



**PORTLAND BUSINESS  
ALLIANCE**

*Leading the way*

January 10, 2012

The Honorable Sam Adams  
1221 SW Fourth Avenue, Suite 340  
Portland OR 97204

Re: Economic Development Funding

Dear Mayor Adams:

The Portland Business Alliance, greater Portland's chamber of commerce, is writing to you today to thank you for your support of general fund allocations for economic development in the FY 2011-12 budget. The Alliance recognizes that, by supporting these allocations, the city is committed to foster economic recovery and growth. We ask you to continue this funding support for economic development programs in the upcoming budget cycle.

As you know, working together to create jobs and grow the economy is more important than ever. Recently, the Alliance and its partners released a report that shows how the Portland-metro area was hit harder in the 2008 recession than peer areas and, therefore, has a deeper trough from which to recover. And before the current recession even began, the Portland-metro region was losing ground on private-sector job growth, per capita income and wages compared to peer areas, so significant ground must be recovered.

Recession-related job loss compounded by declining wages and incomes should be of grave concern to all Portland citizens because, as our prosperity lags, so goes the public service revenue base. This causes a vicious circle of budget shortfalls, reductions of critical public services, increased taxes and fees to recover these services, and increasing burden on households and businesses, which, especially in the current economic environment, cannot shoulder increased costs.

While we recognize that the city faces ongoing budget cuts, we must emphasize that investing in job creation and economic development programs is critical to correcting this cycle of scarcity. Economic growth is the only sustainable method that ensures our community has sufficient tax revenues to support critical public services.

Economic development programs are a necessary tool to stimulate business growth in challenging times, and we urge the city to continue to fund these programs with general fund allocations in the upcoming budget cycle. And, as we look again to a future where the long-time tool of tax increment financing will be limited, it is imperative that we look for new ways to fund economic development programs administered by the Portland Development Commission (PDC) and others.

The programs receiving general fund allocations in the current fiscal year work together and with existing programs at the PDC to leverage business growth and job creation. In particular, we urge the city to continue ongoing general fund allocation toward the PDC's Five Year Economic Development Strategy and its cluster industries development. We urge the city to continue its focus on promoting traded-sector industries as a part of the strategy to grow the economic base.

The Alliance also requests ongoing allocations to programs that assist entrepreneurs as well as small and local businesses. Programs providing access to working capital, seed funding, Portland Development Commission Storefront Grants, Small Business Development Center scholarships, resources for technical services and the Small Business Legal Clinic are of great assistance to the small businesses in the community, and we urge these programs to be funded.

As a part of fostering a favorable business environment, we look forward to conversations about following through on the Council's commitment to increase the owners compensation deduction in the business license tax to \$125,000. We believe this change is critical to the current and future success of small businesses in the city and will greatly add to the city's economic vitality and future business license tax receipts.

Moving forward, we are interested in developing other reliable and sustainable funding sources for economic development. We would like to work with you on community financing, revolving funds and regenerative funding mechanisms that use incremental growth created by economic activity as a source of funding to foster additional economic growth.

Thank you for your continued support for economic development. The Alliance is committed to working with the elected leaders of the City of Portland and partners throughout the region to grow businesses and stimulate the economy for the improvement of our city, region and state. Please contact us with any questions.

Sincerely,

A handwritten signature in black ink that reads "Sandra McDonough". The signature is written in a cursive, flowing style.

Sandra McDonough  
President & CEO  
Portland Business Alliance

cc: Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Randy Leonard  
Commissioner Dan Saltzman  
Auditor LaVonne Griffin-Valade  
PDC Chair Scott Andrews