

Thank you for the opportunity to speak in support of the proposed ordinance. My name is Jeff Curtis and I am one of the **owners of Tygh Capital Management**, a firm that would benefit from the adoption of this ordinance. We believe that **the passage of this proposal** will result in retaining high paying taxpayers in the Portland and Multnomah County, and will encourage other similar firms to locate or relocate their businesses to the area.

First of all, I would like to **thank the commissioners and their staff** for the time and effort they have put into reviewing and considering this ordinance. I believe its passage will be a **strong positive for the County and its future revenue**, and I appreciate the support that we have seen at both the City of Portland, where it has been adopted, and Multnomah County.

The business tax is **a complicated tax** that impacts companies differently based on a variety of factors, including the **type of business you** have, how **much work is performed in the city**, whether you **make what you sell or provide services** to companies that make what they sell, and lastly, **how our firm is organized in terms of its ownership**. One of the **ironic features of the tax** is that if the company is owned by somebody located outside the City or County, rather than its employees who also work and live in the area, that company pays substantially less tax under the owner compensation add back rules. For investment management firms like ours, this issue is more important because our **“assets ride the elevator” every day** – that is, the bulk earnings go to our employees as compensation **and** as a result of being a shareholder of the firm. Some firms covered by this ordinance pay upwards of 50 to 100 times the average paid by other local firms in our category – professional business services.

For these reasons, **many investment management firms have either moved or established** their business outside of the area to avoid paying **a substantial tax that doesn't exist** 5 miles away. This decision makes sense given that their work can be performed anywhere so long as they have the necessary communication systems. Accordingly, many of the firms have moved to or located their **offices in buildings that surround our City and County - those on Barnes Road, Greenburg Road and Kruse Way**. For those of us who support Portland and Multnomah County, and I have done so for over 25 years, **this has been a very frustrating situation**.

My **support** for this ordinance, as well as the support of others in this room, is driven by the strong desire to stop this continued exodus of firms to the suburbs. We **believe in the City of Portland and Multnomah County and** we want to support their efforts to be one of the best metropolitan

areas in the country. Under this ordinance, **qualifying firms** will continue to pay a significant amount of tax and be at the high end of all taxpayers. But the ordinance **strikes a balance** by making it easier for a firm to make a rationale decision to stay in the County and yet at the same time the County retains firms that will make high tax payments relative to others. That is the **proverbial win-win** situation.

In conclusion, the retention of these types of firms has a positive impact on the County because

First, they provide **high paying jobs**;

Second, they are **economic multipliers** – that is, they generate income for many different types of other firms such as **restaurants, hotels, car companies, retail shops and others**. Hundreds of firms and their executives from outside the area visit our offices each year and this traffic and exposure is lost to the suburbs when people move;

Third, they **pay significantly higher taxes than other firms**, which is a good thing for the City and County, will continue to be in that category even with this ordinance, and

Lastly, owners and employees of these firms are significant **supporters of the community, the arts, and local government activities**. Keeping them in the County is a strong positive for the future of the community.

Thank you very much. Are there any questions?

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