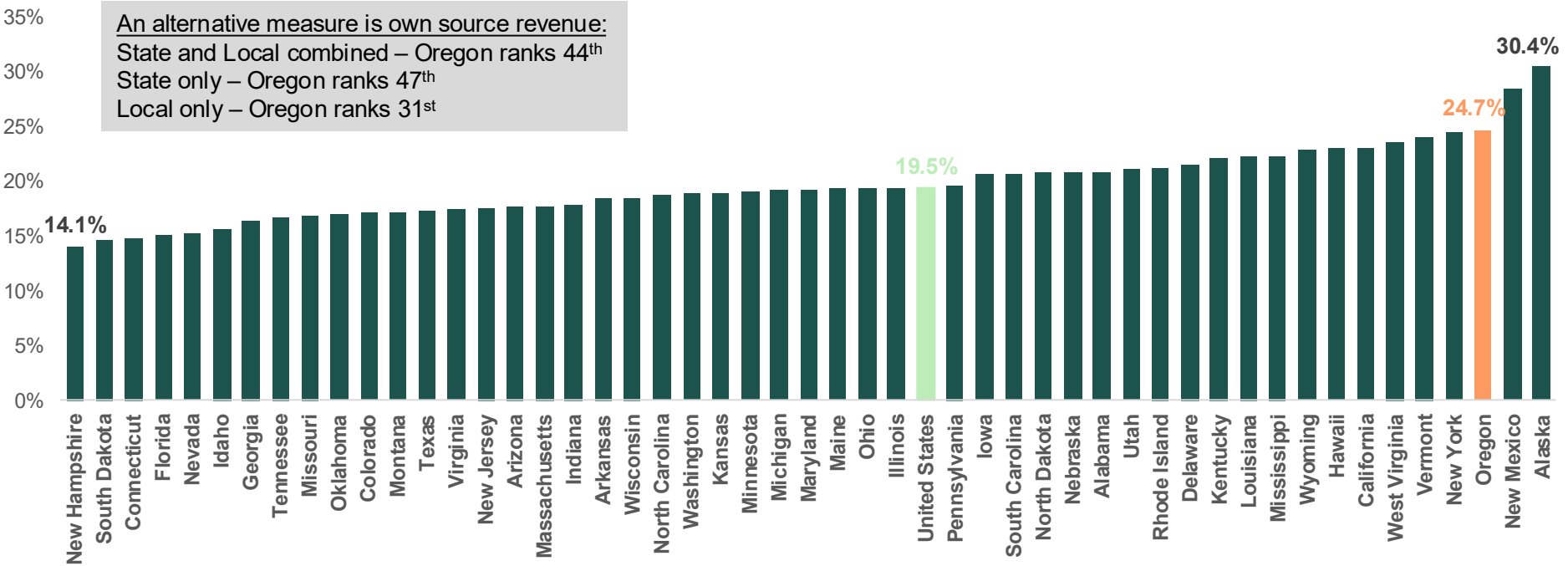


Since 2001, the general fund share of total expenditures has decreased from 33% to 27%

Oregon ranks near the top of expenditures and own source revenue as a share of personal income

State and Local Expenditures as a share of Personal Income (2022)

Includes federal transfers



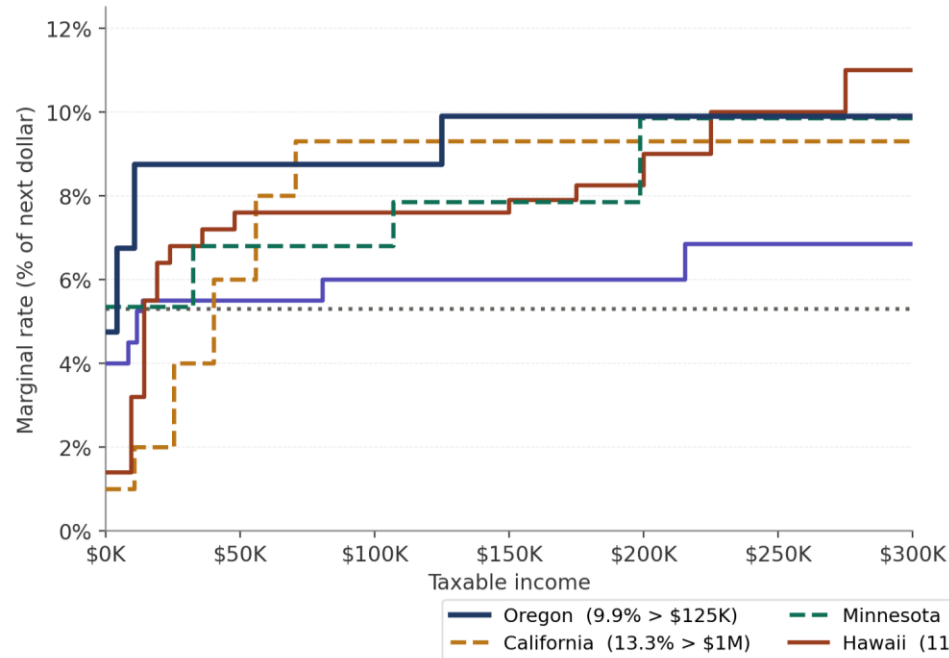
Note: A true apples-to-apples comparison of state expenditure is challenging, reporting at the state and local levels aren't always consistent, and unique factors like the Kicker in Oregon make interpretation challenging

Section 2: Tax Burden

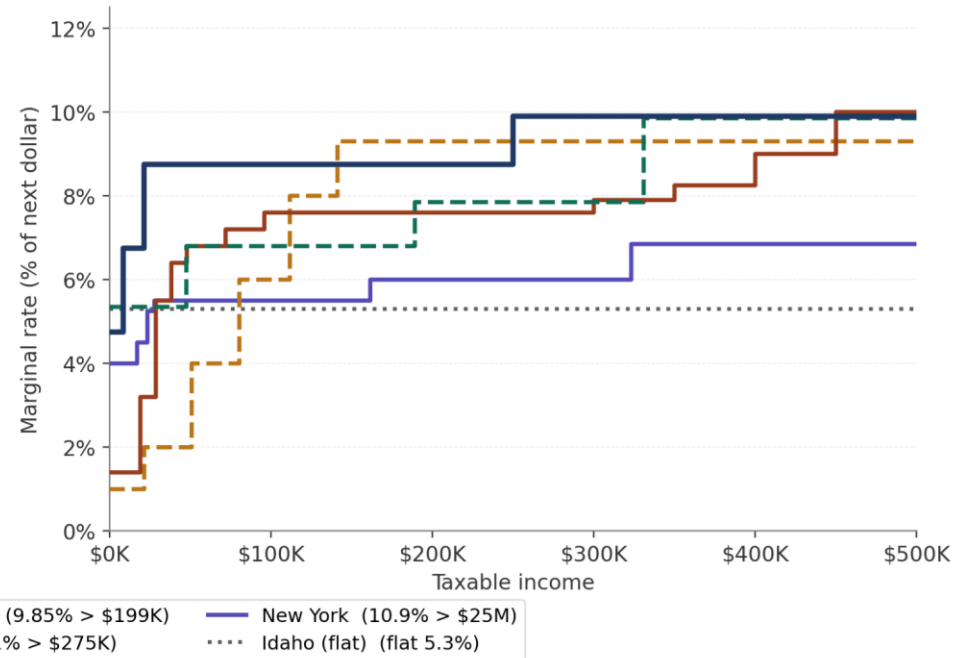
Oregon's top marginal rate hits earlier than any other state

Comparing state personal income tax marginal rate structure

Single filers — marginal rate to \$300K



Married filing jointly — marginal rate to \$500K

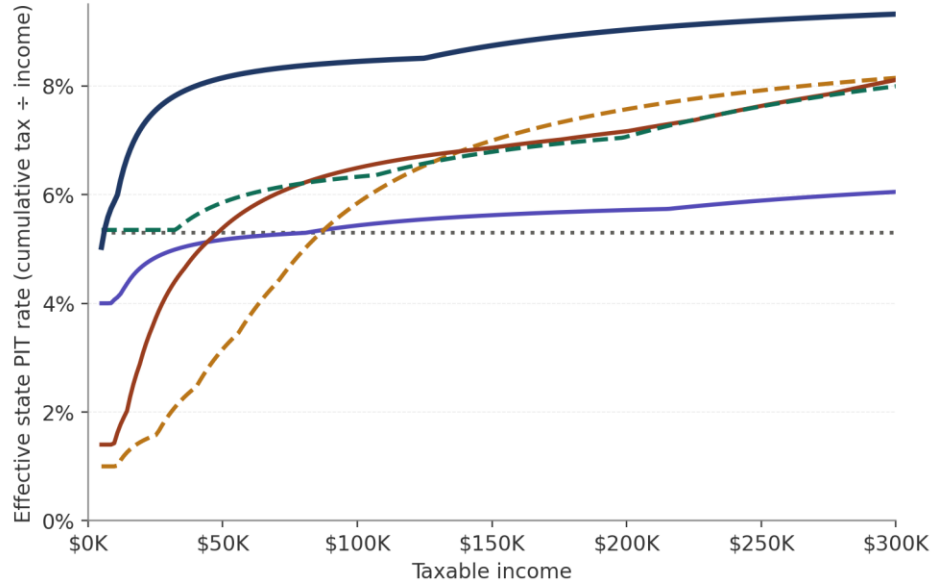


Source: ECONorthwest analysis of state DOR bracket schedules, TY2025. Top rate notation shows ultimate top rate and the income at which it begins.

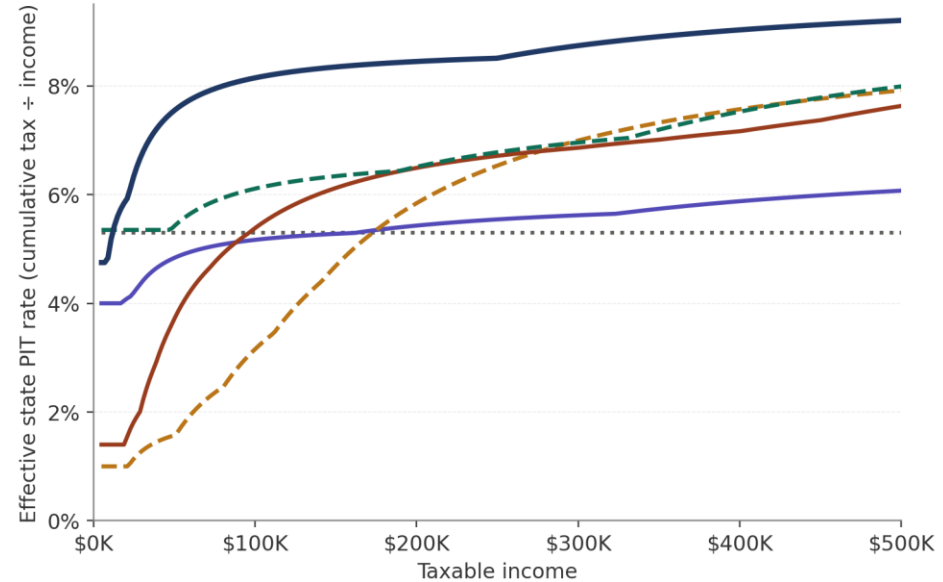
Oregon taxes incomes at higher rates across the income distribution

Effective state income tax burden across the income distribution

Single filers — effective state PIT rate to \$300K



Married filing jointly — effective state PIT rate to \$500K



— Oregon (9.9% > \$125K) — Minnesota (9.85% > \$199K) — New York (10.9% > \$25M)
- - - California (13.3% > \$1M) — Hawaii (11% > \$275K) ···· Idaho (flat) (flat 5.3%)

To evaluate overall tax burden, compared 4 HH types across neighboring states

HH1 Single filer, \$40,000 wages

No dependents · Median 1-person Oregon HH (PUMS)

Federal bracket: 12% · Oregon bracket: 8.75% · No EITC

HH2 MFJ + 1 child, \$80,000 wages

Single-earner · ~34th percentile of 3-person Oregon HHs

Federal bracket: 12% · Full CTC · OR bracket: 8.75%

HH3 MFJ + 1 child, \$108,000 wages

Dual-earner · Median 3-person Oregon HH (PUMS)

Federal bracket: 12% · Full CTC · OR bracket: 8.75%

HH4 MFJ + 2 children, \$130,000 wages

Dual-earner · 54th percentile of 4-person Oregon HHs (PUMS)

Federal bracket: 12% · Full CTC × 2 · OR bracket: 8.75%

Four states

Oregon (statewide) — high PIT reliance, kicker credit, no sales tax

Washington no state PIT, sales tax + B&O, WA Cares + PFML payroll

California graduated PIT to 13.3%, sales tax, SDI payroll

Idaho flat 5.3% PIT, sales tax with grocery credit, no state payroll

Took a comprehensive approach to quantifying overall tax burden

Included

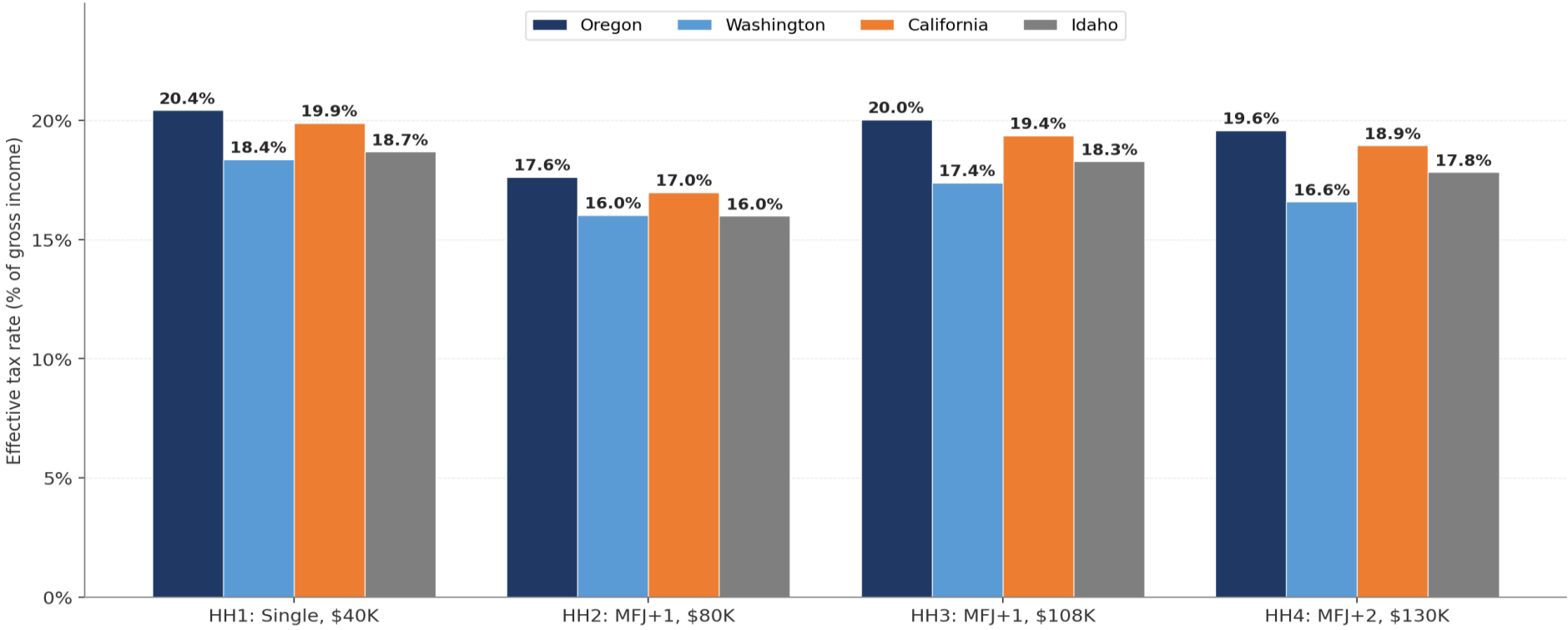
- ✓ Federal income tax (after Child Tax Credit)
- ✓ FICA (employee share: 6.2% SS + 1.45% Medicare)
- ✓ State personal income tax
- ✓ Oregon kicker credit (weighted average 15%)
- ✓ State payroll taxes (Paid Leave, STT, PFML, Cares, SDI)
- ✓ State + local sales tax
- ✓ Idaho grocery credit
- ✓ Oregon CAT pass-through (60% borne by consumers)
- ✓ Washington B&O pass-through (analogous to CAT)

Excluded

- ✗ Property tax — varies materially by locality and home value
- ✗ Selective excise (gasoline, alcohol, tobacco)
- ✗ Employer-paid federal payroll (FUTA, employer share of FICA)
- ✗ Unemployment insurance (employer experience-rated, varies)
- ✗ Employer health insurance contributions
- ✗ Portland local income taxes (SHS, PFA)
- ✗ TriMet payroll tax (Portland Metro only — statewide Oregon scope)

Property taxes are not included because it is unclear that they meaningfully vary across states, they also vary within HHs in the same income range. For example, a HH on a low fixed income with wealth may own a high value home without a mortgage. For renter households, some high-income households choose to spend less than 30% of their income on rent, and lower income households are often severely cost burdened, spending more than 50% of their income on rent.

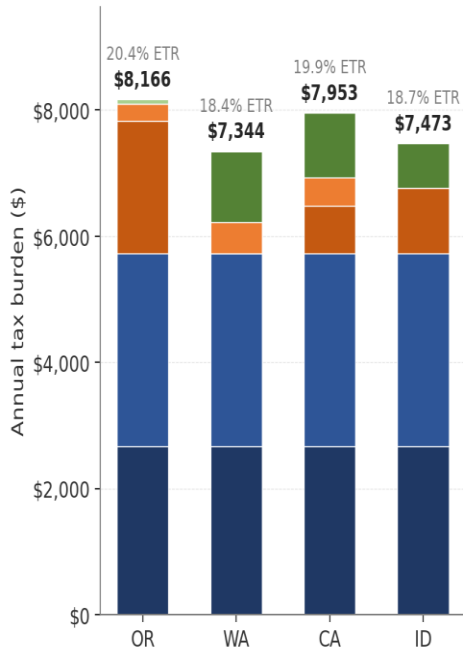
Effective tax burdens are highest in Oregon across these middle income HHs



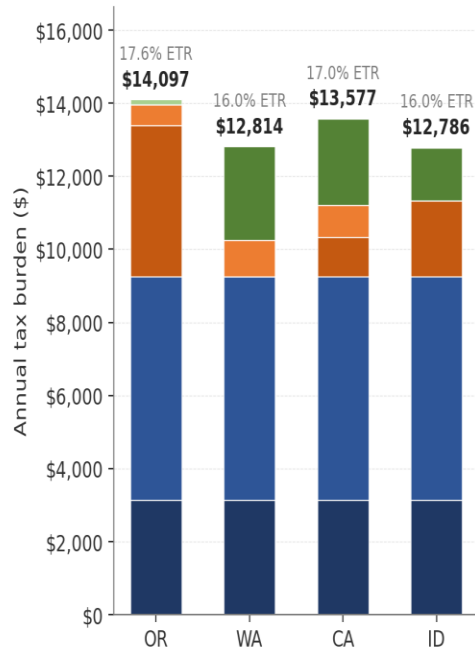
Oregon is highest for all four households, the gap to Washington is 2.0% at \$40K, 1.6% at \$80K, 2.6% at \$108K, and 3.0% at \$130K.

Federal taxes are a larger share than state/local across these HHs

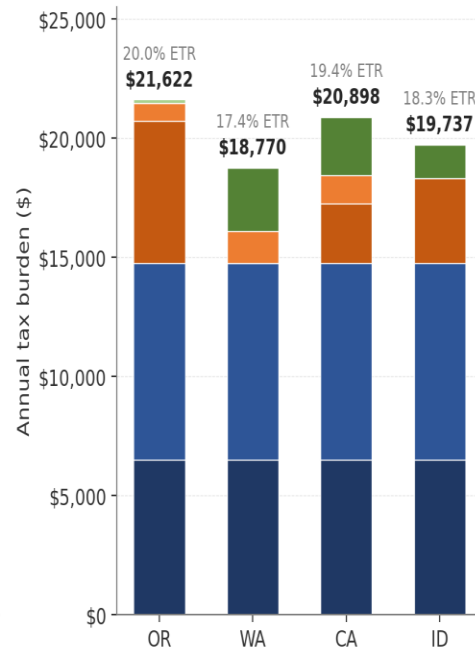
HH1: Single, \$40K



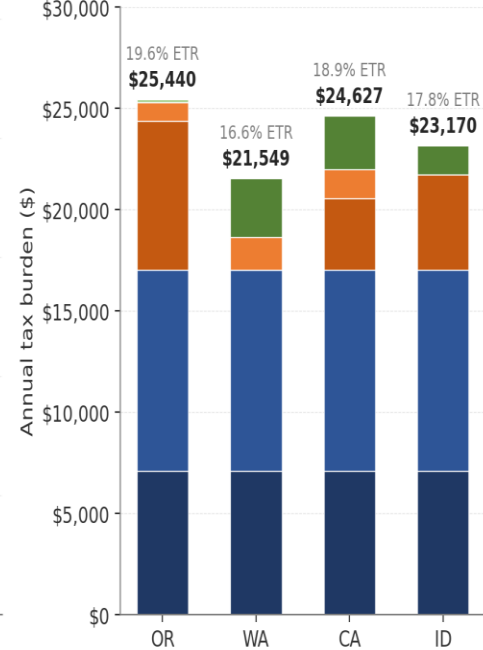
HH2: MFJ + 1 child, \$80K



HH3: MFJ + 1 child, \$108K



HH4: MFJ + 2 children, \$130K

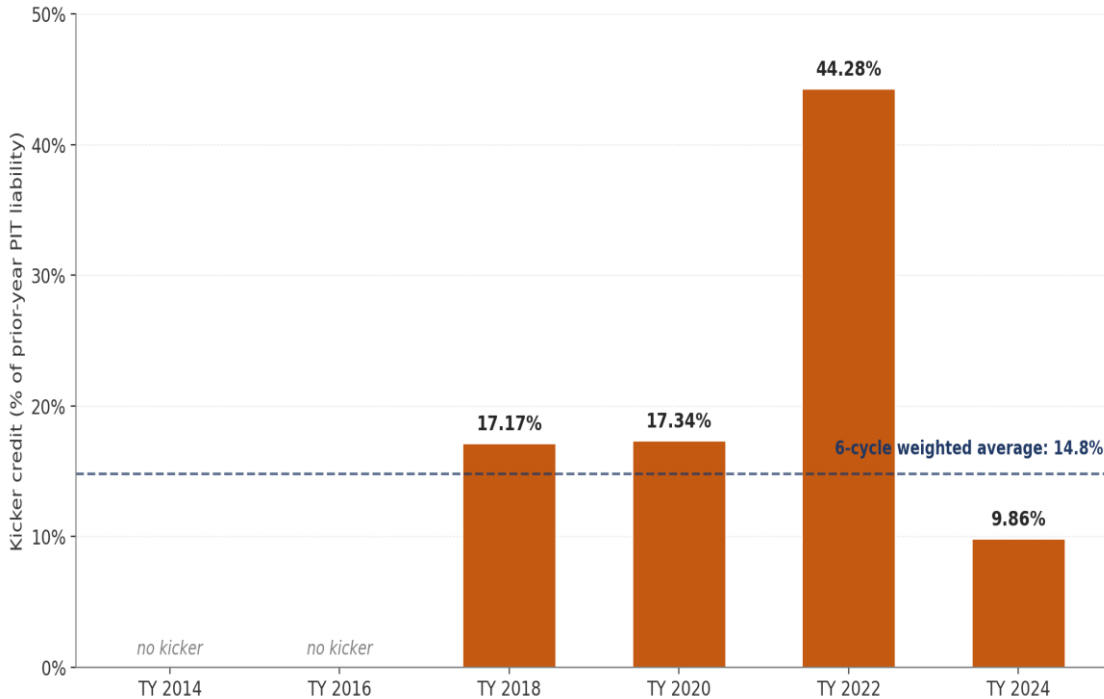


■ Other (CAT pass-through)
 ■ State + local sales tax
 ■ State payroll taxes
 ■ State PIT (net of OR kicker)
 ■ FICA (Social Security + Medicare)
 ■ Federal income tax

Federal taxes are a larger share of taxes than state/local at these income ranges, roughly 70% of HH1's burden, 65% of HH2's, 67% of HH3's, and 69% of HH4's is federal

Modeling a kicker return based upon recent history might overstate future impact

Kicker Credit as a share of Personal Income Tax Liability



Oregon's constitutional 2% kicker returns excess revenue when collections exceed the close-of-session forecast. **Triggered in 4 of the last 6 cycles.** Default rate used here: 15% (6-cycle weighted average).

Dollar impact for these households

HH1 (\$40K): **-\$369 / year**

HH2 (\$80K): **-\$730 / year**

HH3 (\$108K): **-\$1,053 / year**

HH4 (\$130K): **-\$1,297 / year**

Without the kicker, Oregon's state+local burden would be meaningfully further above Washington for all four households.

Section 3:

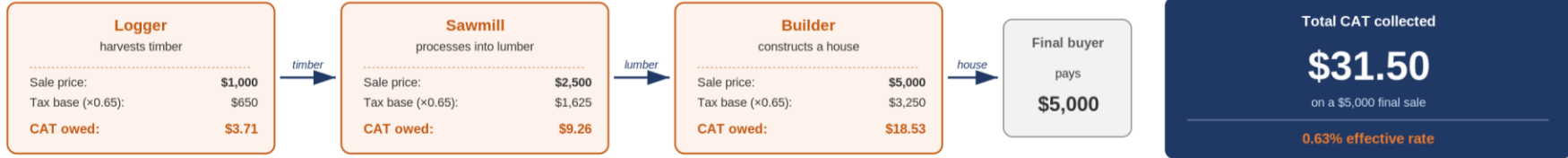
Comprehensive Tax Reform Scenarios

Moving from a CAT to a VAT can be revenue neutral and more efficient

Hypothetical example of supply chains and tax mechanisms

1. Current Oregon CAT — tax on commercial activity at each stage

Each transaction is taxed on the FULL sale price ($\times 0.65$ after the 35% subtraction). Same economic activity is taxed multiple times as it moves through production.

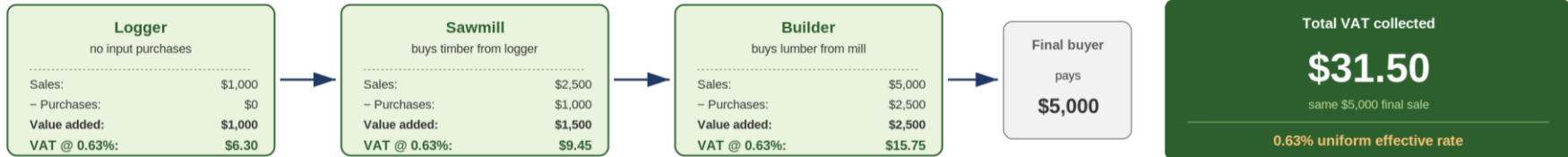


The pyramiding problem:

Each transaction pays tax on the full sale price — which already includes taxes paid upstream. Industries with longer supply chains pay more in effective tax; vertically integrated firms pay less than firms that source from many vendors. The 35% subtraction softens but does not eliminate the distortion.

2. A value-added tax (VAT) — only the value ADDED at each stage is taxed

Each firm is taxed on (Sales – Purchases). Total value added across the chain equals the final sale price — no double-counting.



The key insight:

Calibrated to the same nominal rate, a VAT raises the same revenue as the current CAT — but the burden falls uniformly on value created, regardless of how many firms touch the product. Long supply chains stop being penalized; vertical integration stops being rewarded.

Side-by-side at a glance

Current CAT

\$3.71 + \$9.26 + \$18.53 = **\$31.50** on the 3 transactions
Tax base differs by industry structure (long chains penalized)

VAT @ 0.63%

\$6.30 + \$9.45 + \$15.75 = **\$31.50** on the value added at each stage
Tax base is the same regardless of how many firms touch the product

Moving from a CAT to a VAT, different administrative approaches

1. Two ways to compute a VAT

A. Subtractive method (account-based)

Used in: Japan, Italian IRAP

Formula

$$\text{VAT} = (\text{Sales} - \text{Eligible Purchases}) \times \text{Rate}$$

Mechanism

Each firm computes tax from its own income statement — no per-invoice reconciliation needed. The current CAT is essentially a subtractive method with a fixed 35% deemed subtraction (rather than actual purchases).

Pros

- Low administrative overhead
- Familiar mechanics for OR taxpayers
- Income-statement based — no invoice infrastructure
- Easier transition from current CAT

Cons

- No invoice trail → weaker enforcement
- Border adjustment harder to apply
- Evasion easier (no cross-firm matching)

Best for: incremental reform — minimal disruption, modest efficiency gain

B. Credit-invoice method (transaction-based)

Used in: EU, UK, most OECD

Formula

$$\text{VAT} = (\text{Sales} \times \text{Rate}) - (\text{Input VAT credits})$$

Mechanism

Tax appears on every invoice. Firms claim credit only with documented input invoices — creating a self-policing audit trail across the entire supply chain. Each transaction cross-checks the firm before and after it.

Pros

- Self-enforcing invoice trail
- Clean border adjustment for exports
- Higher compliance, lower evasion
- Transparent to taxpayers

Cons

- More administrative infrastructure
- Higher cost-to-compliance for small firms
- Requires invoice-matching IT capacity

Best for: structural reform — larger efficiency gain, requires investment in administration

2. Why moving from CAT to VAT raises efficiency — without changing revenue

1 Uniform effective rates

Industries with long supply chains stop paying more than vertically integrated firms. A retailer with many vendors pays the same effective rate as a single-firm conglomerate.

→ *Equal treatment of equal value.*

2 Lower deadweight loss

No tax-induced incentive to integrate vertically just to escape pyramiding. Production decisions reflect economics, not tax structure.

→ *Higher real output, same revenue.*

3 Border-adjustable

Credit-invoice VAT can be cleanly rebated on exports — fair treatment for Oregon's trade-exposed industries (timber, semi-conductors, agriculture).

→ *Exports leave OR untaxed by the state.*

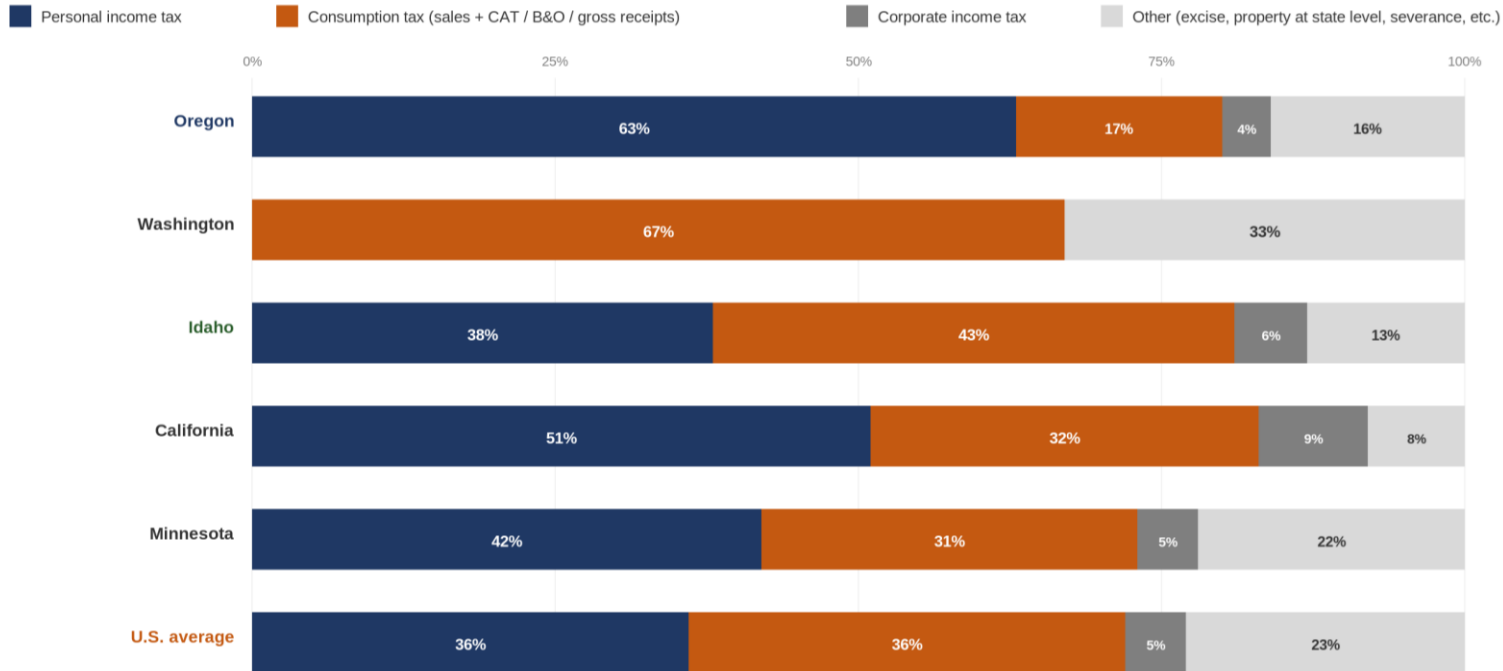
4 Self-policing audit trail

Credit-invoice VAT creates matched invoice records across firms. Buyers want credits; sellers must remit to provide them. Each transaction cross-checks the next.

→ *Higher compliance, lower evasion.*

State revenue mix – Oregon is most personal income tax reliant

Share of state-only tax revenue by source. Oregon collects 63% from personal income tax, with no general sales tax; most states are closer to even.



Oregon's anomaly

63% of state revenue comes from PIT — vs. 36% national average. The combination of high PIT reliance + no sales tax makes Oregon an outlier among graduated-PIT states.

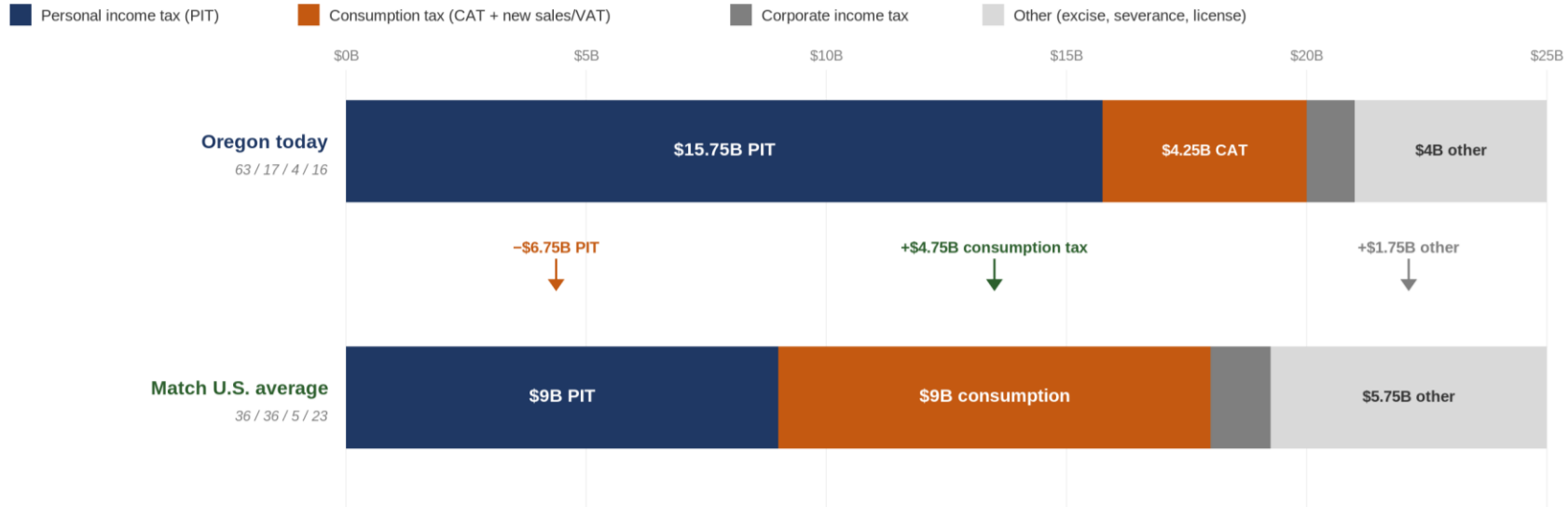
Volatility consequence

High PIT reliance + capital-gains-driven top brackets means Oregon's revenue swings with the business cycle. The kicker is the visible symptom — sustained surpluses returned to filers.

Path to balance

A broader consumption tax — expanded CAT or new VAT — could shift Oregon's mix toward peer states without changing total revenue, reducing volatility and the size of kicker rebates.

How expanding the CAT to a consumption tax could rebalance revenue mix



What expansion is needed

Oregon today

Consumption tax revenue:

\$4.25B / year

Current CAT only (0.57% on activity > \$1M, with the 35% subtraction)

Implied CAT-equivalent rate on consumption:

~0.4% effective

Match U.S. average (36% of revenue from consumption)

Consumption tax revenue:

\$9.0B / year

Requires expanding CAT and/or adding a new VAT or sales tax — about +\$4.75B

Implied broad-base VAT rate on consumption:

~3.0% on \$300B consumption base

Section 4:

What is Good Growth? How does productivity benefit labor and compensation

How does GDP growth benefit workers?



How do you measure labor share of GDP?

Compensation

The headline measure used throughout this analysis

51.2%

Wages + salaries + employer supplements as % of nominal GDP.

The broadest measure. Includes benefits (health insurance, retirement), so it captures total labor cost to employers.

Wages & Salaries

42.2%

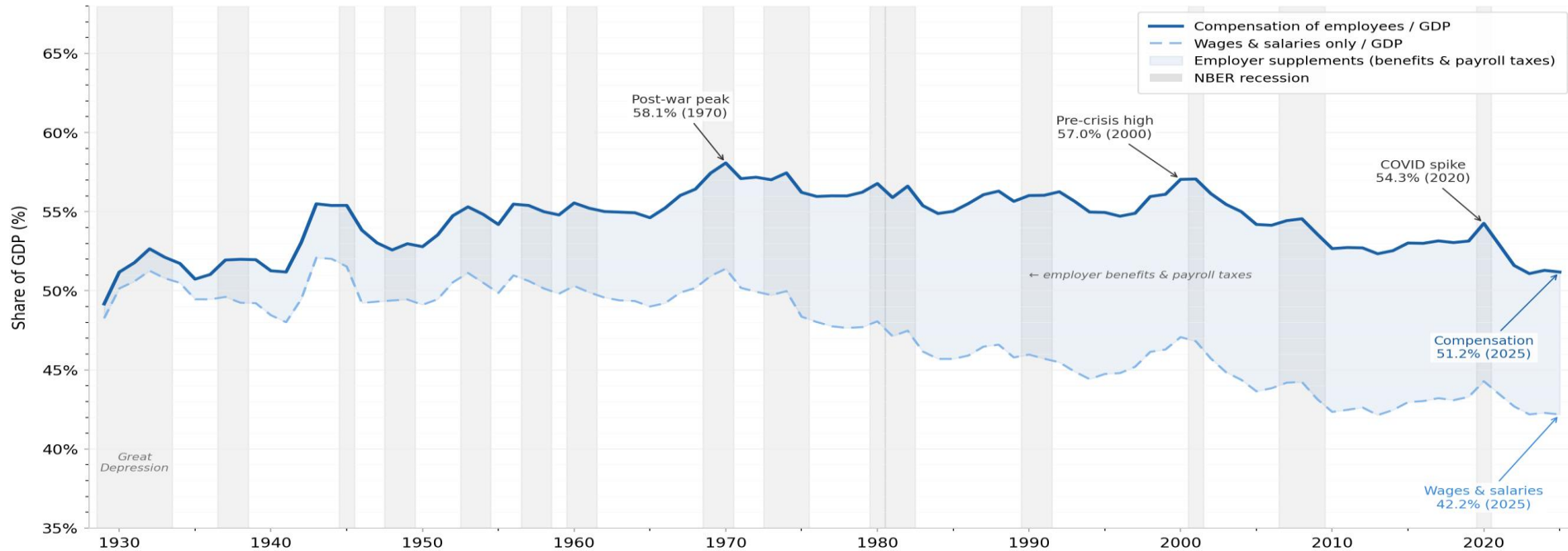
Payroll only (excludes employer-paid benefits)

The gap vs compensation reflects rising benefit costs since 1980. As benefits grew, take-home pay share fell even faster than compensation.

U.S. labor share of GDP has steadily declined since peak in 1970

U.S. Labor Share of GDP, 1929-2025

BEA published measures only: compensation of employees and wages & salaries as a percentage of gross domestic product

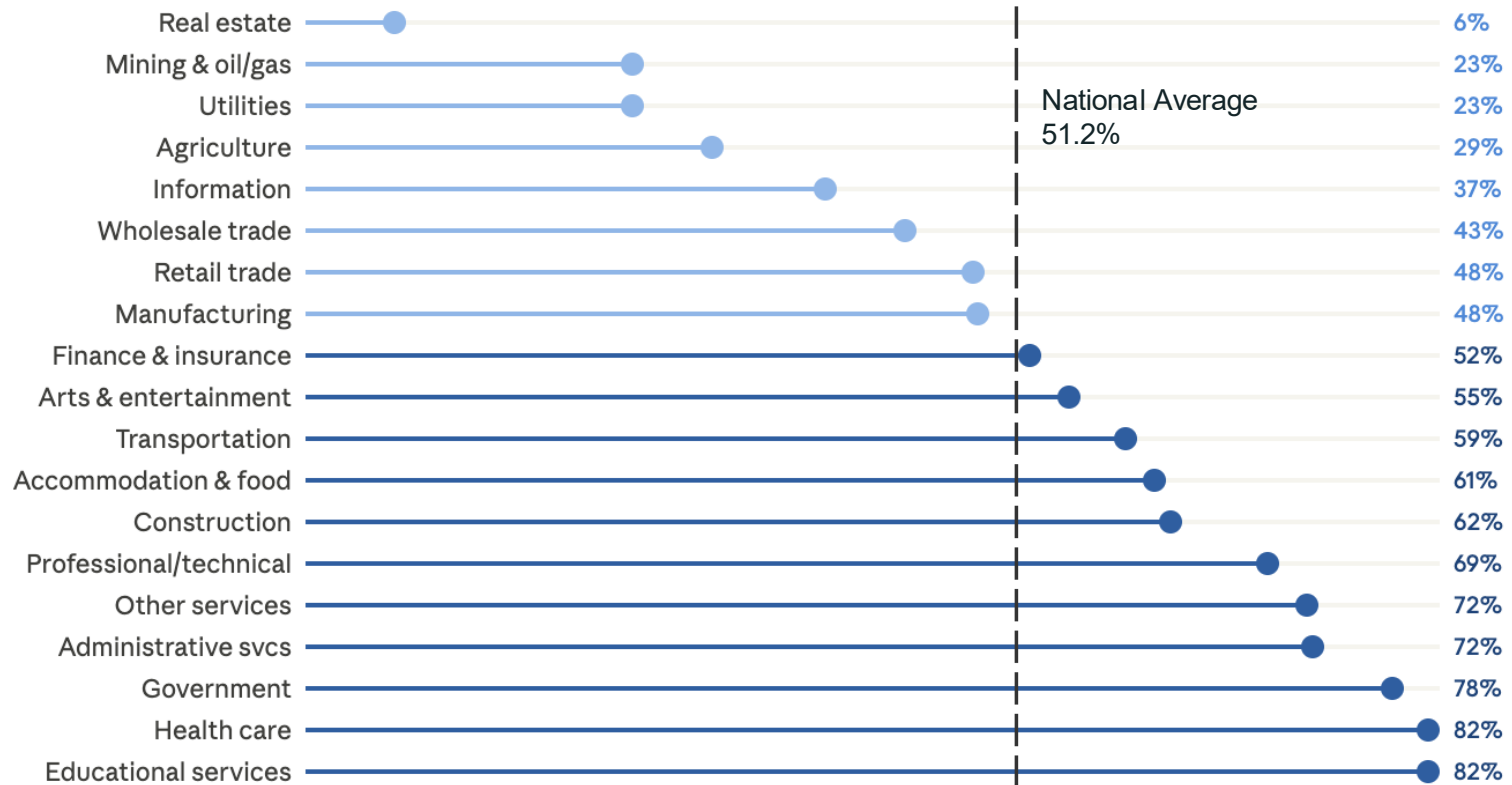


U.S. labor share: 58.1% (1970 peak) → 51.2% (2025) — a 6.9% structural decline

How much does labor share vary by industry nationally

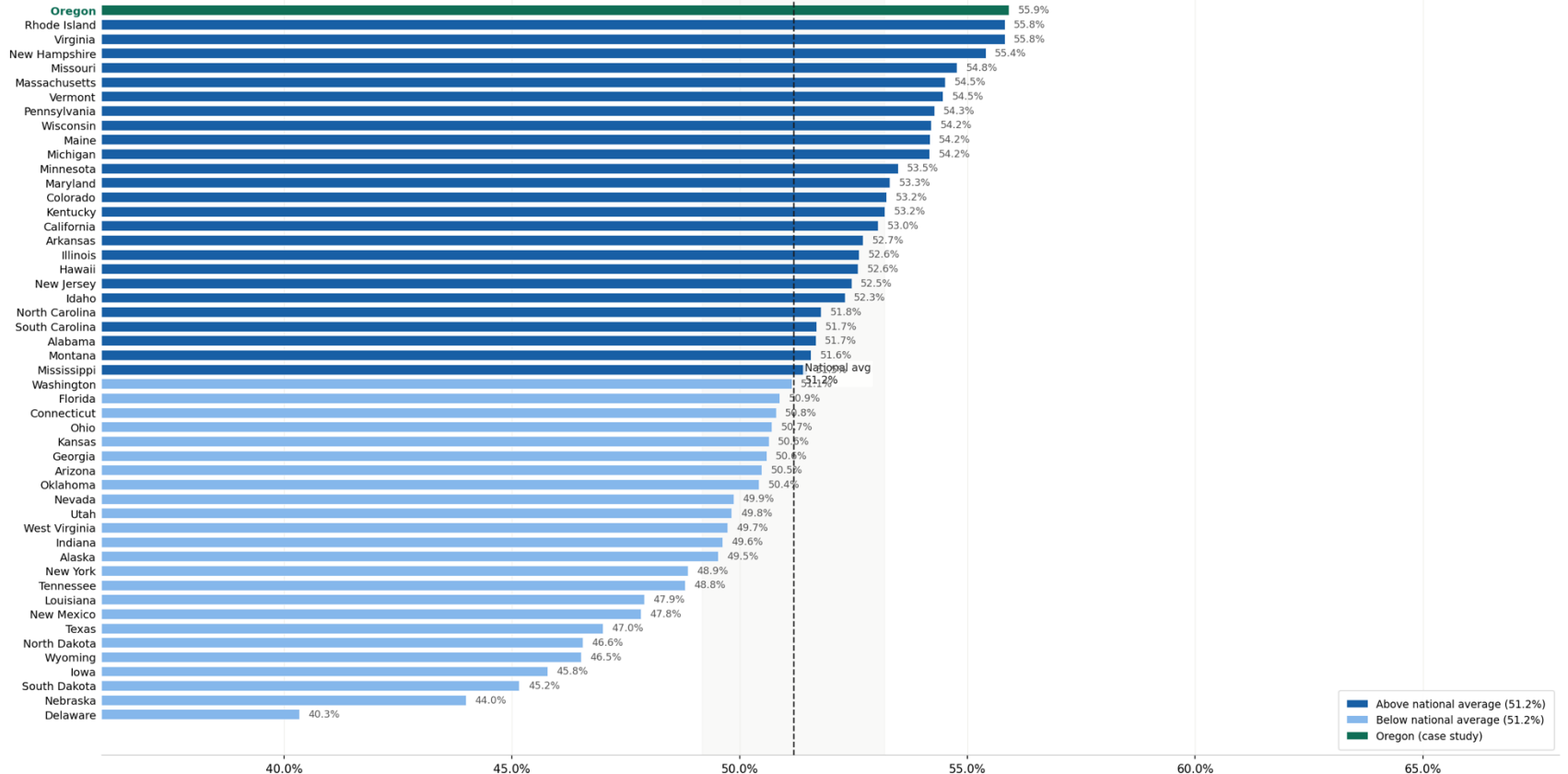
National labor share by industry, 2021 to 2024 average

Compensation as % of value added · Dark blue = above 51.2% national avg · Light blue = below



Oregon has the highest labor share of GDP

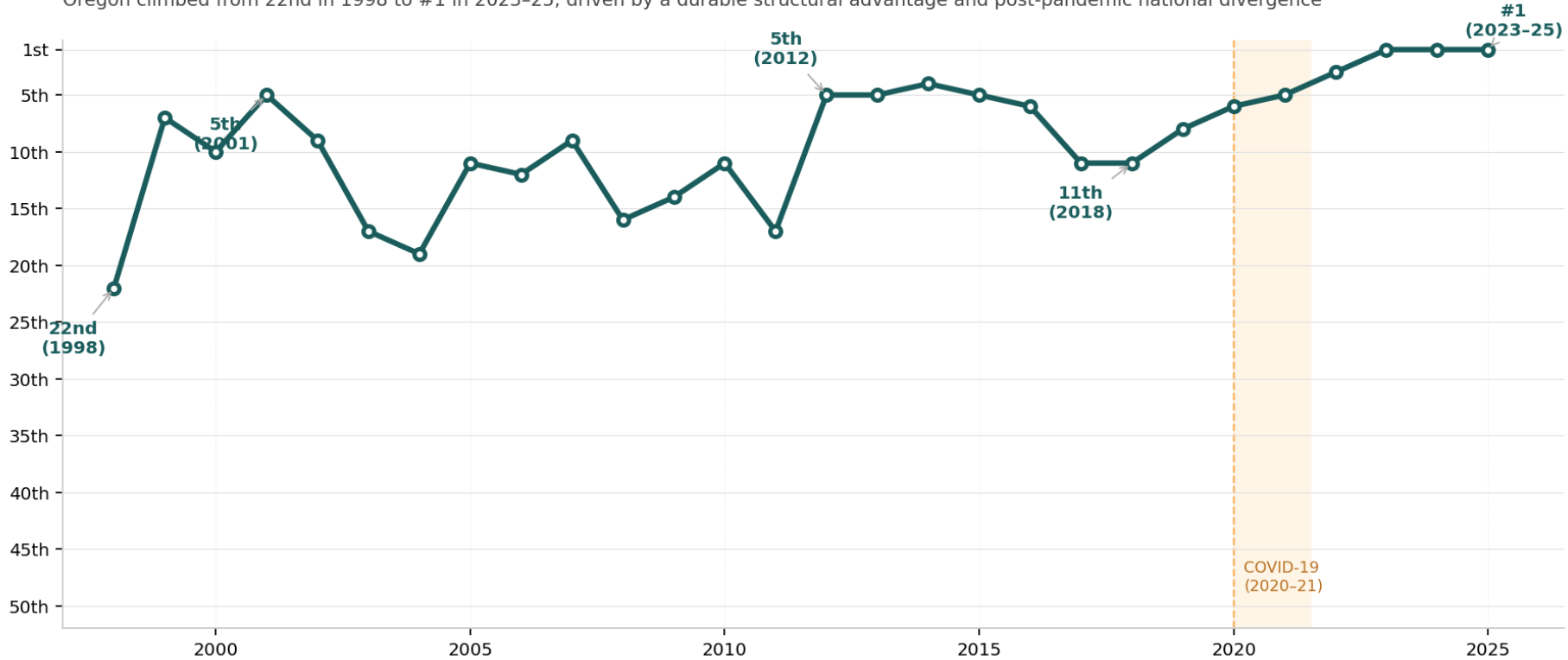
State Labor Share of GDP, 2025



Oregon's labor share rank has steadily increased since 2018

Oregon's Labor Share of GDP — Rank Among All 50 States

Oregon climbed from 22nd in 1998 to #1 in 2023–25, driven by a durable structural advantage and post-pandemic national divergence



Two distinct mechanisms drive labor share change over time

STRUCTURAL

What changes: workers' share within each industry

Labor share fell inside industries (manufacturing, retail, information, and wholesale) all saw within-sector wage compression.

Example: U.S. manufacturing labor share fell 62% (1998) → 54% (2024). This is different than the industry contracting, it is workers inside it capturing a smaller share of GDP.

Mechanism: market power (monopsony, pricing), automation, offshoring, decline of collective bargaining.

COMPOSITION

What changes: the mix of industries

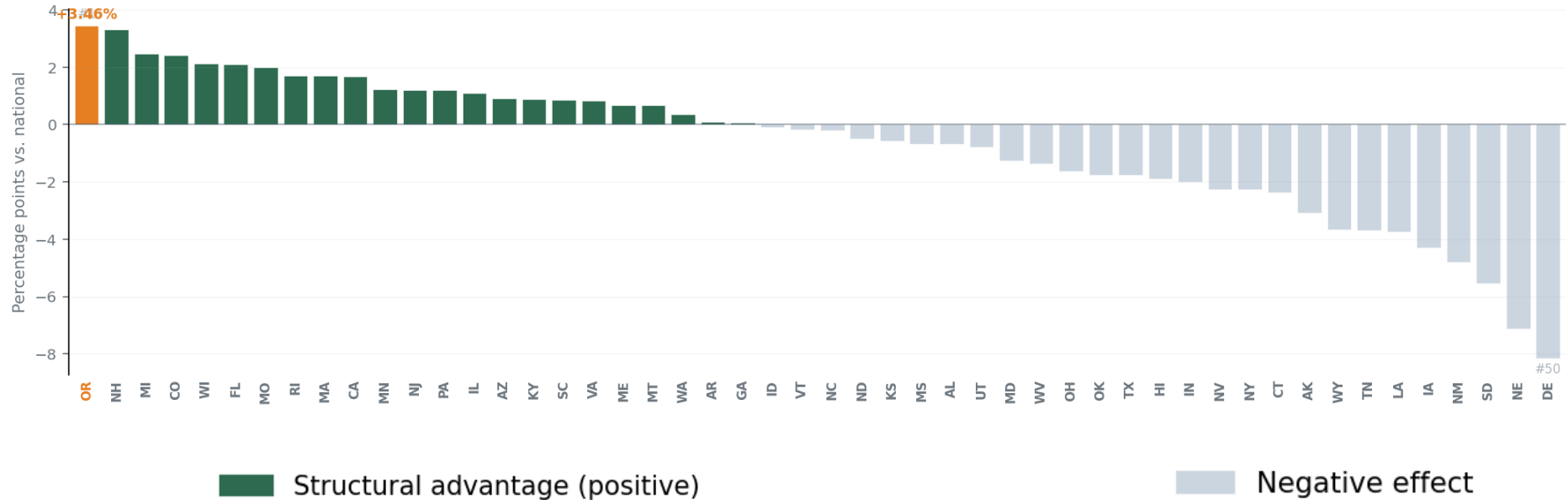
Industry GDP shares shift, some sectors grow faster than others. If low labor-share industries (finance, real estate) expand, the national average falls mechanically.

Example: Finance grew from 7.5% → 8.9% of GDP. Finance has a 28% labor share vs. 51% national average, so its growth dragged down the overall share.

Oregon has the largest structural effect, explaining the #1 labor share rank

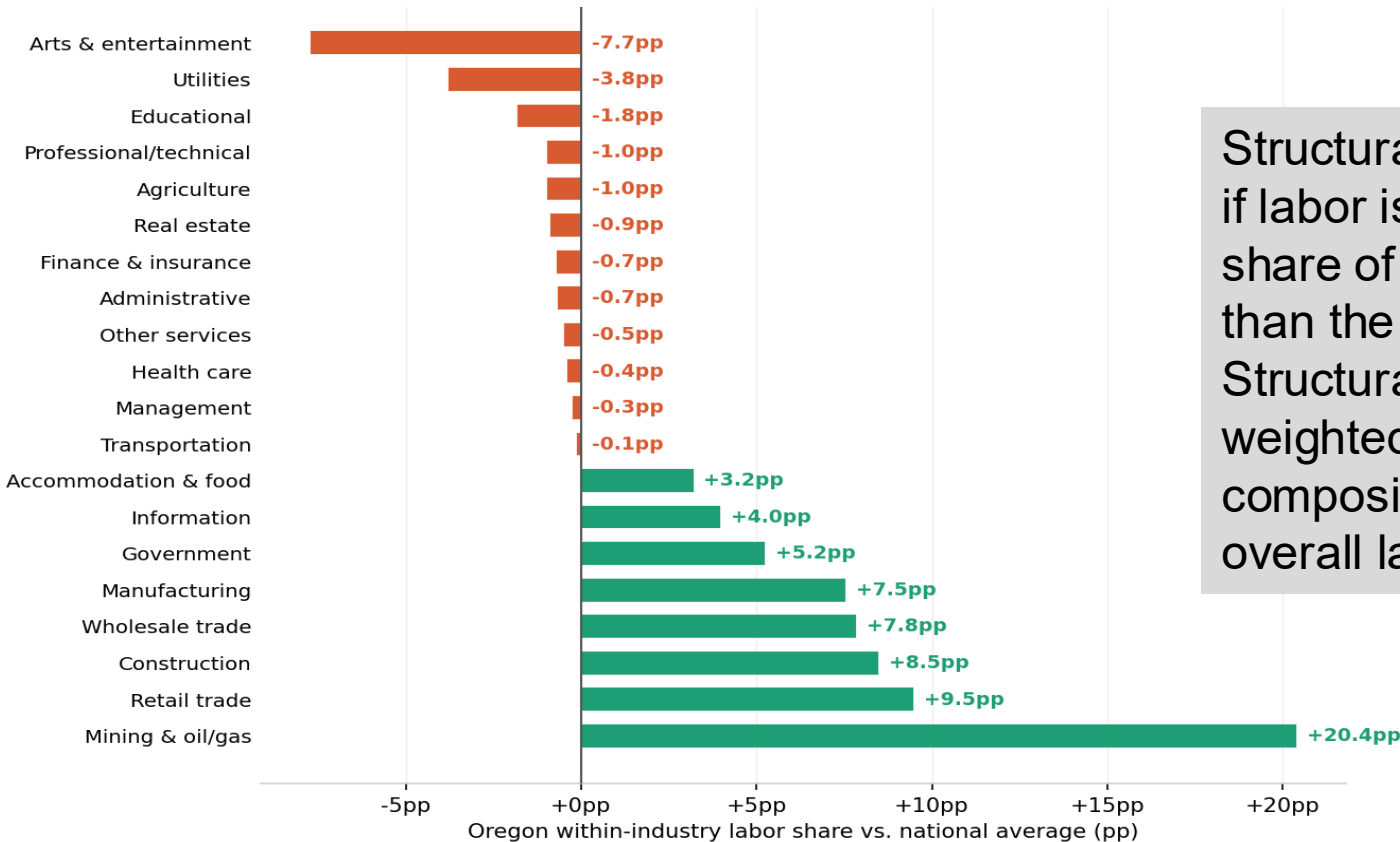
Across industries, labor has a higher share of productivity than any other state

Structural effect- within industry labor share compared to national average



Not every industry within Oregon earns a larger share compared to the U.S. average

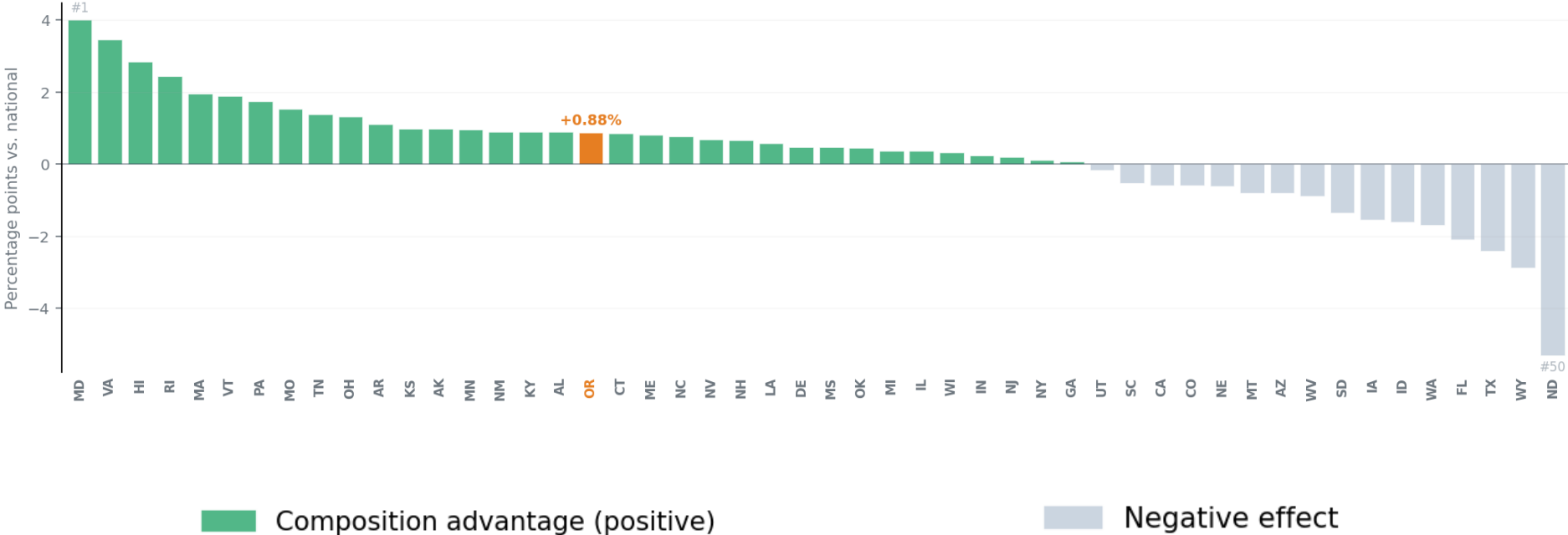
Oregon within-industry structural residuals compared to U.S. average



Structural residuals indicate if labor is a larger or smaller share of industry value added than the national average. Structural residuals weighted by industry composition determines overall labor share

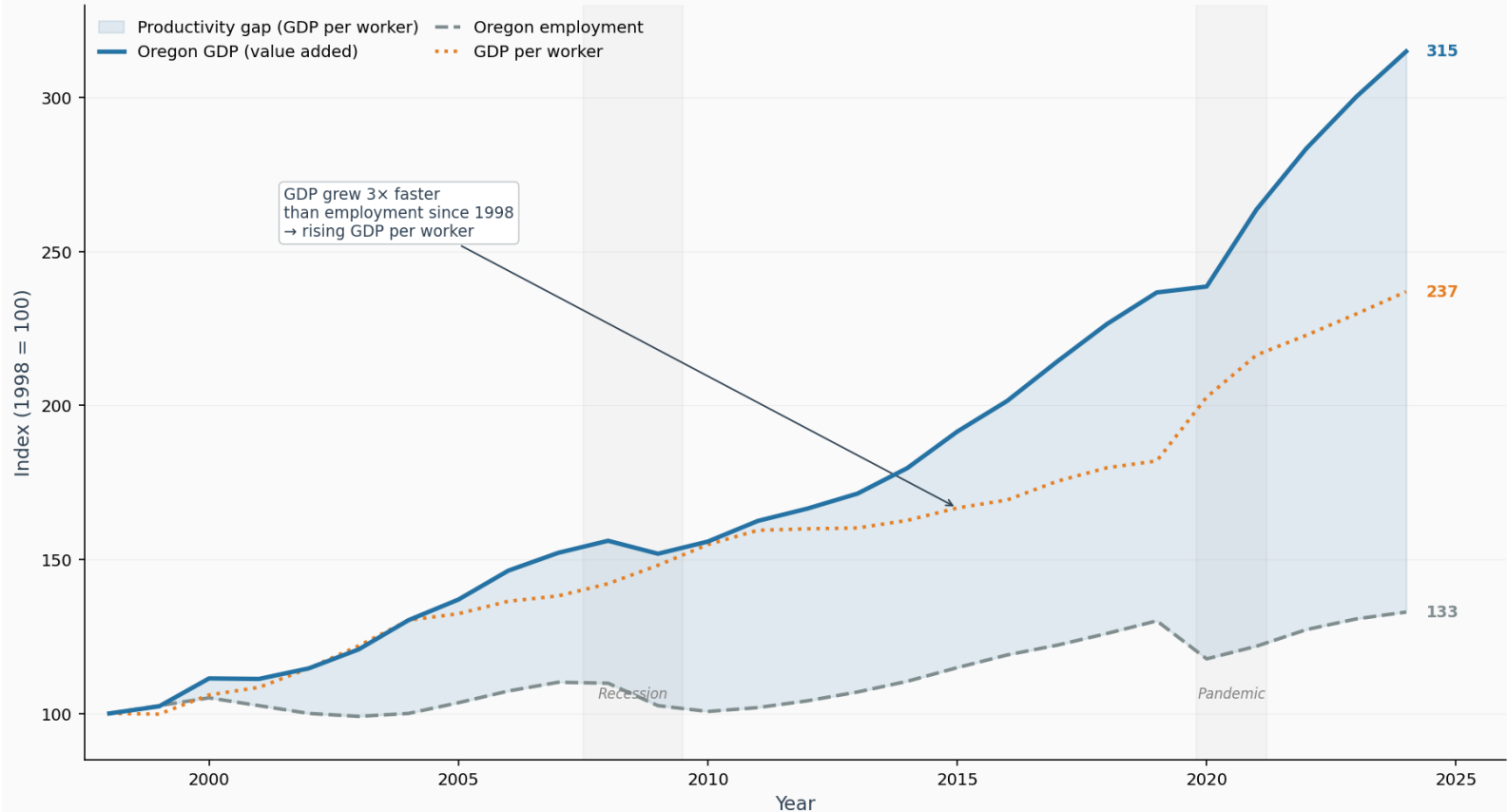
Industry mix in Oregon also contributes to a higher labor share than U.S. average

Composition effect- industry mix contribution compared to national average



How does a growing GDP benefit workers?

Oregon economic output grew far faster than employment — creating the "prosperity dividend"

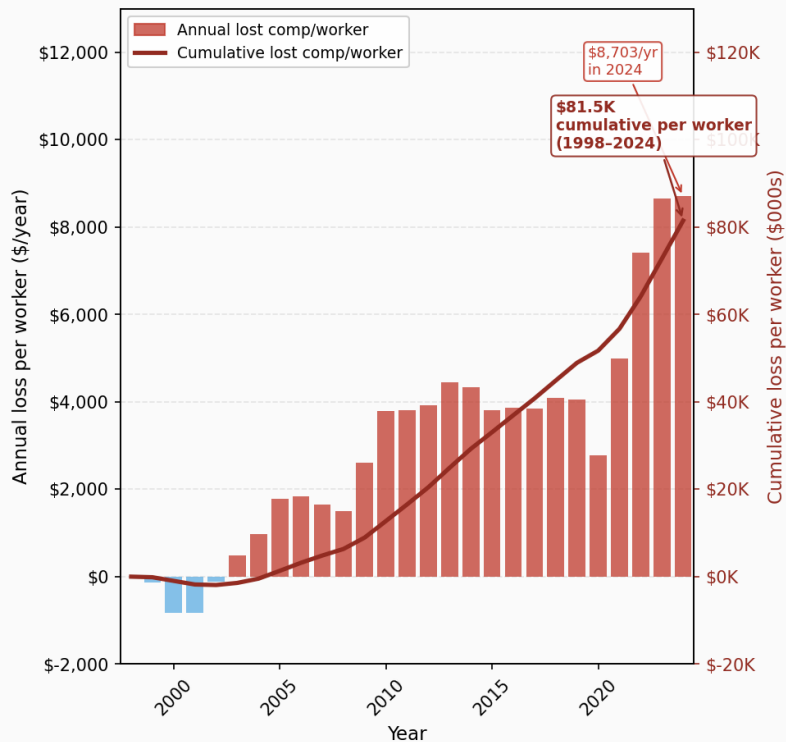


Source: BEA SAGDP (state GDP/value added); BLS CES (employment). Nominal values, 1998=100.

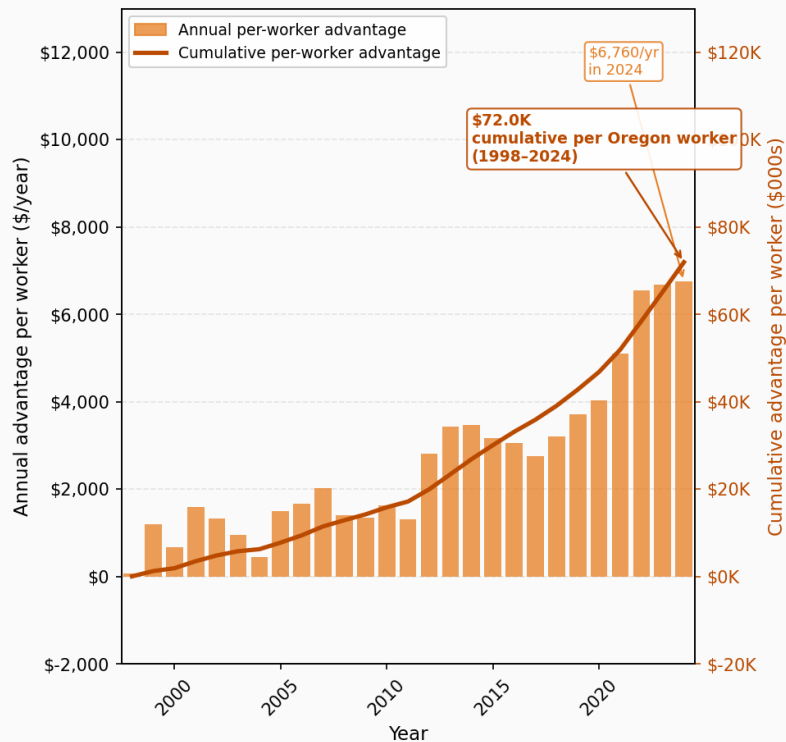
Labor share trend in Oregon increased comp \$6,700 per worker since 1998

Labor Share and Worker Prosperity: Per-Worker Lens | 1998-2024

National: Compensation "Lost" per Worker if labor share held at 1998 baseline



Oregon: Per-Worker Advantage vs. if Oregon had national labor share

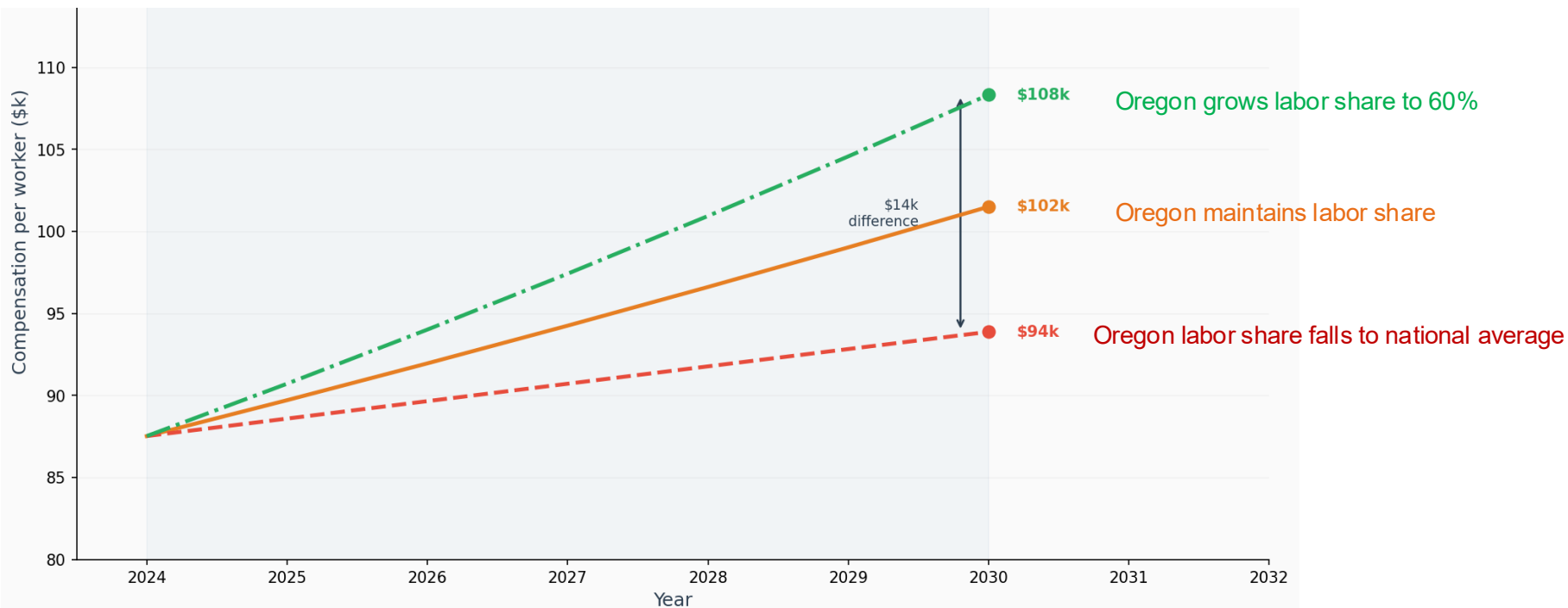


Source: BEA NIPA; BLS CES. Baseline = 1998 labor share held constant. Annual "lost" or "advantage" = difference in total compensation ÷ employment that year.

Future possibilities in a low employment/high productivity growth economy

Scenario analysis where GDP grows faster (2.5% annually) than jobs (0.5% annually) through 2030

Average compensation per worker in Oregon



Source: BEA SAGDP2 / SAINC6N; employment approximated from BLS Oregon CES. Comp/worker = labor share × GDP per worker. Scenarios assume constant sector structure.