

Intel

Building on Success The Strategic Investment Program

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Agenda

- Introduction to the Strategic Investment Program
- Oregon's property tax structure & capital intensive industries
- Why the Strategic Investment Program is critical for Intel's plans
- How this benefits Washington County

Celebrating 30 years in Oregon

The Oregonian, Feb. 1, 1974

Secretary of State Clay Myers praised Intel for coming to Oregon. "This is a high-growth and labor intensive kind of industry that is good for the state," Myers said. "It will be nonpolluting and compatible with the Oregon quality of life."

- Intel broke ground at its first Oregon campus in unincorporated Aloha on April 3, 1974.

Slow growth

- Intel grew slowly and invested only modest amounts in Oregon until the early 1990s.
- In 1993, Oregon lost out to New Mexico in a fab decision because of Oregon's tax system which penalized companies that made heavy capital investments.

Strategic Investment Program

- In 1993, the state approved the Strategic Investment Program (SIP) to help diversify and strengthen Oregon's economy
- SIP encourages capital-intensive investments
- SIP payments (Community Service Fee, Guaranteed annual payments; charitable contributions, property taxes on \$100 million, land and buildings) all stay local.

Strategic Investment Program

- Property tax assessment on new investments capped at \$100 million for 15 years
- Community Service Fees, up to \$2 million/year, paid to the county by the benefiting company
- \$100 million taxable value increases 3% per year

Strategic Investment Program

- Seven SIP applications have been approved in two counties since the program was established in 1993.
- Oregon uses tax incentives to encourage many types of businesses.

<u>Oregon Property Tax Incentive</u>	<u>Annual Value</u>
Business Inventory	\$302 million
Private Standing Timber	\$206 million
Strategic Investment Program	\$98 million
Farmland	\$86 million
Enterprise Zones	\$19 million

Why adjust property taxes under SIP?

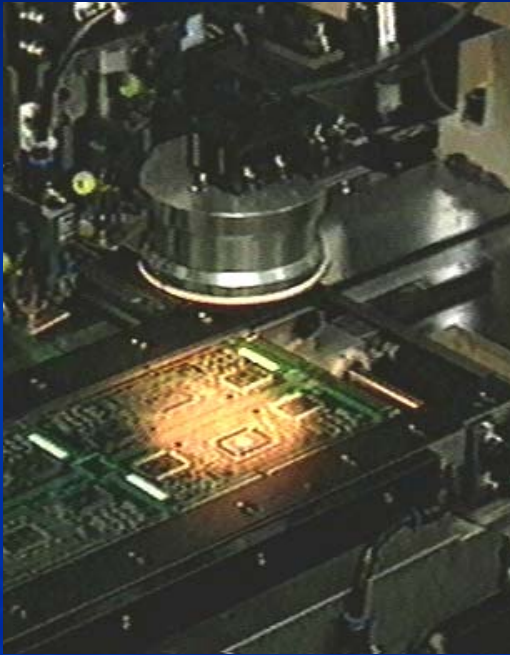
- A homeowner's property taxes are based only on the assessed valuation of the land and building.



- Businesses pay property taxes on the value of land and buildings PLUS on "personal property" – the value of equipment and furnishings inside.



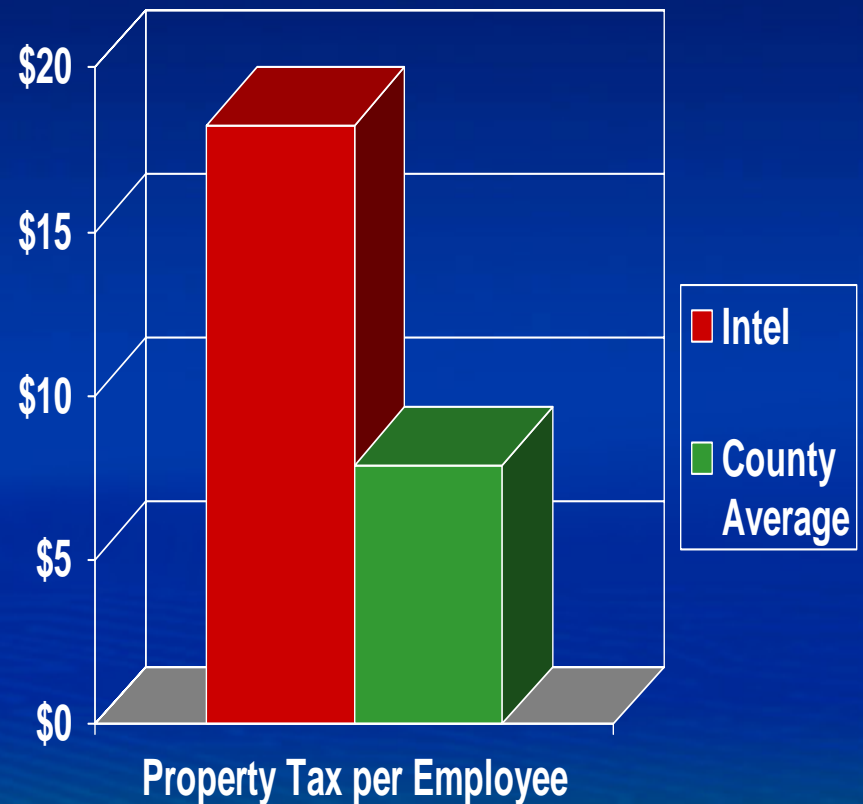
SIP Targets Capital Intensive Industries



- The Strategic Investment Program reduces inequities in the property tax system that penalize industries dependent upon extremely high-value equipment and facilities.
- Enhances Oregon competitiveness for investment in global marketplace

Intel Pays “Fair Share” Under SIP

- Under SIP, Intel still pays \$1,720 per employee in property taxes & fees
- The average Washington County business pays approximately \$790 per employee



The Local Economy Benefits.



- For every direct Intel job, there are three more Oregonians who have jobs as a result of Intel's operations in Washington County.

- Total employment: approximately 15,500 good paying jobs

- Total annual site payroll: \$1.5 billion

- Capital investments in Oregon 1974-2004: \$11 billion

- Annual economic impact of Intel's operations, capital spending, contributions and tax payments: \$9 billion



Taxpayers Benefit

- In 2004, Intel paid more than \$28 million in property taxes, Community Service Fees, and other fees
- Intel continues to be the largest taxpayer of all businesses in Washington County

The Community Benefits

Volunteerism: In 2004, more than 2,500 Intel employees volunteered 60,000 hours in local schools & community programs

Environmental Stewardship: Commitment to leadership in product design, manufacturing and community outreach

