

## CULTIVATING OREGON'S HIGH-POTENTIAL BUSINESSES

We as a state do a good job helping start-ups and small businesses with operational support, and a good job recruiting employers to come to our state, but we can do more to spur economic growth and job creation with more advanced services for Oregon's high-potential businesses.

A set of techniques to achieve that growth has been proven highly effective in recent years. This approach is called "economic gardening."

### What is economic gardening?

- A strategy to cultivate local "stage two" businesses with fast growth potential and expand their markets into other states, generating traded sector revenue and creating local jobs.
- A set of tools including market research, geographic information systems and search engine optimization, provided to high-potential businesses along with consultation on how to use them. These tools are out of reach for most small companies, and are best provided at scale.
- A new school of economic development policy being pioneered by a handful of cities and states and promoted by the Edward Lowe, Kauffman and Kellogg foundations.
- A valuable complement to our current economic development strategies.

### Why stage two local businesses?

Between 2003 and 2007, Oregon lost 28,575 jobs. The vast majority of that loss came from companies headquartered out of state. In that same period, Oregon's "stage two" businesses (those with 10-99 employees) grew by 26%.

These stage two businesses, which represent less than 10% of companies in Oregon, are a powerful force for job creation and economic growth. Cuts during the 2009 session weakened our state's capacity for maximizing the potential of these businesses. The build-back presents an opportunity to strategize and prioritize, ensuring we get the best return on investment for our economic development dollar.

### What does HB 3644 do?

- Takes the first step in a staged approach to creating an economic gardening program for Oregon with little or no state spending beyond existing agency resources.
- Creates the Oregon Economic Gardening Council composed of representatives from higher education, business, investment, economic development organizations and the legislature.
- Authorizes the council to establish criteria for program eligibility, provide services to eligible businesses and serve as a clearinghouse of information on other resources.
- Creates the Oregon Economic Gardening Fund, into which private foundation, federal and other dollars can be raised and leveraged to support the activities of the council.

As you know, the highest multiplier effect comes from investment in local business. HB 3644 is a smart step toward building a more effective economic development policy for our state. It will help Oregon's high-potential companies create jobs, bring wealth into the state and make Oregon a more attractive home for innovative companies. We urge you to support this bill.

*Please direct questions to the office of Rep. Jefferson Smith, 6-1447 or Alex Tinker, alex.tinker@state.or.us.*