



PORTLAND BUSINESS ALLIANCE

Leading the way

Testimony of Sandra McDonough
President & CEO
Portland Business Alliance
Before the Portland City Council
October 28, 2009
Regarding the Resolution to Approve
Pilot Business Retention and Recruitment Credit

Good morning Mayor Adams, members of City Council. My name is Sandra McDonough, President and CEO of the Portland Business Alliance. I am here today to support adoption of the proposed pilot Business Retention and Recruitment Credit.

We appreciate Council's support for this pilot credit program. I would particularly like to recognize Kimberly Schneider from the Mayor's office and Terri Williams and Scott Karter from the Revenue Bureau for their professionalism and expertise in developing this proposal.

As you have heard, it is designed to deal with a problem faced by a small number of locally owned capital management firms that pay an exceptionally high Business License Tax due to their local ownership, small number of shareholders and sole location within the city. We support this ordinance as a part of the city's ongoing commitment to create greater fairness for Portland businesses through business license tax reform. And I will take this opportunity to again thank the Council for its efforts to increase the gross receipts exemption and the owner's compensation deduction.

Even with this retention credit, these firms will continue to pay significant Business License Taxes -- substantially more than the average business and still above the average per-employee taxes for professional services businesses in the city.

We believe that the ordinance is narrowly crafted in a way that specifically and exclusively addresses the inequities of the business license tax structure for these small, locally owned, highly mobile, high value firms. At the same time, the ordinance reaffirms the city's continued commitment to creating broader Business License Tax relief for locally owned companies, including other professional services firms, by increasing the owner's compensation deduction to \$125,000.

We are confident that the Business License Tax credit proposed in the ordinance provides a meaningful incentive for these firms to keep their business and employees in the city of Portland, and we hope it opens the door to persuading some of the businesses that the city has lost to return. It is a clear message from City Council that Portland is focused on economic development and job retention.

Thank you again for your commitment to attracting and retaining businesses in the city of Portland. By keeping a solid employment base in the city, we are creating a prosperous and livable community.