

# Economic Impact of Moving the Oregon-Idaho State Border

A REPORT FOR THE CLAREMONT INSTITUTE FROM POINTS CONSULTING FEBRUARY 2023



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# I. Project Overview

# Project Background

The concept of a group of cities or counties leaving its host state to join an adjacent state has been in discussion within popular culture over the past several years. Small scale efforts to relocate parcels and individual counties have been successful in prior generations, but no efforts to reallocate borders for entire regions have succeeded in recent history. The latest group pushing for such a border reorientation is an organization called the Citizens for Greater Idaho (or CGI). As of the publishing of this report, CGI has managed to receive acceptance from voters in 11 counties in Oregon and is on the ballot in at least one more so far in 2023.<sup>1</sup>





<sup>&</sup>lt;sup>2</sup> Please note, the boundaries shown in this map are based on the closest approximation of Census Tracts which compose the regions identified by CGI. This compromise is necessary to ensure that PC could collect reliable data for the given geographic areas. The precise borders may differ slightly from those utilized by CGI in its publications.



<sup>&</sup>lt;sup>1</sup> Citizens for Greater Idaho, Maps <u>https://www.greateridaho.org/the-maps/</u>

Within this study Points Consulting (PC) endeavors to estimate how the economy of southern and eastern Oregon would change if it were, in fact, annexed into the state of Idaho. Our interest is not exploring the social or political ramifications, but simply the economics. Figure 1 displays the area of interest, which is henceforth referred to as the Converting Counties. For this study, PC relies upon the border selections identified by CGI, including the portions of three counties (Wasco, Jefferson, and Deschutes) as shown in Figure 1. Wherever possible, PC publishes estimates specific to each of the 22 Converting Counties, and in those cases the data for the partial counties have been adjusted downward to account for the relevant portions of those counties. Limitations in available data do not always permit for a county specific level of disaggregation, however.

The 22 counties included among the Converting Counties include:

- Baker
- Coos
- Crook
- Curry
- Deschutes (eastern portion)
- Douglas
- Gilliam
- Grant
- Harney
- Jackson
- Jefferson (eastern portion)

- Josephine
- Klamath
- Lake
- Malheur
- Morrow
- Sherman
- Umatilla
- Union
- Wallowa
- Wasco (eastern portion)
- Wheeler

#### Geographic Areas of Interest

For the purposes of this analysis, PC is focused on the following geographic areas of interest. The geographic descriptions are worth outlining here:

- Northwest Oregon- the 14 counties in Oregon that do not include the Converting Counties and which would remain Oregon if those counties departed
- Converting Counties- the 22 Oregon counties (including just the portions of the three partial counties)



## Executive Summary

For the past ten years Idaho has been among the nation's leaders in many measures of progress. The pace of growth started accelerating around 2016 and went into overdrive during the pandemic. During the 24-months of 2020/21 heightened political tensions, tightening restrictions in blue states, and frustrations with a lack of political representation led visitors, relocators, resources, and workers to Idaho in unprecedented droves. In 2022, a contingent of eastern and southern Oregonians have displayed an interest in keeping their place of residence but swapping their political leadership for that of the Gem State. Points Consulting's thorough analysis of countless metrics and datasets led to the following conclusions related to this potential change.

Oregon's left-leaning social programs and policies are costly to support. Though these costs may be manageable for the relatively wealthier citizens of Northwest Oregon, the same cannot be assumed for eastern and southern Oregon. As members of Idaho, the Converting Counties would incur fewer costs while also contributing a greater share of tax revenue to their new host state. Northwest Oregon could save **\$1.22 billion (or \$363/person)** from its annual budget. Meanwhile, we estimate that Idaho's current citizens would subsidize its new citizens to the tune of **\$78 million (or \$42/Idahoan)**. These costs could be mitigated by any number of policy and taxation strategies, such as taxing industrial developments that would not otherwise have materialized in Oregon. A theoretical approach addressed in this report focused on maintaining **Oregon's weight-mile tax within the Converting Counties, which could result in a budget infusion of \$288 million that pushes the negative \$42/Idahoan to positive \$63/Idahoan.** 

Generally speaking, residents of the Converting Counties would be better off economically. Primary factors include reduced income tax burden, more favorable conditions in key industry sectors, and a more difficult environment for free-riders on government services. To cite a few particularly remarkable examples, **personal income tax burden would decrease by \$1.3 billion**, and **corporate tax burden would decrease by \$226 million**.

The Converting Counties would also encounter some negative outcomes. Idaho citizens would likely absorb some portion of debt from the Converting Counties, the consulting team's estimates on this front range between **\$4.8 to \$6.1 billion**. (Though some of this debt is associated with revenue producing assets, nonetheless it is still new debt to be absorbed by the state). The rural poor would likely receive reduced access to healthcare funds and services, border towns may struggle with employee retention, and **sales tax would be implemented to the tune of \$706 million**. **Property taxes would likely remain relatively unchanged** because these are largely controlled by local, rather than state government and are the primary source of funding for public schools and local government service workers.



In addition to changes in tax structure, the less constrictive regulatory structure of Idaho would open up economic opportunities to residents of the Converting Counties. In PC's base case, we estimate the creation of **\$1.8 billion in net-new economic activity, \$504 million in labor income, and the addition of 9,965 jobs**. All told, the changes equate to a 2.1% increase in economic output, due purely to changing the border location. PC's more aggressive economic impact scenario predict \$2.2 billion in economic activity, \$605 million in earnings, and 11,958 new jobs. In particular, the comparative tax reductions for business owners and higher-income households would have the favorable effect of producing higher investment and productivity. In fact, the **jobs added would deliver a 14% higher punch of GDP per job** than Idaho's existing employment base.

The full economic impact could ultimately be higher than either of these scenarios, particularly in the event that large industrial projects are approved that otherwise would not have occurred in Oregon. Such possibilities are not considered within this analysis, however, because there is too much uncertainty related to feasibility and timeline. Furthermore, the addition of the Converting Counties and expansion of state population, would produce some form of complimentary economic impact on the existing state of Idaho, which has not strongly been focused on within this analysis.

Counties expected to experience the largest boosts in economic activity include **Coos (+429M), Jackson (+\$423M), Douglas (\$163M), and Josephine (\$124M)**. However, in percentage terms, the greatest enhancements would be in **Coos (10.2%), Gilliam (4.1%), and Harney (4.1%).** 

When considering the addition of the existing economy and new growth opportunities, Idaho's economy would **expand by 43% from its 2020 basis**, vaulting Idaho's GDP by three positions to 37<sup>th</sup> among the United States just behind Nebraska and Arkansas.

Lastly, certain communities which were previously slow to stable growth would receive a sharp uptick of inmigration, which would result in more job opportunities, improved community amenities, and increased home value appreciation. Although positive for income and jobs potential, this will necessarily result in some less-desirable effects, namely, infrastructure strain, and decreased housing affordability.



# II. Tax, Earnings & Employment Impacts

# Comparison of Idaho & Oregon's Taxation Models

Idaho and Oregon's tax systems are structured quite differently. This leads to different outcomes in terms of revenue, with Oregon collecting \$3,015 in taxes per capita in 2020, and Idaho collecting \$2,872 in the same year. Table 1 below compares both states' tax revenues per capita under various tax categories, as well as their ranking when compared to the rest of the states.<sup>3</sup>

#### Table 1: Taxes Per Capita for Oregon Versus Idaho and State Rankings—FY20

|                      | Ore           | egon            | Ida           | aho             |
|----------------------|---------------|-----------------|---------------|-----------------|
|                      | \$ Per Person | State Ranking   | \$ Per Person | State Ranking   |
| Total Taxes          | \$3,015       | 27              | \$2,872       | 31              |
| Personal Income Tax  | \$2,038       | 5               | \$1,040       | 28              |
| Corporate Income Tax | \$211         | 15              | \$134         | 28              |
| General Sales Tax    | \$0           | 50 <sup>4</sup> | \$1,142       | 19              |
| Selective Sales Tax  | \$455         | 32              | \$335         | 45              |
| Property Tax         | \$5           | <b>26</b> ⁵     | \$0           | 50 <sup>6</sup> |
| License Taxes        | \$275         | 10              | \$217         | 14              |

Source: Points Consulting using Census 2020 Annual Survey of State Government Finances Tables



#### Figure 2: Tax Burden Per Capita of Western U.S. States

Source: Points Consulting using Census 2020 Annual Survey of State Government Finances Tables

<sup>3</sup> Tax revenue figures for all 50 states were sourced from the Census 2020 Annual Survey of State Government Finances Tables, which may differ slightly from numbers reported by state revenue departments.

<sup>4</sup> Tied with four other states (AK, DE, MT, NH)

<sup>6</sup> Tied with 14 other states (NE, CO, CT, DE, FL, HI, NY, NC, OH, OK, SD, TN, TX, UT)



<sup>&</sup>lt;sup>5</sup> Tied with one other state (IL)

## Population Trends

Over the past 20 years population trends between the Converting Counties and Idaho have significantly diverged. Though the Converting Counties include certain communities that have continued to grow in population, the general trend is an acceleration in population growth to Idaho, particularly due to migration. The series of charts in Figures 3 through 6 illuminates this story. There is no accurate way to separate population trends at the subcounty level, so the Converting Counties are addressed in their entirety in Figure 3, rather than splitting apart the three partial counties.



#### Figure 3: Population Change Over Time

Source: Points Consulting using Census Annual Estimates

Figure 3 shows that while both regions have been increasing in population, Idaho is outpacing southern and eastern Oregon and appears to be doing so at an increasing pace over the past several years. In 2000, Idaho's 1.3 million population mark was roughly 50% higher than the Converting Counties, but by 2020 Idaho's 1.8 million exceeds the Converting Counties by 73%. Figure 4 demonstrates compound annual growth rate (CAGR) over four time periods spanning from 20 years to three years. In all cases, Idaho exceeded the Converting Counties by a significant margin. The consistency in the gap between the two geographies indicates that regardless of the timeframe, the past 20 years has been more favorable for population growth in Idaho than in eastern and southern Oregon.

Figure 5 displays both current population and historic growth rates over the past 10 years. Counties in deeper purple indicate higher growth rates. For context, the four counties in Idaho that are closest to Oregon and running along I-84 are also displayed.<sup>7</sup> Ada and Canyon County in Idaho clearly lead the way,

<sup>&</sup>lt;sup>7</sup> The Idaho counties include Ada, Canyon, Payette, Gem, and Elmore. A detailed table of these growth rates is contained in the Appendix.



while at the same time having a large existing population. Among the Converting Counties, Deschutes, Crook, and Jefferson increased notably as well, but are much smaller in terms of total population.



#### Figure 4: Compound Annual Growth Rates Over Time

Source: Points Consulting using Census Annual Estimates





Source: Points Consulting using Census Annual Estimates







Source: Points Consulting using Census Annual Estimates

Population change is composed of two factors: natural and migration. The primary reason for growth in Idaho has been in-migration. This trend is particularly important for this analysis because it partially foreshadows migration trends that could occur as a result of the border change. As shown in Figure 6, migration trends into the Converting Counties and Idaho were largely similar between 2011 and 2016, but from that point forward Idaho vaulted ahead. Zeroing in on trends in the latest years, Idaho has experienced a net population increase of 1.6% per year over the past four years, whereas the Converting Counties have averaged 1.3%. Idaho's 1.7% net increase places it first among all states in the Union for 2020. If they were a state, the Converting Counties also would have rated well. The 1.0% net growth would have been among the top eight states in the Union (between Delaware and Montana).

Census population change data also allow for analysis from one county to another county. This view reveals several other interesting trends as follows:

- Major net in-migration into the Converting Counties has come from several sources, including:
  - Bordering and nearby counties such as Clackamas, Multnomah, Hood River, etc.<sup>8</sup>
  - $\circ$   $\,$  Populous California counties such as Santa Clara, Los Angeles, and Riverside
  - o Northern California counties such as Siskiyou, Butte, and Modoc
- On the whole, Idaho received a net gain of migration from the Converting Counties including both highly populous locations (Ada County), and border locations (Washington County)<sup>9</sup>
- Northwest Oregon received a similar influx of population from California, while losing population to large counties throughout the west such as King County (WA), Spokane County (WA). On the net, Northwest Oregon gained more people from Idaho than it lost.

 <sup>&</sup>lt;sup>8</sup> Lane County, OR did not follow this pattern, as it received 1,200 more in-migrants than out-migrants from the Converting Counties. This, however, is largely driven by student migration to the University of Oregon.
 <sup>9</sup> With the notable exceptions of Payette, and Elmore, which contributed net in-migrants to the Converting Counties.



# **Employment Trends**

Prior to the pandemic and the resulting economic and social restrictions, the United States was experiencing an unpredicted period of growth. Per the National Bureau of Economic Research (NBER) the 128-month growth cycle stretching from mid-2009 to early 2020 was the longest in the 150+ years of tracking economic growth.<sup>10</sup> Between 2010 and 2019, United States employment expanded by 18 million jobs and all but one state (Vermont) experienced net employment growth.<sup>11</sup> Idaho and Oregon both performed well during the expansionary years, but there were underlying differences in performance, both at the state level and the sub-state level (i.e.: the Converting Counties and Northwest Oregon).

Table 2 displays a comparison of overall job growth among the thirteen western states over this period of time. In job growth terms, Idaho and Oregon performed similarly. But in percentage terms Idaho was second in the United States, just behind Nevada, whereas Oregon placed 17<sup>th</sup>. Interestingly, despite a fairly large difference in population, Idaho ranked nearly even with Oregon in terms of Civilian Labor Force growth (121,000 and 122,000, respectively). Civilian labor force is relevant in that it isolates the proportion of the population who is capable and interested in working in typical private sector jobs.<sup>12</sup> In other words, much of Oregon's population growth was among retirees, discouraged workers, or a variety of government sectors, whereas relatively more of Idaho's growth was in the private sector.

| ······································ |           |           |               |            |          |            |  |
|--|-----------|-----------|---------------|------------|----------|------------|--|
| State                                  | 2010 Jobs | 2019 Jobs | 10-'19 Change | Rank in US | % Change | Rank in US |  |
| California                             | 15,916    | 18,551    | 2,635         | 1          | 16.6%    | 14         |  |
| Colorado                               | 2,448     | 3,043     | 595           | 6          | 24.3%    | 4          |  |
| Washington                             | 3,192     | 3,747     | 555           | 7          | 17.4%    | 12         |  |
| Arizona                                | 2,860     | 3,367     | 507           | 9          | 17.7%    | 11         |  |
| Nevada                                 | 1,150     | 1,505     | 355           | 17         | 30.9%    | 1          |  |
| Utah                                   | 1,262     | 1,569     | 307           | 19         | 24.3%    | 3          |  |
| Oregon                                 | 1,770     | 2,029     | 259           | 22         | 14.6%    | 17         |  |
| Idaho                                  | 687       | 855       | 168           | 28         | 24.5%    | 2          |  |
| Hawaii                                 | 587       | 653       | 66            | 37         | 11.2%    | 23         |  |
| Montana                                | 461       | 518       | 57            | 38         | 12.4%    | 21         |  |
| New Mexico                             | 873       | 912       | 39            | 43         | 4.5%     | 43         |  |
| Wyoming                                | 273       | 285       | 12            | 48         | 4.4%     | 44         |  |
| Alaska                                 | 332       | 335       | 3             | 49         | 0.9%     | 49         |  |

| Table 2: Employment Change Compa | rison in Western United Stat | es (Thousands of Jobs) |
|----------------------------------|------------------------------|------------------------|
|----------------------------------|------------------------------|------------------------|

Points Consulting using BLS Annual Unemployment Averages, 2010, 2019

These metrics touch on the importance to a thriving economy not just of population but of productive members of the workforce. Figure 7 displays a comparison of labor force participation between 1976 and

<sup>10</sup> NBER: US Business Cycle Expansions and Contractions. (2021)

https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions

<sup>&</sup>lt;sup>12</sup> Technically speaking, the Civilian Labor Force includes: "employed or unemployed individuals, who are not activeduty military personnel, institutionalized individuals, agricultural workers, and federal government employees. Retirees, handicapped and discouraged workers are also not part of the civilian labor force." Per Investopedia.



<sup>&</sup>lt;sup>11</sup> PC analysis of Bureau of Labor Statistics' "Regional and State Unemployment- Annual Averages" 2010 and 2020

2021 in Idaho, Oregon, and the United States. Labor force participation is a commonly cited economic figure that includes both employed persons and unemployed persons actively looking for work. All three regions follow a similar pattern of spiking in the late 90s and steadily dropping to the current period. The fates of Oregon and Idaho diverge significantly starting in 2011 when Oregon's labor force participation started plummeting finally hitting its nadir in 2013. The Oregon Office of Economic Analysis cited retirements and "a bad economy" for losses in participation during this time, despite poor evidence of this at a national level.<sup>13</sup>

After sitting far below the national average for several years, interestingly, in 2021 Oregon's participation rate jumped back up to nearly even Idaho's, 62.3% and 62.5%, respectively. This factor can also be misleading, however, because Idaho's labor force participation was richer in employed persons whereas Oregon's had a higher contingent of unemployed workers. As shown in Figure 8, Oregon's unemployment rate has been consistent with the United States, but consistently higher than Idaho for the past twenty years.







Source: Bureau of Labor Statistics

<sup>&</sup>lt;sup>13</sup> Oregon Office of Economic Analysis, Labor Force Update. (2013) https://oregoneconomicanalysis.com/2013/12/10/labor-force-update/





Clearly Idaho has been among the vanguard of the United States in employment growth, but all of these metrics lead to the question of how these trends differ from the sub-state areas in Oregon, namely, the Converting Counties and Northwest Oregon. In order to accentuate year by year change, regardless of level, Figure 9 displays cumulative percent change between 2001 and 2020. The Converting Counties were on a very similar growth path to Idaho in the early years of the 21<sup>st</sup> century. The recession battered the Converting Counties, however, bringing employment growth crashing to levels equal to the rest of Oregon. Although Idaho was also hit by the recession, the effects were not as deep. Post-recession, all regions followed similar trend lines until 2017 when Idaho once again picked up an uncommon pace not matched by any regions in Oregon. Lastly, Oregon's more restrictive policies during the COVID pandemic resulted in a significantly steeper hit to employment than Idaho.



Source: Bureau of Labor Statistics





Source: Points Consulting using Economic Modeling Specialists 2022.1

Policies and regulation enacted by staunchly blue states, such as Oregon, have a particularly disadvantageous effect on industries that are tax sensitive and resource intensive. In this case, the comparison between Idaho and the Converting Counties is particularly helpful because, as noted, they are largely similar from a socioeconomic standpoint, other than their regulatory environment. To examine these differences PC conducted a statistical analysis to determine what rates of change experienced statistically significant differences amongst the regions. It is important to note that the model excluded the effects of 2020, which were unduly swayed by the health and regulatory effects unique to COVID and not any underlying economic advantages or disadvantages.

The model reveals a few interesting patterns that are germane to the expectations of economic change in the event of the border relocation:

- Idaho outperformed Oregon in accommodations & food services, educational services, finance & insurance, and manufacturing, whereas Oregon outperformed Idaho in the information sector (i.e. technology).
- The Converting Counties demonstrate uniquely strong conditions for mining and manufacturing. In numerous other industries Northwest Oregon outperformed the rest, most notably, government, professional & technical services, transportation, and management of companies & enterprises.
- The Converting Counties underperformed neighboring Idaho in a handful of notable sectors, namely, accommodations & food services, arts & recreation, and professional & technical services. Interestingly, the region was not substantially different in key sectors such as manufacturing and agriculture.

Since this analysis is particularly focused on the Converting Counties, another important lens of analysis is understanding potential employment changes within the industries most significant to that region. The gauge chart in Figure 10 displays employment distribution within the Converting Counties in the outer ring, and distribution in Northwest Oregon, Oregon, and Idaho, in each internal concentric ring.



Sectors that play an outsized role in the Converting Counties include healthcare & social assistance (14.1%), retail trade (11.8%), accommodation & food services (9.7%), agriculture (8.5%) and manufacturing (8.4%). These five sectors compose the majority (52.6%) of employment in the Converting Counties, and no more than 45% of jobs in the other comparative regions.



#### Figure 10: Distribution of Employment in Key Sectors

Information at the industry level can becoming overwhelmingly detailed. Summary tables for each sector are contained in <u>Appendix B</u> for researchers interested in an in-depth review of each industry. The following four-line charts display annual employment change in the four key sectors, while employment change patterns are indicated in Table 3.



Source: Points Consulting using IMPLAN, 2022





#### Figure 12: Manufacturing Employment









#### Figure 15: Healthcare Employment





|  | Ore             | gon  | Ida     | ho   | Conv<br>Count  | verting<br>ties | NW O    | regon |
|--|-----------------|------|---------|------|----------------|-----------------|---------|-------|
| Sector   | 2020<br>Even    | CAGR | 2020    | CAGR | 2020<br>Even   | CAGR            | 2020    | CAGR  |
| Agriculture,<br>Forestry, Fishing<br>and Hunting | Emp.<br>102,835 | 0.5% | 56,832  | 0.9% | emp.<br>41,418 | 0.3%            | 61,417  | 0.3%  |
| Manufacturing                                    | 198,828         | 1.1% | 73,642  | 2.4% | 40,159         | 1.6%            | 158,669 | 0.9%  |
| Retail Trade                                     | 226,028         | 0.9% | 101,065 | 1.5% | 58,927         | 0.8%            | 167,100 | 0.8%  |
| Health Care and Social Assistance                | 302,847         | 2.6% | 112,711 | 2.5% | 73,571         | 2.7%            | 229,277 | 2.5%  |
| Accommodation<br>and Food<br>Services            | 177,904         | 0.3% | 77,928  | 2.6% | 43,369         | 0.8%            | 134,535 | <0.1% |
| All Sectors                                      | 2.3 M           | 1.6% | 954,768 | 2.4% | 492,018        | 1.1%            | 1.8 M   | 1.7%  |

#### Table 3: Employment Comparison in Key Converting Counties' Sectors, 2011-2020 CAGR

Source: Points Consulting using IMPLAN, 2022

Not surprisingly, Idaho led the other three regions in job growth overall and individual industries. Trends specific to the Converting Counties are the primary interest, however. The Converting Counties displayed their clout in manufacturing, displaying 1.5% compound annual growth, a figure more similar to Idaho than to the remainder of counties in the state.

As indicated in Figures 13 and 14 the twin sectors of retail trade & accommodation and food services were far less impacted in the Converting Counties than in other parts of Oregon. This is likely attributable to the fact that many of the smaller communities in the Converting Counties were serving locals to a greater extent than visitors, which cannot be said of Northwest Oregon. Despite this, neither industry thrived in eastern and southern Oregon over the past ten years.

Owing to low labor requirements and high efficiency in the agriculture sector, employment neither increased nor decreased much in any region, though it did vacillate year by year.

The healthcare sector presents an interesting anomaly to the pattern of Idaho outperforming Oregon. Oregon's healthcare sector expanded an average of 2.6% per year, compared to Idaho's 2.5%. The Converting Counties roughly matched statewide growth at 2.7%, equivalent to the addition of 1,500+ jobs per year in these counties combined. The generous distribution of health and welfare transfer payments within Oregon provides a unique benefit to the Converting Counties that are unlikely to be matched by Idaho's policies.



## Additional Considerations

#### Transfer of Oregon State Pensions to Idaho

Both Oregon and Idaho operate traditionally defined benefit pension systems. This means that public employees are promised a pension that is defined by how long they worked, their salary at retirement, and a negotiated pension factor. To administer these pensions, the states of Idaho and Oregon have set up fiduciary pension systems, the Public Employees Retirement System of Idaho (PERSI) and the Oregon Public Employees System (OPERS), respectively.

As indicated by the stats in Tables 4 through 6, the PERS system in Oregon is widespread and includes more than just state-level organizations.<sup>14</sup> In fact, within rural areas the majority of participating employers are cities and local school districts. Lake County, for example, has nine participating employers, all of whom fit one of these two classifications.

These two systems are funded by a combination of funds withheld from employee paychecks and payments from the employing agency (including both state and local entities). The pension systems invest these payments in various securities, bonds, and other assets to generate earnings that are either paid out to retirees or reinvested in the system's asset portfolio. Their payments are based on an actuarially generated estimate of the cost of the net unfunded retirement cost of current and past public employees. It is important to note that the employing agency or entity is liable to cover the future retirement cost of the employee. Table 5 provides an overview of the general scale and scope of each plan and who they serve.

Definitionally, retirees refer to persons currently receiving benefits, inactive members are those who are not retired or currently employed in a qualifying pension position but who are eventually entitled to receive benefits. Lastly, an active member is someone who is presently employed and accruing pension benefits for when they do retire.

| Type of Jurisdiction    | Oregon PERS | Idaho PERS |
|-------------------------|-------------|------------|
| State Subdivisions      | 108         | 99         |
| Counties                | 36          | 44         |
| Cities                  | 181         | 159        |
| School districts        | 292         | 176        |
| Other special districts | 283         | 341        |
| Total Jurisdictions     | 900         | 819        |

#### Table 4: Participating Entities in the Oregon and Idaho Public Employee Retirement Systems, 2020

Source: OPERS and PERSI

<sup>&</sup>lt;sup>14</sup> A full list of all 900 participating employers is listed in Appendix A of the 2021 PERS By the Numbers document: <u>https://www.oregon.gov/pers/Documents/General-Information/PERS-by-the-Numbers.pdf</u>



#### Table 5: Membership in the Oregon and Idaho Public Employee Retirement Systems, 2020

| Type of Member         | Oregon<br>PERS | PERS<br>Idaho         |
|------------------------|----------------|-----------------------|
| Total Retirees         | 156,500        | 49,573                |
| Total Active Members   | 180,098        | 73,675                |
| Total Inactive Members | 48,384         | 41,945                |
| Total Members          | 384,982        | 165,175 <sup>15</sup> |

Source: OPERS By the Numbers 2021 and PERSI 2020 Annual Report

#### Table 6: Attributes of the Oregon and Idaho Public Employee Retirement Systems, 2020

| Category                          | Oregon<br>PERS | PERS<br>Idaho  |
|-----------------------------------|----------------|----------------|
| Average Pension Paid              | \$32,931       | \$20,168       |
| Employee Contribution Share       | 6.0%           | 7.2%           |
| Total Assets (billions)           | \$84.4 billion | \$17.9 billion |
| Unfunded Actuarial Liability      | \$22.9 billion | \$ 2.3 billion |
| Funded Ratio                      | 71.0%          | 88.2%          |
| Long-term Expected Rate of Return | 7.2%           | 7.1%           |
| Retirement Factor                 | 1.5%           | 2.0%           |
| Base                              | 36 months      | 42 months      |

Source: OPERS and PERSI

For the Converting Counties, several issues will arise that could affect the funding and support of these public pensions, which could in turn affect the relative costs to the various jurisdictions and entities:

- 1. Restrictions on Participation
- 2. Differences in Employee Contributions
- 3. Differences in Retirement Factors Used
- 4. Current Levels of Funding Between the Two Systems

To affect the transition from Oregon to Idaho, many of the finer details of the pension system would need to be worked out by staff and legislators in each respective state. Coping with retirees and inactive members seems the most straightforward. It should be assumed that Oregon and Idaho PERS will continue to fund retirees and inactive persons based on the parent state at the time of employment. This is no different from current policies, which allow Oregon PERS recipients to live out of state, including \$51 million in payments to Idaho residents.<sup>16</sup> Some Idaho residents may complain that the transition would allow Idaho tax dollars to pay for benefits for Oregon retirees, but this would not be the case. If a local municipality becomes a part of Idaho and closes their account with OPERS, funds used to pay retired staff

<sup>16</sup> Oregon PERS, Ibid.



<sup>&</sup>lt;sup>15</sup> Categorical data reported by PERSI in 2020 do not match the reported total, likely due to exclusions of non-vested active members.

would continue to be managed and distributed by the Oregon Investment Council and Oregon State Treasury, based on those retirees' contributions and the state's investments.

The scenario of actively employed persons at local government organizations in the Converting Counties is considerably more complicated. Most likely, such employees would have their Oregon PERS status convert to inactive and a new policy would be set up under Idaho's PERSI system. It is not uncommon for staff to go through such a transition when they move to a different state or a private employer. The important difference in this case, obviously, is that such staff are not making the transition by choice. Staff who are concerned with having their accrued retirement benefits stunted will need to make the difficult choice to remain employed or seek employment with another participating OPERS agency. One can imagine that cities near the new Idaho/Oregon border will face a particular employee retention challenge.

Oregon and Idaho may choose to develop several options to accommodate such seasoned state and local government employees. One such option would be a transfer policy for retirement, or "service credits," which would allow their prior service to be transferred to the new pension system. Another option would be an early retirement plan, which could allow seasoned employees who are concerned about not meeting critical years of service milestones to be "bumped up" or offered pro-rated retirement options. Some state agencies have developed reciprocity agreements with adjacent pension systems. California's CalPERS, for example, has articulated reciprocity agreements with several other California-based retirement programs.<sup>17</sup>

All that said, these issues are beyond the scope of this analysis to approximate the outcome. At the least, it should be assumed that state governing authorities will seek a solution that maximizes employee retention while minimizing cost burdens that are not within the scope of existing state pension systems.

#### Housing Prices

The US's housing situation over the past three years has been complex, as homeowners and property managers have benefited from historic appreciation while others have taken an unpredicted hit from housing cost inflation. Recent estimates by Redfin indicate national home values have surged 14% in just the past year and 50% in the past three years.<sup>18</sup> Single-family homes are the nation's single greatest store of economic value and comprise the majority of net worth for an average family.<sup>19</sup> It is easy to see how the escalation of home prices is one of the single most challenging factors for many communities in the United States. In fact, many economic development leaders would name it as the single largest factor affecting workforce availability and attraction.

How home values would be affected in the Converting Counties by the border reorientation is a similarly complex question. On the one hand, one could cite the substantial population and economic growth in Idaho leading to home value appreciation, which could be parlayed to the Converting Counties. On the

<sup>&</sup>lt;sup>19</sup> US Census Bureau, Survey of Income & Program Participation. (2015) https://www.census.gov/programs-surveys/sipp/library/publications.2015.List 1472631513.html



<sup>&</sup>lt;sup>17</sup> CalPERS "Reciprocity". (2022)

https://www.calpers.ca.gov/page/active-members/retirement-benefits/reciprocity

<sup>&</sup>lt;sup>18</sup> US Housing Market Trends, Redfin. (2022)

https://www.redfin.com/us-housing-market

other hand, one could argue that once annexed into Idaho, decreased regulation for real estate developers and home builders in Converting Counties could result in lower development costs that could ripple through to both new and existing homes. Still another angle could argue that Oregon's aggressive upzoning policies which emphasize infill and density, even in rural areas, could result in a long-term decrease in home prices.<sup>20</sup>





PC developed a statistical model to review how home prices have changed in the states of Idaho and Oregon. The model examined housing prices between 2011 and 2020 and isolated geographies into four districts: Northwest Oregon, the Converting Counties, the inner Boise metropolitan areas (Ada & Canyon counties), and the rest of Idaho. Ultimately, the models revealed that historically there has been little difference between the Converting Counties and Northwest Oregon in terms of home value appreciation and the differences that do exist are not statistically significant. Trends that are significantly different are between the Converting Counties and Idaho. Counties in Idaho demonstrate an almost 1% higher annual appreciation

Though the model primarily examined change in prices, PC also examined housing price levels. On this front the difference between Northwest Oregon, and the other three regions of analysis is stark, for example, in an average year over the past ten years home values are 35% higher in Northwest Oregon than in the Converting Counties. It is difficult to claim that built-in differences in price are due strictly to government regulation because the levels in Idaho and the Converting Counties are so similar (see Figure 16).

<sup>&</sup>lt;sup>20</sup> Oregon passed HB 2001 in 2019 which expands property owners' rights to build denser housing in all residentially zoned areas, with the express desire of decreasing costs by reducing the need to build new infrastructure.



Source: Points Consulting using Zillow Typical Home Value Index (ZHVI)

All things considered; it is difficult to make a general prediction on how home prices would change in the event that the Converting Counties are annexed to Idaho. What is clear is home values are highly elastic to up-ticks in migration, as seen in Ada and Canyon counties in recent years. Part of this surge is due to the strength of the economy in the Boise Valley, and part of it is due to the fact that an increasing number of people want to live in a state like Idaho, and Boise offers the best economic opportunities. For this reason, PC does account for a relative increase in both the real estate and construction sectors in all of the counties directly bordering Northwest Oregon and within Jackson County, which is the de facto capital of the southern Oregon region.

#### Public Debt

Unlike a revolving line of credit, such as a consumer credit card, public bonded debt is tied to particular issuing governments and backed by specific revenue streams. Different types of debt will have different implications for Greater Idaho, depending on these revenue streams and whether the obligation is tied to the local or state levels of government. The details are nuanced and vary depending on the specific tax and location. It should also be borne in mind that certain bonds are also associated with revenue generating assets, such as dams, highways, and other capital infrastructure projects.

In 2020, the Oregon state government owed a total principal of \$11.2 billion in long-term net public debt, or around \$2,600 per resident.<sup>21</sup> Its municipalities owed a further \$32.6 billion, or around \$7,700 per resident, for a grand total of \$10,300 per capita.<sup>22</sup> School districts owed the biggest component of this: \$11.7 billion, an amount that alone outweighs the states' obligations. It is important to note how much of the states' debt is actually composed of local debt that would carry over via the Converting Counties. Morrow County, for example, issued over \$581 million in municipal debt, and Umatilla issued \$109 million.<sup>23</sup> Idaho residents are far less indebted at both levels. The Idaho state government owed \$3.1 billion in 2019, or around \$1,660 per resident, with an additional \$2.8 billion or around \$1,500 per resident owed at the local level, for a grand total of \$3,400 per capita.<sup>24</sup>

The following definitions explain the different forms of municipal debt and how they are likely to be treated in the event that the counties convert to Idaho. GO Bonds and Revenue Bonds, which make up the largest component of state debt by far, support a variety of initiatives. Citing a few examples from the state's 2021 report, a few noteworthy examples include: GO Bonds for Veterans Welfare (\$57.3B), and State Highway Transportation (\$10.7B), and Revenue Bonds for the Transportation Highway User Tax (\$2.2B) and the

<sup>&</sup>lt;sup>24</sup> U.S. Census Bureau, Annual Survey of State and Local Government Finances. (2019) https://www.census.gov/data/datasets/2019/econ/local/public-use-datasets.html



<sup>&</sup>lt;sup>21</sup> Oregon State Debt Public Advisory Commission, 2021 Commission Report. (2021)

https://www.oregon.gov/treasury/oregon-bonds/Documents/Financial-Empowerment-SDPAC/2021/2021-SDPAC-Report.pdf

<sup>&</sup>lt;sup>22</sup> Oregon Municipal Debt Advisory Commission, 2020 Annual Report. (2020) <u>https://www.oregon.gov/treasury/oregon-bonds/Documents/Public-Financial-Services-MDAC/2020/2020-MDAC-Report-FINAL.pdf</u>

<sup>&</sup>lt;sup>23</sup> Oregon Municipal Debt Advisory Commission, Ibid.

Lottery Bond Program (\$1.1B).<sup>25</sup> Though a bit obscure in their usage, the clearest way to think about such bonds is that it's one of the tools used by state government to finance their projects. When making budgetary decisions, fiscal leaders will consider appropriations from existing revenue categories, and how to make up the difference using various bonding tools.

The current amounts owed in each category are summarized in Table 7.

- Local-level debt is held by municipalities such as counties, cities, and school districts. These should pass through a state conversion in a straightforward manner. The same issuers will continue to owe this money and service the same debt with their tax bases, regardless of the parent state.
- General obligation (GO) bonds are secured by the general tax revenues of the issuer and its "full faith and credit." Any expenditure in excess of state revenue could be funded by this type of debt. With 21% of Oregon's population joining Idaho as part of the conversion, both Oregon state tax revenues and state expenditures will decline, complicating the residual Oregon government's ability to pay the debt. Fairness suggests some portion of this debt will be reallocated to Greater Idaho on a per-capita basis.
- Revenue bonds are backed by specific taxes, such as highway bonds backed by the gasoline fuel tax. As with the general revenues, the Converting Counties would stop paying these taxes to Oregon for future periods, even as they continue to benefit from the previously invested infrastructure paid for by the bonds. However, it would be reasonable to expect a movement of the debt to Greater Idaho on a per-capita basis. Another allocation method could be a project-by-project basis as determined by the state's Treasurer's offices.
- Oregon also issues conduit bonds. Here Oregon uses its credit rating to raise money to pay for worthy projects, such as those in the housing or non-profit sectors. The developers of these projects then pay the debt and the state is merely the 'conduit.' Because Oregon is not ultimately responsible for these payments, the State Debt Policy Advisory Commission does not include them in calculations of 'net debt.'<sup>26</sup> One approach could be that these developers will continue to owe and pay against their debts, even if their projects are now located in Idaho. Oregon could consider continuing its administration of these bonds as a paid service by the Oregon Facilities Authority, or the bonds could be refunded by Idaho government institutions on a similar basis as the original Oregon issues.
- Another category of Oregon debt is a small amount of *appropriation credits*. Once used for capital expenditures, this type of debt is issued by the state but not guaranteed by its revenue and has become largely obsolete after the passage of Article IX-Q in 2010. These debts would have to be allotted as part of the final conversion agreement.

As previously mentioned, local-level debt, which is considerable, would presumably remain attached to a given municipality. For the remaining categories, it is nearly impossible to determine each county's exact

<sup>25</sup> Oregon State Debt Policy Advisory Commission, 2020 Annual Report. (2020) <u>https://www.oregon.gov/treasury/oregon-bonds/Documents/Public-Financial-Services-MDAC/2020/2020-MDAC-Report-FINAL.pdf</u>
<sup>26</sup> Oregon State Debt Policy Advisory Commission, Ibid.

<sup>26</sup> Oregon State Debt Policy Advisory Commission, Ibid.



contributions to the state's general revenue, hence our model presumes that debt from categories such as GO bonds, and revenue bonds would be transferred to Idaho on a per-capita basis. New bonds should be issued to cover this debt, a process sometimes called "refunding." These new bonds could be issued by the State of Idaho as a whole, by the Converting Counties themselves, or using some other configuration agreed upon by each state's legislative leadership. Both Oregon and Idaho have excellent bond ratings, both rated AA+ by Standard & Poor's.<sup>27</sup> Therefore, any necessary refunding is likely to be inexpensive, even as the Federal Reserve raises interest rates over the next several years.

| Type of Debt                     | Principal<br>Outstanding, 2020 | Oregon Statewide<br>Per Capita | Conversion<br>Possibilities   |
|----------------------------------|--------------------------------|--------------------------------|---|
| Revenue Bonds                    | \$7.92B                        | \$1,870                        | Per-capita basis, or project-by-project   |
| General Obligation<br>(GO) Bonds | \$6.47B                        | \$1,527                        | Per-capita basis  |
| Appropriation Credits            | \$0.10B                        | \$24                           | Could be transferred as part of the conversion negotiation  |
| Conduit Bonds                    | \$3.3B                         | \$775                          | Possibly none. Even if the end-payors are<br>located in Greater Idaho, they might continue<br>to make payments to the Oregon Facilities<br>Authority or other issuers |
| Total                            | \$11.2B                        | \$2,647                        |   |

#### Table 7: State of Oregon Public Debt Outstanding<sup>2829</sup>

Source: Points Consulting using Oregon State Debt Policy Advisory Commission 2021 Annual Report

#### Table 8: Oregon Local-Level Debt Outstanding, Statewide 2020

| Type of Issuer                | Principal Outstanding |
|-------------------------------|-----------------------|
| School Districts              | \$11.7B               |
| Cities                        | \$6.8B                |
| Port Districts                | \$3.0B                |
| Hospital Facilities Districts | \$2.2B                |
| Community College Districts   | \$1.4B                |
| Counties                      | \$1.1B                |
| All Others                    | \$6.4B                |
| Total Local-Level Debt        | \$32.6B               |

Source: Points Consulting using Oregon Municipal Debt Advisory Commission 2020 Annual Report

https://www.spglobal.com/ratings/en/research/articles/190319-u-s-state-ratings-and-outlooks-current-list-1738758

<sup>&</sup>lt;sup>29</sup> Values totaled in Table 7 are based on those directly reported by the State Debt Advisory Commission, using their own calculations. The state removes the \$3.3B in conduit bonds from the overall total to arrive at the \$11.2B owed.



<sup>&</sup>lt;sup>27</sup> S&P Global Ratings, U.S. State Ratings & Outlooks: Current List. (2022)

<sup>&</sup>lt;sup>28</sup> The State Debt Policy Advisory Commission does not include conduit bonds in its calculation of 'net tax-supported debt'.

The full and partial Converting Counties composed roughly 893,000 residents or 21.1% of Oregon's population in 2020, the time period of the most recently reported debt figures. Therefore, these scenarios use that same conversion factor to calculate the aggregate debt re-allocated to Greater Idaho. Tables 9-11 display different scenarios for debt re-allocation. <sup>30</sup>

#### Scenarios for Debt Re-Allocation in Conversion

The following Tables present three feasible scenarios for allocating debt to Idaho via the Converting Counties. As the scenarios indicate, the total debt transferred to Idaho could equate to between \$4.8 billion to \$6.1 billion. Per capita debt would also increase to between \$1,750/person to \$2,236/person, depending on the case.<sup>31</sup> Considering Idaho's existing state-level debt of \$1,660/person, any case requires a considerable increase.

- Scenario 1, Low Debt Transfer: Idaho accepts only Oregon's GO debt on a per capita basis.
- Scenario 2, Medium Debt Transfer: Idaho accepts Oregon GO debt on a per-capita basis, while also accepting Revenue Bond debt to accommodate revenue sources being lost to Oregon.
- Scenario 3, High Debt Transfer: Idaho accepts all Oregon net debt on a per-capita basis.

<sup>&</sup>lt;sup>31</sup> Note that these calculations are based on what Greater Idaho's population would be in 2020, and not just the population of Idaho alone.



<sup>&</sup>lt;sup>30</sup> Column totals will be affected by rounding

## Table 9: Scenario 1, Low Debt Transfer Scenario

|                                      | Ore         | gon             | Ida         | ho              |
|--------------------------------------|-------------|-----------------|-------------|-----------------|
| Type of Debt                         | Total (\$B) | Per Capita (\$) | Total (\$B) | Per Capita (\$) |
| Debt outstanding                     | \$11.2B     | \$2,647         | \$3.1B      | \$1,660         |
| General Obligation (GO) Debt         | \$6.5B      | \$1,527         |             |                 |
| Transfer to Idaho                    | (\$1.7B)    | (\$1,527)       | +\$1.7B     | +\$89           |
| OR Outstanding Debt After Conversion | \$9.5B      | \$2,836         | \$4.8B      | \$1,750         |

Source: Points Consulting, 2022

#### Table 10: Scenario 2, Medium Debt Transfer Scenario

|                                      | Ore         | gon             | Ida         | iho             |
|--------------------------------------|-------------|-----------------|-------------|-----------------|
| Type of Debt                         | Total (\$B) | Per Capita (\$) | Total (\$B) | Per Capita (\$) |
| Debt outstanding                     | \$11.2B     | \$2,647         | \$3.1B      | \$1,660         |
| General Obligation (GO) Debt         | \$6.5B      | \$1,527         |             |                 |
| Revenue Bonds                        | \$7.9B      | \$1,870         |             |                 |
| Subtotal                             | \$14.4B     | \$3,397         |             |                 |
| Transfer to Idaho                    | (\$3.0B)    | (\$3,397)       | +\$3.0B     | +\$568          |
| OR Outstanding Debt After Conversion | \$8.2B      | \$2,446         | \$6.1B      | \$2,228         |

Source: Points Consulting, 2022

## Table 11: Scenario 3, High Debt Transfer

|                                      | Ore         | gon             | Idaho       |                 |
|--------------------------------------|-------------|-----------------|-------------|-----------------|
| Type of Debt                         | Total (\$B) | Per Capita (\$) | Total (\$B) | Per Capita (\$) |
| Debt outstanding                     | \$11.2B     | \$2,647         | \$3.1B      | \$1,660         |
| General Obligation (GO) Debt         | \$6.5B      | \$1,527         |             |                 |
| Revenue Bonds                        | \$7.9B      | \$1,870         |             |                 |
| Appropriation Credits                | \$0.1B      | \$24            |             |                 |
| Subtotal                             | \$14.5B     | \$3,421         |             |                 |
| Transfer to Idaho                    | (\$3.1B)    | (\$3,421)       | +\$3.1B     | +\$575          |
| OR Outstanding Debt After Conversion | \$8.2B      | \$2,440         | \$6.1B      | \$2,236         |

Source: Points Consulting, 2022



# III. Public Finance Impacts

As explained in the following section, there are any number of socioeconomic topics one could speculate about in the event that the border is moved. Prior to assessing these more hypothetical topics, the PC team focused on the more mathematically straightforward problem of determining how taxes would be collected and public funding would be spent in the three areas of interest. The flowchart in Figure 17 indicates the methodological framework used by PC to assess these topics.





The first thing to note about the flow chart is that the public finance analysis is not simply a one-to-one transfer from one state to the other. On the state revenue side, each state has its own tax policies such that when the same spending and income are transferred, different amounts would be collected. Likewise, on the spending side, each state prioritizes the amounts and spending distributions differently. In other words, the amount of taxes collected by Old Oregon would not be the same amount collected by New Idaho. The amount spent with those funds by New Idaho would not be the same as Old Oregon.

PC focused the most effort on tax categories with the highest level of impact on both states. For less significant categories, the team utilized a per capita approach. A more in-depth treatment of this methodology is contained in <u>Appendix A</u> of this report.

- **Income**: Quantified income taxes collected by county and income bracket for Converting Counties. Idaho state tax brackets as last revised in 2022 are then applied to these data.
- **Sales**: Quantified retail sales spending in Converting Counties. Idaho state sales taxes for 2020 are then applied to these data.<sup>32</sup>

<sup>&</sup>lt;sup>32</sup> This assessment also accounts for special excise categories such as tobacco and alcohol, which are taxed at nonstandard rates in each state.



- Corporate: Corporate taxes are relatively limited in Idaho but are a considerable source of tax revenue in Oregon. PC quantified corporate taxes collected by county and business status for Converting Counties. Idaho state corporate taxes are then applied to the business status and taxable revenue data.
- **Property**: Unlike many other categories, property taxes are typically controlled at the individual county level. There are, however, statewide regulations that apply to each constituent county. First, the team quantified fair market value for all properties by category in the Converting Counties. Then, PC determined what would likely be the average tax rate for each of the Converting Counties based on land use.
- All Other: The above listed categories accounted for 90% of revenues in Oregon in 2020 and 92% of revenues for Idaho. The multitude of additional categories were quantified with a per-capita method, essentially, PC quantified revenue and spending per person in each state and transferred costs accordingly.

# The Subsidy for Hosting the Converting Counties

The question of return on investment is a weighty one for the legislatures in both Oregon and Idaho. It is important not only to grasp the positive economic impacts of the border relocation but also the associated costs. Underlying the question is whether any one part of the state is "subsidizing" other parts of the state due to it pulling a greater share of state expenses.<sup>33</sup> There is considerable published literature on the topic of public costs and benefits of various sized communities. That literature is somewhat mixed in its findings, but the general theme is that on a per-capita basis highly urban areas are the most expensive to support, followed by highly rural areas. Among cities and towns of moderate size, however, there is not a clear consensus.<sup>34</sup> Unfortunately, none of the studies focus on the states of Oregon or Idaho. Given the demographics of the Converting Counties, which contain a mixture of very rural and semi-urban communities, it is not possible to make a direct correlation from the literature. However, PC is able to estimate an answer to this question by using available data and, where necessary, replicating processes used within the published literature.

Rather than guessing on this important calculation, PC generated a unique economic model in the state of Oregon based on parsing out tax responsibilities for each relevant tax category and estimating cost allocations on a county-by-county basis. This process was made possible by the amount of information made publicly available by the state of Oregon via the Oregon Secretary of State, the Legislative Revenue Office, and the Oregon Transparency Commission. The state of Idaho publishes certain information via the Idaho Tax Commission and the Transparent Idaho website, but these sources lack the level of detail required to produce the same type of estimates.

On this topic, it is important to note that, neither state is in a habit of covering costs exclusively via its own taxes and earned revenue. Technically, both states operate under a "balanced budget" but only if one

 <sup>&</sup>lt;sup>33</sup> In point of fact, both states are heavily subsidized by the Federal government, but more on this later.
 <sup>34</sup> More on PC's literature review on this topic is contained in the appendix. And this is to say nothing of the complexity of accounting for Oregon's relatively high government services environment vs. Idaho's relatively low government services environment.



counts their tremendous amount of federal subsidies. Oregon's Legislative Fiscal Office estimates \$37.4 billion in funds from the Federal government in FYs 21-23 (33% of all funds).<sup>35</sup> The state of Idaho's FY22 budget indicates that over \$5 billion of funding is derived from Federal Funds (44% of the whole).<sup>36</sup>

Calculating the costs and revenues for each district (the Converting Counties, Northwest Oregon, and Idaho) is a five-step process. (Readers seeking a more detailed explanation will find it in the <u>Appendix A</u> of this report). First, PC separates state tax revenue and state expenditure between the Converting Counties and the remainder of the state (either northwest Oregon or Greater Idaho). Second, we divide these deficits by the total number of residents in each region. This provides us a revenue per-capita and expense per-capita for each of the regions. Third, we simulate the level of revenue and expenditures for the Converting Counties in the event that they behaved the same as the rest of the host state; in other words, assuming that they are pulling "equal weight" as the existing residents of that state. In doing so, it is worth noting that we are using the enhanced economic metrics associated with our economic impact analysis of the Converting Counties, which is discussed in <u>Chapter IV: Economic Impacts to Northwest Oregon & Idaho</u>. Fourth, we rebalance the difference between revenue and expenses in the Converting Counties based on observed norms within the state of Idaho. Lastly, we find the difference between the simulated version of reality and the actual findings. This represents the net "subsidy" number. In the case of Oregon, this represents the current subsidy borne by the residents of Northwest Oregon. In the case of Idaho, this represents the estimated possible subsidy borne by residents of Idaho.

## Current and Estimated Subsidies to Oregon and Idaho Residents

#### Converting Counties Impact

Using the full 22-county region, PC calculates that Northwest Oregon subsidizes the Converting Counties in an overall amount of \$1.22 billion/year. In per capita terms, this means that every citizen of Northwest Oregon is paying roughly \$363/year for the privilege of keeping the Converting Counties within its borders. If the Converting Counties become part of Idaho, existing Idaho citizens would subsidize its new citizens to the tune of \$78 million, or the equivalent of \$42 per Idahoan. In the grand scheme of spending, the figure is not massive but it still would equate to a 0.7% increase in the state's annual budget. To put that figure in context, the state of Idaho spent roughly the same amount in FY21 on Family and Community Services.<sup>37</sup>

If annexed into Idaho, several economic changes would be expected. Idaho has an empirically flatter tax structure, meaning that the difference between the state revenues and spending are more similar than in Oregon, regardless of a county's population and income levels. The subsidy paid by more populated counties on behalf of less populated counties still exists, but it is less severe. PC's research of Census' 2019 Annual Survey of State and Local Finance indicates that like-kind counties would be 27% less subsidized in

<sup>35</sup> Oregon Legislative Fiscal Office, "2021-23 Legislatively Adopted Budget". (2021)
 <u>https://www.oregonlegislature.gov/lfo/Documents/2021-1%20LAB%20Summary%202021-23.pdf</u>
 <sup>36</sup> Idaho Legislative Budget Booklet, "FY 2022 All Appropriations by Fund & Function". (2022)
 <u>https://legislature.idaho.gov/wp-content/uploads/budget/publications/Legislative-Budget-Book/2022/Legislative%20Budget%20Book.pdf</u>

<sup>&</sup>lt;sup>37</sup> The precise amount in FY21 was \$111.7 million. Via Transparent Idaho, "Expenses by Area of Government", <u>https://transparentdata.idaho.gov</u>.



Idaho than in Oregon.<sup>38</sup> Since Idaho is a more rural state than Oregon, the mid-sized Oregon counties making the move would pay closer to their fair share within the Idaho system. (For example, Douglas County is currently the tenth most populated county in Oregon but in Idaho it would be the fifth most populated).

The change would not come without its downsides to the citizens of the Converting Counties. If annexed into Idaho, many state services and costs would be reduced but there are a few qualifications to that point. Firstly, as discussed in the <u>Property Tax Impacts</u> section, a good portion of local government will remain at the same cost and scale, regardless of the state. Secondly, even those services that are rolled back, will take some time to equilibrate to normal expectations for Idaho.

Figures 18 and 19 provide PC's estimates on the tax collections (i.e., revenue) and costs (i.e., expenses) for each of the two states. The differences between the turquoise bar on the left and right-hand sides of each chart is the difference between the tax revenue collected by the state and the costs expended by the state.



Figure 18: Estimated Tax Collection and Expenditures: Converting Counties vs. NW Oregon

Source: Points Consulting using data from Oregon Transparency Commission

<sup>&</sup>lt;sup>38</sup> Annual Survey of State & Local Government Finances, 2019 County Level Files, <u>https://www.census.gov/programs-</u> <u>surveys/gov-finances.html</u>.



Forecasted Subsidy Estimate for Idaho



Figure 19: Estimated Tax Collection and Expenditures: Converting Counties vs. Idaho

Source: Points Consulting using data from Transparent Idaho

#### Options for Mitigating the Subsidy Gap

The state of Idaho has multiple avenues available for mitigating this expense hike. Perhaps the most natural approach would be leveling new taxes on southern and eastern Oregon businesses to cover the cost. Both practically and psychologically this option would be most palatable if such taxes targeted economic opportunities which were not feasible under prior conditions in Oregon. These may include the potential Jordan Cove liquid natural gas pipeline, as well as other natural resources businesses that were not welcomed in Oregon. Alternatively, the state could levy taxes to existing tax categories but up the rates in southern and eastern Oregon, using categories sales, income, or even lodging taxes. The state of Idaho's rapid economic growth may also afford it the opportunity to cover expenses with existing revenues. Governor Little's office recently reported a surplus of \$1.38 billion for FY22, which is the second consecutive year of a noteworthy budget surplus.<sup>39</sup>

One novel option along the lines of options noted above relates maintaining Oregon's weight-mile tax in the sections of the state that convert to Idaho. Truckers throughout Oregon are already accustomed to paying this tax, which affects heavy freight on state highways based on weight and distance. Idaho, at one time, had a similar tax which was struck down as unconstitutional in the late 1990s. That is because, unlike Oregon's tax, Idaho's version of the tax unconstitutionally favored Idahoan industries over other states' industries. That said, state leaders have considered reimposing it over the past decade as a solution to transportation budget challenges. Weight-mile tax accounted for \$382.8 million in state revenue in FY19

<sup>&</sup>lt;sup>39</sup> Idaho Office of the Governor, "Idaho closes out fiscal year with \$1.4 billion surplus, more tax cuts and investments on the way," <u>https://gov.idaho.gov/pressrelease/idaho-closes-out-fiscal-year-with-1-4-billion-surplus-more-tax-cuts-and-investments-on-the-way/</u>



making it one of Oregon's most lucrative excise taxes.<sup>40</sup> In FY22 ODOT collected \$458.1 million in weightmile tax. Though ODOT does not publish collection of this tax by geography, this number can be estimated using ODOT's published vehicle miles travelled (VMT's) by road and vehicle size. Though Northwest Oregon has more vehicles on the road than the rest of the state, the weight-mile tax specifically affects heavyfreight traffic, which is distinctly concentrated in the Converting Counties. Using this method, we estimate that the converting counties handle 63% of the ton-miles in Oregon. Using this ratio, we come to the conclusion that the tax could add \$288.6 million to state coffers in Idaho, more than enough to cover the shortfall identified above. This policy change would flip the Converting Counties effect on Idaho from negative \$42/Idahoan to positive \$63/Idahoan.

# Personal Income Tax

Income tax plays one of the most significant roles among tax categories, namely due to the relatively high state tax rate in Oregon. Using data from the IRS and the Oregon Department of Revenue, Points Consulting developed a model to convert each of the 22 Converting Counties into the state of Idaho. The results of this model are displayed in Table 12 and Figure 20. It is important to note that these figures represent the newly updated personal income tax rates in Idaho passed by the Governor Little in February 2022 via HB 436.<sup>41</sup>

The Converting Counties would reduce income taxes owed by \$1.3 billion by transferring to Idaho's governance, reducing the income tax burden by 80%. Each County has different income distributions, which results in slightly different proportional impacts within each county. Within middle to middle-high income categories, Oregon's tax policy is more progressive than Idaho's; in other words, income tax rates escalate more steeply in Oregon than in Idaho. However, at the highest income levels, the difference is less drastic. For that reason, counties with higher average incomes (e.g., Deschutes, Morrow, etc.) would experience a less dramatic but still impressive reduction on income tax burden. Owing to a combination of size and income levels, Jackson, would experience the greatest reduction at \$287 million. Jackson, Deschutes, and Douglas combined would account for over half of the reduced tax burden.



<sup>&</sup>lt;sup>40</sup> Ibid. Oregon Basic Facts 2021.

<sup>&</sup>lt;sup>41</sup> Idaho Legislature, 2022 Legislation, House Bill 436. (2022), https://legislature.idaho.gov/sessioninfo/2022/legislation/H0436/



Figure 20: Distribution of Income Tax Savings by County

Under Oregon administration, those earning \$200k or higher are currently paying over \$1 billion in income taxes (\$1.103 billion, to be exact). Under Idaho administration, that level would be reduced to just \$273 million. Policy makers are likely to be more concerned with effects on average earning households, as they compose the majority of the populace. Households reporting income between \$25k and \$50k are the single largest cohort in the Converting Counties, accounting for 25% of the whole. These households are among the best off in the transition, as an average household in this bracket would experience a roughly 92% decrease in income tax. Those earning between \$50k and \$75k represent another important middle-income cohort that accounts for over 80,000 households in the region. These households would save in income tax to the tune of \$147 million, an 90% decrease from Oregon's tax policy.



Source: Points Consulting 2022, Based on Data from Oregon Department of Revenue, the Idaho State Tax Commission, and the IRS





Source: Points Consulting 2022, Based on Data from Oregon Department of Revenue, the Idaho State Tax Commission, and the IRS

| Table 12: Estimated Income Tax Differential b | y County (\$M, 2021 Dollars) |
|---|------------------------------|
|---|------------------------------|

| County  | Oregon Income | Idaho Income Tax | Difference    | % Difference |  |  |
|---|---------------|------------------|---------------|--------------|--|--|
|   | Tax Due       | Due              |               |              |  |  |
| Jackson   | \$356,319     | \$62,035         | (\$287,690)   | (80.7%)      |  |  |
| Douglas   | \$131,090     | \$23,086         | (\$105,537)   | (80.5%)      |  |  |
| Josephine   | \$102,623     | \$17,842         | (\$82,874)    | (80.8%)      |  |  |
| Umatilla  | \$96,974      | \$12,859         | (\$82,721)    | (85.3%)      |  |  |
| Klamath   | \$75,828      | \$12,114         | (\$62,413)    | (82.3%)      |  |  |
| Coos  | \$75,796      | \$14,000         | (\$60,302)    | (79.6%)      |  |  |
| Crook   | \$37,035      | \$5,393          | (\$31,054)    | (83.9%)      |  |  |
| Union   | \$34,984      | \$5,056          | (\$29,373)    | (84.0%)      |  |  |
| Curry   | \$27,781      | \$5,155          | (\$22,064)    | (79.4%)      |  |  |
| Malheur   | \$23,280      | \$2,485          | (\$20,514)    | (88.1%)      |  |  |
| Jefferson (partial)   | \$90,400      | \$15,717         | (\$74,683)    | (82.6%)      |  |  |
| Deschutes (partial)   | \$23,104      | \$4,267          | (\$18,837)    | (81.5%)      |  |  |
| Baker   | \$17,863      | \$2,005          | (\$15,858)    | (88.8%)      |  |  |
| Morrow  | \$15,100      | \$3,074          | (\$11,667)    | (77.3%)      |  |  |
| Wallowa   | \$9,528       | \$1,538          | (\$7,824)     | (82.1%)      |  |  |
| Lake  | \$8,715       | \$873            | (\$7,745)     | (88.9%)      |  |  |
| Grant   | \$7,680       | \$849            | (\$6,737)     | (87.7%)      |  |  |
| Harney  | \$6,845       | \$691            | (\$6,077)     | (88.8%)      |  |  |
| Sherman   | \$3,111       | \$364            | (\$2,707)     | (87.0%)      |  |  |
| Gilliam   | \$2,633       | \$386            | (\$2,205)     | (83.7%)      |  |  |
| Wasco (partial)   | \$1,107       | \$152            | (\$955)       | (86.2%)      |  |  |
| Wheeler   | \$1,026       | \$236            | (\$764)       | (74.5%)      |  |  |
| Converting Counties   | \$1,576,038   | \$286,580        | (\$1,258,992) | (79.9%)      |  |  |
| Source: Points Consulting using data from IRS SOI Tax Stats, and Oregon Department of Revenue |               |                  |               |              |  |  |



## Corporate Taxes

Corporate income tax makes up the second largest component of the General Fund within the state of Oregon, trailing only personal income. It is also one of the categories that Oregon ranks particularly high on in the tax burden table when compared to Idaho (15<sup>th</sup> in the country, compared to Idaho, which rated 28<sup>th</sup>, see Table 1). Starting in 2019, the state of Oregon piled on further with a new Corporate Activity Tax, dedicated to funding the Student Success Act, (HB 3427).<sup>42</sup> The Corporate Activity Tax (CAT) is not labeled by the state as an income tax but it functions in much the same way, and in fact broadens the audiences affected from just businesses classified as corporations to also include partnerships and LLCs earning more than \$1 million in revenue. The CAT made an immediate impact accounting for \$1.2 billion in government revenue in FY21, nearly doubling the tax burden of corporations over that of FY20.<sup>43</sup>

To further accentuate the public administration trajectory, Idaho redoubled its efforts to be a comparatively lower-tax state with its 2022 Tax Relief Bill, restructuring its corporate tax policy by reducing the corporate tax rate from 6.5% to 6.0%. It is also worth noting that in 2015 Idaho lowered the corporate tax rate from 7.4% to 6.9%, and in 2021 the state lowered it again from 6.9% to 6.5%.<sup>44</sup> The detailed process of determining differences in tax collections in the Converting Counties is outlined in <u>Appendix A</u>. Within this section, we will primarily highlight how these policy differences would directly affect business owners in the Converting Counties.

Oregon corporations would be better off due to paying less in corporate income taxes and not paying the corporate activity tax at all. Strictly in terms of corporate income tax, businesses in southern and eastern Oregon would pay an estimated 0.84% less on their earnings. Though seemingly a small difference, as shown in Table 13, this change would result in an estimated increase in \$50.1 million in proprietors' income within the Converting Counties. The CAT plays a larger role in the calculations due to the fact that Idaho has no comparable tax and because it affects all forms of businesses, rather than just corporations. Shedding responsibility for the CAT would save corporations an additional \$176.5 million. The most impacted counties largely follow the size of the economy in each area (after adjusting for the partial inclusion of Deschutes, Jefferson, and Wasco). Jackson County business owners would receive back \$62.3 million, followed by Deschutes (\$26.0 million), and Douglas (\$25.2 million).

https://www.oregon.gov/newsroom/pages/newsdetail.aspx?newsid=64087#:~:text=The%20Corporate%20Activity%2 0Tax%20was,and%20K%2D12%20education%20programs

https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2022/legislation/H0436SOP.pdf



<sup>&</sup>lt;sup>42</sup> Over \$1.36 billion in CAT revenue collected for schools in 2019–21. Oregon Department of Revenue (2021), <u>https://www.oregon.gov/newsroom/pages/newsdetail.aspx?newsid=64087#:~:text=The%20Corporate%20Activity%2</u> <u>OTax%20was,and%20K%2D12%20education%20programs</u>

<sup>&</sup>lt;sup>43</sup> 2022 Oregon Public Finance: Basic Facts. Based on comparison of FY20 and FY21 tax revenues, Table 7 (2022) <u>https://www.oregonlegislature.gov/lro/Documents/Final%20Basic%20Facts%202022.pdf</u>

<sup>&</sup>lt;sup>44</sup> Statement of Purpose RS29125/H0436. Idaho State Legislature (2022)
| County      | Corporate Income | Corporate Activity | Total Savings | Percent of Total |
|-------------|------------------|--------------------|---------------|------------------|
|             | Тах              | Тах                |               |                  |
| Jackson     | \$13.7           | \$48.5             | \$62.3        | 27.5%            |
| Deschutes   | \$5.8            | \$20.3             | \$26.0        | 11.5%            |
| Douglas     | \$5.6            | \$19.6             | \$25.2        | 11.1%            |
| Josephine   | \$4.4            | \$15.5             | \$19.9        | 8.8%             |
| Coos        | \$3.4            | \$11.9             | \$15.2        | 6.7%             |
| Klamath     | \$3.4            | \$11.9             | \$15.2        | 6.7%             |
| Umatilla    | \$3.3            | \$11.7             | \$15.0        | 6.6%             |
| Union       | \$1.6            | \$5.8              | \$7.4         | 3.3%             |
| Malheur     | \$1.5            | \$5.4              | \$6.9         | 3.0%             |
| Curry       | \$1.5            | \$5.3              | \$6.9         | 3.0%             |
| Crook       | \$1.2            | \$4.2              | \$5.4         | 2.4%             |
| Baker       | \$1.1            | \$3.9              | \$5.0         | 2.2%             |
| Wallowa     | \$0.8            | \$2.8              | \$3.5         | 1.6%             |
| Jefferson   | \$0.8            | \$2.6              | \$3.4         | 1.5%             |
| Grant       | \$0.5            | \$1.6              | \$2.1         | 0.9%             |
| Lake        | \$0.4            | \$1.5              | \$2.0         | 0.9%             |
| Harney      | \$0.4            | \$1.5              | \$1.9         | 0.9%             |
| Morrow      | \$0.4            | \$1.4              | \$1.8         | 0.8%             |
| Gilliam     | \$0.2            | \$0.5              | \$0.7         | 0.3%             |
| Sherman     | \$0.1            | \$0.4              | \$0.5         | 0.2%             |
| Wasco       | \$0.1            | \$0.2              | \$0.2         | 0.1%             |
| Wheeler     | \$0.1            | \$0.2              | \$0.2         | 0.1%             |
| Grand Total | \$50.1           | \$176.5            | \$226.7       |                  |

### Table 13: Estimated Corporate Tax Savings by County (\$M, 2021 Dollars)

Source: Points Consulting Estimates, 2022

A further benefit of providing tax cuts for business owners is that these funds are recirculated back into the economy differently than household income. When business owners receive tax cuts on their businesses, they are more likely to invest those funds rather than spending them on consumption. The effect of this change is accounted for in PC's description of economic impact analysis (as described in the Economic Impact Results section).



# Sales Tax

With its lower personal and corporate income taxes, Idaho relies on sales tax revenue more than Oregon. In FY20, sales taxes represented 15% of tax revenue in Oregon, but 51% in Idaho. Sales taxes in the two states differ in structure. Like most states, Idaho applies a "general" sales tax on goods. Oregon has no "general" tax—one of only three such states—but applies "selective" taxes on specific products like gasoline, cigarettes, alcohol, and lodging. Neither state taxes most services.

Under Idaho's tax code, residents of the Converting Counties would have to adjust to paying a tax that they did not pay previously. This is one of the few areas where the tax burden for residents of the Converting Counties would actually increase relative to their circumstances in Oregon. The results of PC's sales tax estimates are shown in Table 14. It largely follows along lines of economy size, though some counties would take a larger brunt of the burden because they are more reliant on retail and consumer facing industries. In total, consumers sales tax burden would amount to \$706 million per year (in 2020 dollars). The counties of Harney, Malheur, and Sherman would bear the greatest burden in terms of percentage of overall economic output.

One positive aspect of this tax is that it would be unlikely to result in decreased business activity, given that consumers' willingness to save on retail purchases is directly proportional to how far they have to drive to obtain those benefits. There are relatively few cities of notable size directly on either side of the border of Northwest Oregon and the Converting Counties. The one exception to this case could be in Deschutes County, where residents on the Greater Idaho side of the border, in towns such as Redmond and La Pine, may be willing to change their shopping patterns and drive to Bend for retail purchases. PC includes an assumed negative change in Deschutes County to account for this possibility.

| County    | Sales Tax in Idaho | Percent of all Sales | Percent of Total |
|-----------|--------------------|----------------------|------------------|
| Jackson   | (\$207.9)          | 1.1%                 | 29.4%            |
| Umatilla  | (\$63.9)           | 0.9%                 | 9.0%             |
| Douglas   | (\$61.5)           | 0.8%                 | 8.7%             |
| Josephine | (\$61.2)           | 1.1%                 | 8.7%             |
| Deschutes | (\$54.2)           | 0.9%                 | 7.7%             |
| Klamath   | (\$47.1)           | 1.1%                 | 6.7%             |
| Coos      | (\$40.9)           | 1.0%                 | 5.8%             |
| Malheur   | (\$36.0)           | 1.5%                 | 5.1%             |
| Morrow    | (\$23.1)           | 0.9%                 | 3.3%             |
| Union     | (\$22.2)           | 1.1%                 | 3.1%             |
| Crook     | (\$15.9)           | 1.1%                 | 2.2%             |
| Curry     | (\$15.0)           | 1.1%                 | 2.1%             |
| Baker     | (\$11.2)           | 0.9%                 | 1.6%             |
| Jefferson | (\$10.6)           | 0.7%                 | 1.5%             |
| Wallowa   | (\$8.6)            | 1.4%                 | 1.2%             |

#### Table 14: Estimated Sales Tax to be Derived from Converting Counties (\$M)



| Harney              | (\$8.6)   | 1.7% | 1.2%   |
|---------------------|-----------|------|--------|
| Lake                | (\$7.3)   | 1.4% | 1.0%   |
| Grant               | (\$4.8)   | 1.1% | 0.7%   |
| Sherman             | (\$3.2)   | 1.5% | 0.5%   |
| Gilliam             | (\$1.9)   | 0.9% | 0.3%   |
| Wheeler             | (\$0.8)   | 1.2% | 0.1%   |
| Wasco               | (\$0.7)   | 1.1% | 0.1%   |
| Converting Counties | (\$706.4) | 1.0% | 100.0% |

Source: Points Consulting 2022, using data from Idaho State Tax Commission and IMPLAN

# Property Tax Impacts

Property taxes represent an important source of largely local income in both states. Property taxes are typically set by locally elected officials and are used to fund services provided by counties, cities, schools, and other local special-purpose districts, such as libraries and cemeteries. For this reason, unlike some of the other major tax categories highlighted in this report, there is no single standard property tax rate. It varies based on county, and oftentimes based on the specific location within a county.

The highly localized nature of property taxes means that this particular category is the least likely to be affected by a border relocation. As will be explained, a significant reduction in property tax collections would necessarily correspond with reduced wages for local government employees, particularly schoolteachers and administrators. It is frankly hard to imagine many scenarios where locally elected officials would reduce property obligations in exchange for bringing teachers' wages down from Oregon levels to Idaho levels

Despite these aforementioned complexities, there are observable patterns and trends that are characteristic of each of the two states. At the highest level of analysis, the median property tax paid in Oregon is more than twice that paid in Idaho. One analysis shows that the annual taxes on a home priced at the state's median value in Oregon would total \$3,037 per year, while a median owner-occupied household in Idaho would only pay \$1,456 per year.<sup>45</sup> Likewise, the Tax Foundation's 2022 research ranks Idaho third in the country in terms of property tax burden, and Oregon 17<sup>th</sup>.<sup>46</sup> Embedded in this difference, is that the median home in Oregon is nearly 50% higher in value (\$312K in Oregon vs. \$212K in Idaho). Even taking this into account, however, Oregon's raw tax rates are 40% higher than Idaho's (0.97% vs 0.69%). The bottom line is that Oregonians pay more on average in property taxes than Idahoans.<sup>47</sup>

## Similarities and Differences in Property Tax Policies in Oregon & Idaho

The differences are the result of underlying conditions related to urbanization, real estate values, policy choices about public salaries, unionization, and the scale of services provided. It has led to two different

<sup>45</sup> Property Taxes by State. John Kiernan (2022)

https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585 <sup>46</sup> Ranking Property Taxes on the 2022 State Business Tax Climate Index. Tax Foundation (2022) <u>https://taxfoundation.org/ranking-property-taxes-2022/</u> <sup>47</sup> Keirnan, Ibid.



approaches to property taxation. In Idaho, the property tax valuation and tax assessment are very traditional. The system is characterized by assessed values intended to reflect fair market values of real property and very strong local control of assessments. Even school district property tax receipts are left largely as local matters. One important wrinkle in Idaho's system that could benefit property owners in the Converting Counties is the homeowner's property tax exemption of up to 50% of a home's value,<sup>48</sup> which is relatively uncommon within the United States. Beyond this, policy makers in Idaho have brought up the possibility of a property tax relief bill to combat historically high hikes due to home appraisal increases.<sup>49</sup>

In Oregon, rapidly accelerating property values, especially in urban areas, has led to a more complex valuation system. In the Oregon model, voters and legislators have intervened to reshape all parts of the property tax assessment, imposition, and collection processes. The primary intervention tool was Measure 50, implemented in 1997 and amended several times over the years.<sup>50</sup> In the assessment process, increases in assessed property values are limited by the Oregon State Constitution. Furthermore, jurisdictions are limited in the size and amount of increase in the rates that can be applied to these assessed values by statute and constitutional limits. The property taxes levied in this system face a complicated set of formulas and limits, all intended to slow the rate of increase in property taxes for property owners.

While these two tax systems have different specific mechanisms, there are some strong similarities between the two states. In both states, for example, local elected officials are allowed to set a rate that will raise a desired level of revenues to fund local government services. While Oregon does constrain this freedom more than Idaho, the mechanism is through local votes where officials are allowed to go to local voters to secure temporary authorization for spending at a level above the state-set "permanent" levels. The valuation limits also impact the pace of growth, but local officials can effectively compensate for these limits by going to voters for permission.

Both jurisdictions largely earmark property tax revenues to fund local government services. These revenues go to county governments, city governments, and special-purpose districts including schools, community colleges, road districts, fire protection districts, cemetery districts, parks, sanitary districts, vector control districts, health districts, etc.

### Property Tax Implications of Moving the Proposed Counties to Idaho

The proposed shift of the Converting Counties would represent a significant shift of property taxes from Oregon to Idaho. Table 15 shows the property taxes that could shift into Idaho under the Greater Idaho proposal. Approximately \$1.14 billion in taxes, or one in six property tax dollars, would shift between the two states.

<sup>48</sup> Homeowners & Property Tax. Idaho State Tax Commission (2022), <u>https://tax.idaho.gov/i-1051.cfm</u>
 <sup>49</sup> Idaho Legislature Introduces Property Tax Reduction Bill. Idaho Capital Sun, Clark Corbin (2022)
 <u>https://idahocapitalsun.com/2022/03/04/idaho-legislature-introduces-property-tax-reduction-bill/#:~:text=lt%20removes%20all%20of%20the,from%206%25%20to%207.85%25</u>



<sup>&</sup>lt;sup>50</sup> A Brief History of Oregon Property Taxation. Oregon Department of Revenue <u>https://www.oregon.gov/DOR/programs/gov-research/Documents/303-405-1.pdf</u>

| County                  | County<br>Gov't | City Gov't | K-12 School/<br>Education<br>Districts | Community<br>Colleges | Other<br>Special<br>Districts | Total   |
|-------------------------|-----------------|------------|--|-----------------------|-------------------------------|---------|
| Jackson                 | \$44.0          | \$64.0     | \$133.8                                | \$17.8                | \$47.2                        | \$306.8 |
| Deschutes               | \$9.0           | \$9.8      | \$37.3                                 | \$0.0                 | \$73.6                        | \$129.7 |
| Douglas                 | \$10.2          | \$22.8     | \$48.3                                 | \$3.9                 | \$16.7                        | \$101.9 |
| Umatilla                | \$16.6          | \$16.5     | \$48.5                                 | \$7.7                 | \$12.2                        | \$101.5 |
| Coos                    | \$7.0           | \$14.3     | \$31.1                                 | \$6.1                 | \$13.6                        | \$72.2  |
| Josephine               | \$12.5          | \$20.1     | \$34.1                                 | \$0.0                 | \$4.0                         | \$70.7  |
| Klamath                 | \$10.2          | \$8.1      | \$27.1                                 | \$2.2                 | \$19.5                        | \$67.1  |
| Morrow                  | \$9.0           | \$3.6      | \$10.9                                 | \$0.0                 | \$7.5                         | \$30.9  |
| Crook                   | \$9.0           | \$2.2      | \$12.4                                 | \$0.0                 | \$5.0                         | \$28.7  |
| Malheur                 | \$5.4           | \$4.9      | \$10.9                                 | \$2.6                 | \$4.5                         | \$28.3  |
| Union                   | \$6.0           | \$6.2      | \$12.1                                 | \$0.0                 | \$2.2                         | \$26.4  |
| Curry                   | \$1.8           | \$4.0      | \$12.8                                 | \$0.0                 | \$5.1                         | \$23.7  |
| Jefferson               | \$7.3           | \$1.9      | \$10.2                                 | \$0.0                 | \$4.2                         | \$23.6  |
| Baker                   | \$6.1           | \$3.9      | \$7.0                                  | \$0.0                 | \$2.2                         | \$19.2  |
| Lake                    | \$3.6           | \$0.9      | \$4.8                                  | \$0.0                 | \$3.3                         | \$12.6  |
| Gilliam                 | \$3.0           | \$0.6      | \$5.4                                  | \$0.0                 | \$1.3                         | \$10.2  |
| Wallowa                 | \$2.2           | \$1.1      | \$4.4                                  | \$0.0                 | \$1.7                         | \$9.4   |
| Grant                   | \$1.7           | \$0.9      | \$3.2                                  | \$0.0                 | \$2.7                         | \$8.4   |
| Harney                  | \$2.6           | \$1.0      | \$3.3                                  | \$0.0                 | \$1.2                         | \$8.0   |
| Sherman                 | \$3.9           | \$0.2      | \$1.5                                  | \$0.0                 | \$0.7                         | \$6.3   |
| Wasco                   | \$0.3           | \$0.3      | \$1.6                                  | \$0.0                 | \$0.2                         | \$2.4   |
| Wheeler                 | \$1.2           | \$0.2      | \$0.6                                  | \$0.0                 | \$0.2                         | \$2.1   |
| Grand Total             | \$185.2         | \$189.7    | \$489.5                                | \$42.3                | \$238.8                       | \$1.1B  |
| Share of State<br>Total | 16.1%           | 13.0%      | 16.5%                                  | 15.2%                 | 24.3%                         | 16.8%   |

Table 15: Oregon Property Tax Revenues for Jurisdictions Proposed to Move to Idaho, FY 2018-19 (\$M)

Source: Oregon Department of Revenue, Oregon Property Tax Statistics, FY 2018-19 and 2019-20

Since the vast majority of these property tax revenues are used for local purposes, the implications would be largely local. However, the question remains of how the border change would affect the property tax mechanisms used within each county. These implications are more complicated and would reflect the policy choices of state and local elected officials.

## Implications of the State-to-State Shift on Property Taxes

Shifting from Oregon to Idaho will impact both the assessment and levy-setting processes. Assessments in the Converting Counties will move from Oregon's system of limited assessment growth to Idaho's marketbased assessment system. Current data shows that Oregon assessments within each district average about 70% of their fair market valuation. Not surprisingly, the difference is starker in communities with rapid home value appreciation. Within the Converting Counties this includes Deschutes, Jefferson, Morrow, and



Wasco counties in particular.<sup>51</sup> This means that the tax-assessed values of properties within these areas will likely rise significantly, possibly approaching an increase of 43%.

This does not correlate, however, to a 43% increase in property taxes. In fact, any valuation increases could easily be offset by a matching reduction in levy rates. Imagine a property that has a fair market of \$300,000. Because of tax assessment restrictions, however, it is valued for tax purposes at \$210,000. With an average tax levy of 0.97 percent overall. This would produce an annual tax bill of \$2,037 and a corresponding level of revenues to the local governments. Under the Idaho valuation system, the property would be assessed at the full \$300,000, but if it is owner occupied and on less than one acre of land, it would be assessed at \$150,000.

If the jurisdiction left the levy rate at 0.97 percent, it would yield \$2,910 in property tax revenues. However, the local government could reduce the levy rate. Given the fact that levy rates are often set to generate a desired level of revenues to fund specific services, there is no reason to expect that the shift between states would affect the demand and production of these local services. Thus, the desired revenue from the property would remain the same at \$2,037. The local governments would thus reduce their levy rates accordingly to 0.679 percent and produce the same property tax revenues totaling \$2,037. Clearly these are decisions that would be made by locally elected officials and they could choose different rates. However, they would face the same political pressures and cost structures that led to their prior policy choices and, in the medium and long runs, there is no reason to expect them to vary dramatically.

### Schools Raise Separate Questions

For most types of local governments, it is expected that the property tax impacts in the Converting Counties will be relatively neutral. These revenues are generally linked to local preferences for services and local cost environments. It is not anticipated that changing the state in which the local government is located will significantly affect this demand for services or the local cost structure, at least in the short run.<sup>52</sup> This is especially the case for special purpose districts like road, cemetery, water, sanitation districts, among others, as these costs are expected to be relatively stable.

School districts, however, are a special case of these entities. Property taxes play different roles in the K-12 finance models within the two states. Idaho is more traditional in its approach, with the state providing K-12 funding on a formulaic basis from state monies and allowing local school boards to impose property taxes for local purposes in addition to those state monies. <sup>53</sup> Control of these local property tax levies are

<sup>&</sup>lt;sup>53</sup> The school funding formula in Idaho incorporates a complex combination of school district size (number of students in average daily attendance), the mix of grades served, and the education and experience of the staff hired. These funds are then supplemented by a range of federal, designated state, and local sources, including the local property tax.



<sup>&</sup>lt;sup>51</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Total Net Assessed Value to Real Market Value, page 49. <u>https://www.oregonlegislature.gov/lro/Documents/Basic%20Facts%202021.pdf</u>

<sup>&</sup>lt;sup>52</sup> Given the differences in unionization of public employees and differences in salary and benefit levels for these employees between the two states, it is possible that the levels between the new Idaho counties and the original Idaho counties may converge in the long run.

under local school district trustees. The state does not make separate accommodations in response to these local property tax decisions.

In Oregon, the statutorily and constitutionally mandated finance system is built around the voter-approved Measure 5 in 1990 (which also defines some dimensions of the property tax restrictions described above) as well as Measure 50 in 1997. In the Oregon system, a specific level of local property taxes is locked into school funding and then the state makes up the difference between those monies and the designated district equalization funding for that district. Changes in the property tax levies by school district officials could impact the level of revenues the state would need to pay a given district. Alternatively, under the ldaho system, property taxes are considered to be under local control.

If the Oregon districts transition to the Idaho school finance system, several issues would have to be resolved:

- The raw difference in overall school spending between the two states. Oregon spent \$13,200 per student while Idaho spent \$7,700.<sup>54</sup>
- 2. Differences in the contracted personnel costs between the two states. In 2021, Oregon teacher salaries were \$67,685 while Idaho's were \$52,875.
- 3. Differences in pension obligations.
- 4. Development of new reporting and accounting methods (including data systems) that are compatible with the Idaho public finance system.

There is good news in the fact that there are roughly half a billion dollars in property tax revenues in the transitioning counties. Since these revenues are not implicitly built into the Idaho funding system, this is an area where there are available revenues that can be used to fund the transitional costs identified in the four factors listed above.

Table 16 below shows the per pupil property taxes that are levied in each district. It is worth noting that there is some significant variation in the level of property taxes per pupil levied in each county, even when taking the most rural of the districts into account (e.g., Gilliam County). The property tax provides some opportunities for flexibility in that framework in the school funding sphere.

<sup>54</sup> Rankings of the States and Estimates of School Statistics. National Education Association (2021) <u>https://www.nea.org/sites/default/files/2021-04/2021%20Rankings\_and\_Estimates\_Report.pdf</u>



| County      | School and ESD Prop Taxes | K-12 Enrolls Moving | K-12 Prop Tax per |
|-------------|---------------------------|---------------------|-------------------|
|             | (\$M)                     | to Idaho            | Enroll            |
| Jackson     | 133.8                     | 30,470              | 4,391             |
| Umatilla    | 48.5                      | 13,948              | 3,478             |
| Douglas     | 48.3                      | 14,408              | 3,353             |
| Deschutes   | 37.3                      | 7,529               | 4,958             |
| Josephine   | 34.1                      | 10,938              | 3,121             |
| Coos        | 31.2                      | 10,052              | 3,103             |
| Klamath     | 27.1                      | 9,719               | 2,791             |
| Curry       | 12.8                      | 2,263               | 5,634             |
| Crook       | 12.4                      | 2,930               | 4,225             |
| Union       | 12.1                      | 3,929               | 3,076             |
| Morrow      | 10.9                      | 2,488               | 4,393             |
| Malheur     | 10.9                      | 5,109               | 2,137             |
| Jefferson   | 10.2                      | 3,623               | 2,812             |
| Baker       | 7.0                       | 4,187               | 1,674             |
| Gilliam     | 5.4                       | 303                 | 17,650            |
| Lake        | 4.8                       | 1,210               | 3,964             |
| Wallowa     | 4.4                       | 859                 | 5,072             |
| Harney      | 3.3                       | 1,775               | 1,866             |
| Grant       | 3.2                       | 868                 | 3,659             |
| Wasco       | 1.6                       | 250                 | 6,490             |
| Sherman     | 1.5                       | 270                 | 5,660             |
| Wheeler     | 0.6                       | 1,275               | 454               |
| Grand Total | 489.5M                    | 131,914             | 3,711             |

### Table 16: Property Tax Enrollment of School Districts Proposed to Move to Idaho, FY 2018-1955

Source: Oregon Department of Revenue, Oregon Property Tax Statistics

# Miscellaneous Minor Taxes

As indicated in Table 1, Oregon's tax system is dominated by the categories previously mentioned (income, corporate income, and property). There are a host of smaller categories which, although not significant in isolation, add up to a considerable tax burden. In this section, we deal with each of those and our best estimation on how they would change if the Converting Counties moved under Idaho administration.



<sup>&</sup>lt;sup>55</sup> Oregon Property Tax Statistics. Oregon Department of Revenue (FY 2019-2020) <u>https://www.oregon.gov/dor/programs/gov-research/Documents/publication-or-pts 303-405 2019-20.pdf</u>, & Fall Membership Report 2019-20. Oregon Department of Education (2020) <u>https://www.oregon.gov/ode/reports-and-data/students/Documents/fallmembershipreport 20192020.xlsx</u>

### Medical Provider Tax

Oregon's medical provider tax is the largest of its non-standard tax categories, accounting for \$832 million in the biennial fiscal years of 2019/20.<sup>56</sup> Beyond its sheer size, the medical provider tax is significant to the Idaho annexation discussion for two additional reasons. Firstly, its associated federal funds matching process is one of the ways that Oregon significantly boosts its federal funding, which would not be replicated in Idaho. Secondly, these funds are the primary source of health and human services subsidies in the Converting Counties. As noted in Table 17, this is one of the reasons that the healthcare industry is not likely to perform as well in the Converting Counties should they transition to Idaho. By contrast, Idaho declined to participate in Medicaid expansion to the same extent as Oregon. Idaho has no medical provider tax, though it does levy an excise on insurance premiums.<sup>57</sup>

Oregon applies a medical provider tax on hospitals, long-term care facilities, and health insurance premiums.<sup>58</sup> Together with the federal matching funds, the tax funds the state's Medicaid system, the Oregon Health Plan (OHP). Over the two decades since its implementation, the tax has become the third largest revenue stream for the Oregon state government, following only personal and corporate income taxes. The increasing rates—which are set by the Oregon Department of Human Services (ODHS)—partially reflect recent inflation in healthcare costs, and partly reflect the increasing need among uninsured residents.

The Medical Provider Tax has uniquely large leverage on Oregon's federal subsidies. PC's research indicates that every dollar collected by the state is matched on a three-to-one basis by the federal government.<sup>59</sup> If the Converting Counties move to Idaho, both revenues and expenses would go down, but expenses would appear to go down by much more. As previously noted in the section relating to the <u>Subsidy for Hosting the</u> <u>Converting Counties</u>, both states treat federal subsidies as exogenous and do not typically report them in detailed revenue and expense tables. Therefore, expenses associated with the Medical Provider Tax would appear to decrease at nearly four times the rate that revenues decrease. This is the case because citizens in the Converting Counties are currently expending more of their Medicaid share than what they are paying into it via the Medical Provider Tax. PC's research indicates that 30% of Medicaid users in the Oregon reside in the Converting Counties.<sup>60</sup> For that same reason, the state's Medicaid system would find itself more comfortably funded, having shed a significant amount of its users in the counties in southern and eastern Oregon.

https://www.oregon.gov/oha/HSD/OHP/DataReportsDocs/August%202021%20Physical%20Health%20Service%20Delivery%20by%20County.pdf



<sup>&</sup>lt;sup>56</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Summary of Oregon Taxes, page 10, Ibid.

<sup>&</sup>lt;sup>57</sup> General Fund Revenue Book. Idaho Division of Financial Management (2022) https://dfm.idaho.gov/wp-content/uploads/publications/eab/gfrb/gfrb\_jan2021.pdf

<sup>&</sup>lt;sup>58</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Summary of Oregon Taxes, page M3, Ibid.

<sup>&</sup>lt;sup>59</sup> This is based on the historic contribution of federal funds to the Oregon Health Plan over the past four biennia of 73-76%.

<sup>&</sup>lt;sup>60</sup> Monthly Medicaid Population Report, CCO by Counties for Physical Plan Type. Oregon Health Authority, Department of Health Analytics (2021)

Our model estimates that the departure of the Converting Counties will result in a drop of \$3.2 billion in revenue for the OHP over a three-year period, from 2022 through 2024. Of that amount, \$796 million comes from the 30% decrease in collections while the remainder comes from the decline in federal matching funds. Since Idaho applies its own insurance premium tax, the Gem State could raise \$140 million over the same three-year period.<sup>61</sup>

Since tax receipts and OHP expenditures are unavailable on a county-by-county basis, PC used per-capita collections to arrive at the figures in Table 17. In 2021, the Converting Counties had roughly 370,000 residents in the OHP, or 30% of all enrollees. Since the Converting Counties are slightly older and poorer than the state as a whole, their residents are more likely to be Medicaid-eligible, especially under Oregon's administration. We also presume that tax collections continue to grow following recent trends: at 3% each year for the hospital assessment, and 1% each year for the long-term care facility and insurance premium assessments. Using these conservative estimates based on the past five years of collections, PC projects that Oregon will lose \$796 million in provider tax revenue over the next three calendar years, plus an additional \$2.4 billion from the loss of a three-to-one federal match, for a total of \$3.2 billion over three years. Idaho would gain revenue from its insurance premiums tax of roughly \$46 million per year, for a total of \$140 million over three years.

|                                       |         |         |         |          | •           |             |             |
|---------------------------------------|---------|---------|---------|----------|-------------|-------------|-------------|
| Revenue Stream                        | 2018    | 2019    | 2020    | 2021 Est | 2022 Est    | 2023 Est    | 2024 Est    |
| Hospital Assessment                   | \$589.8 | \$624.9 | \$610.7 | \$629.0  | \$453.5     | \$467.1     | \$481.1     |
| Long-term Care Facility<br>Assessment | \$61.0  | \$62.5  | \$63.1  | \$63.7   | \$46.0      | \$46.4      | \$46.9      |
| Insurance Premium Tax                 | \$76.0  | \$158.2 | \$158.5 | \$160.1  | \$115.4     | \$116.6     | \$117.7     |
| Total to Oregon                       | \$726.8 | \$845.6 | \$832.3 | \$852.8  | \$614.9     | \$630.1     | \$645.8     |
| Provider Tax Change for<br>Oregon     |         |         |         |          | (\$259.1)   | (\$265.5)   | (\$272.2)   |
| Loss in Federal Match                 |         |         |         |          | (\$777.2)   | (\$796.6)   | (\$816.6)   |
| Net Budget Impact,<br>Oregon          |         |         |         |          | (\$1,036.2) | (\$1,062.1) | (\$1,088.7) |
| Net Budget Impact,<br>Idaho           |         |         |         |          | \$46.3      | \$46.7      | \$47.2      |

Source: Points Consulting using Oregon Department of Revenue<sup>63</sup>

### Oregon Marijuana Tax

As noted in the following <u>Differences in Economic Conditions Between Oregon & Idaho</u> section, marijuana policy is one of the foremost social concerns for certain voters. Beyond its social significance, the issue also

<sup>&</sup>lt;sup>63</sup> The years 2018-2020 are actual reported collections, while the years 2021-2024 are estimates based on the growth assumptions described



<sup>&</sup>lt;sup>61</sup> Both Idaho and Oregon assess a 6% tax on premiums, though they differ in precisely which policies come under the tax. From these identical rates, we presume a dollar-for-dollar transfer of revenue from Oregon to Idaho for simplicity. <sup>62</sup> "A" is the actual value; "E" is the estimated value.

carries an economic impact. Oregon collects taxes on all registered medicinal and recreational marijuana sales. Though particular policies would need to be sorted out by state legislators, the most likely outcome is that the extent of taxes collected in the Converting Counties will be lost to Oregon, and Idaho will not collect any such tax.

Procedurally, Oregon assesses a 17% tax at the point of sale on medicinal and recreational marijuana, and allows for a further 3% in local option taxes.<sup>64</sup> Over the past five years, statewide marijuana tax revenue has increased an average of 25% every year.<sup>65</sup> It's been widely reported that pandemic-related lockdowns boosted the recreational marijuana industry in those states where such business is legal.<sup>66</sup> Oregon being one of these states, actual tax receipts increased 37% year-on-year in 2020, to \$158 million.

The Converting Counties contributed one quarter (25.4%) of statewide marijuana sales in 2020, or \$269 million. Over half of sales in this region come from two border counties: Malheur and Jackson, while five more rural Converting Counties have no active registered licenses. Malheur County's major city, Ontario, sits on the Snake River only 60 miles from Boise, while Interstate 5 connects Jackson County's major communities of Medford and Ashland to the California border. Though California also authorizes recreational marijuana usage, counties have some control over allowances at the local level, and many northern California counties such as Siskiyou and Shasta have been restrictive.<sup>67</sup>

This cross-border trade is relevant to eastern and southern Oregon's conversion. In 2020, sales increased 61% year-on-year in the Converting Counties, but only 8% in the rest of the state. In Malheur County alone, licensees sold the equivalent of \$2,900 in marijuana for each of the county's 31,000 residents.

PC's model assumes that the legal trade in marijuana will end after Idaho law is applied in the Converting Counties. Therefore, marijuana tax receipts in these areas will be lost to Oregon and not recovered by Idaho. We estimate this amount to be \$184 million in revenue over the three-year period from 2022-2024<sup>68</sup>, as shown in Table 18. This estimate makes two presumptions, that the Converting Counties represent 25% of total tax receipts, and those total sales (in Oregon) would have grown at 15% per year.<sup>69</sup>

### Table 18: The Marijuana Tax and Cash Flows After Conversion (\$M)

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Estimated |
|------|------|------|------|------|------|-----------|
|      |      | Est. | Est. | Est. | Est. | Years'    |
|      |      |      |      |      |      |           |

<sup>&</sup>lt;sup>64</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Summary of Oregon Taxes, page J5, Ibid.

https://cannabusinesslaw.com/california-cannabis-laws-by-county/

<sup>69</sup> Note that this rate of growth is more conservative than the actual reported trend over the past five years.



<sup>&</sup>lt;sup>65</sup> Based on exact totals of monthly tax collections reported by the Oregon Liquor & Cannabis Commission for February 2016 to September 2021, aggregated to calendar year.

<sup>&</sup>lt;sup>66</sup> Oregonians bought more than \$1 billion of weed in 2020. The Oregonian, Douglas Perry (2021)

https://www.oregonlive.com/marijuana/2021/01/oregon-marijuana-sales-soared-to-new-heights-in-2020-topping-1billion-overall-multnomah-county-led-the-way.html

<sup>&</sup>lt;sup>67</sup> California Cannabis Laws by County. CannaBusiness Law

<sup>&</sup>lt;sup>68</sup> The years 2019-2020 are actual reported collections, while the years 2021-2024 are estimates based on the growth assumptions described.

|                              |         |         |         |          |          |          | Total     |
|------------------------------|---------|---------|---------|----------|----------|----------|-----------|
| Total Tax Receipts           | \$115.9 | \$158.3 | \$184.3 | \$159.0  | \$182.8  | \$210.2  |           |
| Converting Counties (as 25%) |         |         | \$46.1  | \$0      | \$0      | \$0      |           |
| Oregon (as 75%)              |         |         | \$184.3 | \$159.0  | \$182.8  | \$210.2  |           |
| Net Budget Impact, Oregon    |         |         | \$0     | (\$53.0) | (\$60.9) | (\$70.1) | (\$184.0) |
| Net Budget Impact, Idaho     |         |         | \$0     | \$0      | \$0      | \$0      | \$0       |

Source: Points Consulting using Oregon Department of Revenue

### Estate (Inheritance) Tax

Oregon levies an estate tax with a threshold of \$1 million in gross value on estates, non-property inheritances, and gifts transferred to relatives. Against this tax, Oregon applies credits for estates involved in agriculture, timbering, and fisheries. In 2012, the Oregon Legislature changed the state estate tax, which was similar to what had existed in federal law during the 20th century, into a broader tax on inheritances and gifts like those mentioned. This has resulted in a tripling of tax revenue over the past decade. In tax year 2019, around 2,300 estates accrued a total liability of \$312.2 million based on this tax. In tax year 2014, about 1,500 estates accrued a total liability of \$113.0 million.<sup>70</sup>

### Transient Lodging Tax

Another of the minor taxes assessed in both states but at different rates is the Transient or Lodging Tax. Oregon assesses a 1.5% tax on lodging to fund the Oregon Tourism Commission, among other priorities.<sup>71</sup> This tax raised \$40.6 million in FY20. Idaho assesses a 2% tax on lodging, though some cities have enacted an additional 1% local option tax that includes lodging among other sales.<sup>72</sup> Since this rate is higher than Oregon's, this tax is one of few where the Idaho state government is likely to add more revenue than Oregon loses in conversion. Using 2017 and 2018 as base years of analysis, PC estimates that Idaho would gain roughly \$10.8 million in tax revenue, while Oregon would lose roughly \$10.1 million.

Areas where the Lodging Tax collects the highest revenue vary based on the strength of each region's local tourism market and attractions. As Portland and the Willamette Valley have increased in national awareness as tourist locations, the Converting Counties' share of lodging tax receipts has declined, from 28.7% in 2004 to 25.3% in 2018.<sup>73</sup> This concentration in tourism and convention industries means that Northwest Oregon's lodging tax collections dropped precipitously during the pandemic relative to the Converting Counties. For that reason, yet-to-be-released data suggests the latter's share will spike in the affected years, up to 35% in 2020.<sup>74</sup>

https://tax.idaho.gov/i-1096.cfm

https://www.oregon.gov/dor/programs/gov-research/Pages/research-lodging.aspx

<sup>74</sup> E-mail inquiry with staff of the Oregon Department of Revenue Research Section, April 2022.



<sup>&</sup>lt;sup>70</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Summary of Oregon Taxes, page F1-F3, Ibid.

<sup>&</sup>lt;sup>71</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Summary of Oregon Taxes, page L4, Ibid.

<sup>&</sup>lt;sup>72</sup> Travel & Convention Tax. Idaho State Tax Commission (2018)

<sup>&</sup>lt;sup>73</sup> Oregon Statewide Lodging Tax Report: Statistics Tables Since 2004, Annual Lodging Tax Liability by Region. Oregon Department of Revenue (2019)

| Year | Converting | g Counties | Remainde | er Oregon | Total  |
|------|------------|------------|----------|-----------|--------|
| 2011 | \$3.2      | 27.0%      | \$8.5    | 72.9%     | \$11.7 |
| 2012 | \$3.3      | 26.5%      | \$9.2    | 73.5%     | \$12.6 |
| 2013 | \$3.6      | 26.2%      | \$10.1   | 73.8%     | \$13.7 |
| 2014 | \$4.0      | 25.8%      | \$11.4   | 74.2%     | \$15.4 |
| 2015 | \$4.4      | 24.9%      | \$13.3   | 75.1%     | \$17.7 |
| 2016 | \$7.2      | 25.4%      | \$21.2   | 74.6%     | \$28.4 |
| 2017 | \$9.5      | 25.3%      | \$28.1   | 74.7%     | \$37.6 |
| 2018 | \$10.1     | 25.3%      | \$29.7   | 74.7%     | \$39.8 |

### Table 19: Oregon Lodging Tax Collections by Region (\$M), 2011-201875

Source: Oregon Department of Revenue

#### Table 20: Anticipated Lodging Tax Revenue for Converting Counties in Idaho

| Year            | Converting Counties<br>at 1.8% Oregon Rate | At 2% Idaho Rate |
|-----------------|--|------------------|
| 2017            | \$9,513,800                                | \$10,570,889     |
| 2018            | \$10,052,900                               | \$11,169,889     |
| 2017/18 Average | \$9,783,350                                | \$10,870,389     |

Source: Points Consulting, 202276

### Cigarette Tax

Both Oregon and Idaho tax the sale of cigarettes. Up until 2020 Oregon taxed cigarettes at a rate of \$1.33 per 20 pack, while Idaho set the tax at \$0.57. Oregon taxes a variety of tobacco products under this tax, while Idaho applies it to cigarettes alone. Table 21 below shows the gross revenues for cigarette taxes in both Idaho and Oregon. Though not one of the most significant taxes, it still accounted for \$195 million in revenue for Oregon in FY19. Cigarette usage tends to be related to age cohort.<sup>77</sup>

Using U.S. Census Bureau figures on the differing age distributions of the Converting Counties, Oregon and Idaho, PC projects that the population of the Converting Counties represents 21% of Oregon smokers and therefore \$52.0 million in tax collections in the 2019-2020 fiscal year. Oregon would lose this revenue in conversion, while Idaho would gain \$16.9 million in the same fiscal year through its cigarette tax.

The decrease in revenues between 2015 and 2019 could be explained in part by the overall decrease in the cigarette smoking population in the United States. The CDC reports that cigarette use in adults has declined from 21% in 2005 down to 14% in 2019.

### Table 21: Gross Cigarette Tax Revenue by State (\$M) 2015-2019

<sup>&</sup>lt;sup>77</sup> Burden of Cigarette Use in the United States. Centers for Disease Control (2022) <u>https://www.cdc.gov/tobacco/campaign/tips/resources/data/cigarette-smoking-in-united-states.html</u>



<sup>&</sup>lt;sup>75</sup> The state has not officially released full-year data later than 2018.

<sup>&</sup>lt;sup>76</sup> These calendar years are the only two where the full-year collection is at the 1.8% Oregon and for which data is available.

| Year | Idaho  | Oregon  |
|------|--------|---------|
| 2015 | \$38.0 | \$210.9 |
| 2016 | \$38.4 | \$211.5 |
| 2017 | \$37.4 | \$207.0 |
| 2018 | \$36.9 | \$203.9 |
| 2019 | \$35.8 | \$195.0 |

Source: Table of Gross Cigarette Tax Revenue Per State, CDC 2019



# IV. Economic Impacts

As is commonly the case with economic questions, the issue of the border relocation comes down to "who benefits?," and "to what extent?" To this point, PC's analysis has primarily focused on a comparison of the two states' socioeconomic structure and differences in tax policy. All of these topics feed into the ultimate issue of economic impact, namely, the following:

- What economic impact does Northwest Oregon lose by letting southern and eastern Oregon go?
- What does Idaho gain by accepting southern and eastern Oregon?

The impact lost by Oregon is not necessarily equivalent and opposite to the gain inherited by Idaho. One reason for this is the obvious fact that the two states' tax policies result in different outcomes on household income and different levels of government funded services. The other, less obvious, factor is that the states' regulatory environments have the power to discourage or incentivize certain economic activities. Generally speaking, the incentives align better for private investment and spending in Idaho than in Oregon, but this is not exclusively the case. For example, private investment in industries such as manufacturing, agriculture, and transportation are more attractive in Idaho than Oregon.

Economists focus on the concept of "all else being equal" in order to isolate and analyze incremental changes resulting from small changes in underlying economic conditions.<sup>78</sup> Frequently, economists will start by analyzing a "base case," which makes relatively little assumptions about changes to the underlying conditions. More complex scenarios are then layered on top of the base case. Such an approach is difficult in a case such as this because a state border relocation is so dramatic that it is likely to result in any number of jarring economic changes simultaneously. To cope with this challenge, PC produces two levels of economic impact. The first being an "all else being equal" approach to changes in tax structure alone. The second, using those same assumptions but layering in additional assumptions to changes on specific industries in specific locations.

In each case, the results also utilize an economic impact analysis (EIA) model, which estimates the holistic impact of economic changes, not just within a particular industry but across all industries (i.e., the "multiplier" effects). To generate this EIA, PC used the IMPLAN input-output (I-O) model, which is described in more detail in the Economic Impact Methodology & Terminology section.

Lastly, it is important to note that there are any number of economic possibilities that could result from the border relocation. Our effort with this analysis is to tabulate those which we can quantify and defend. Economic impact analysis, by nature, requires a methodological approach that is bound to a particular time, geographic location, and industrial category. For example, the systematic drug problem that exists in Oregon has manifold and extensive impacts on the economy, some occurring in the near-term and others in the long-run. Though this problem is real, it may take an entire PhD dissertation to quantify these effects and separate them from other simultaneously occurring phenomena. By comparison, a discrete policy

<sup>&</sup>lt;sup>78</sup> In economic terms this is frequently referred to as the *ceteris paribus* assumption (Latin for "all else being equal"). This assumption permits analysis of marginal changes, also a critical concept in the field of economics.



change, such as less stringent approach to water-rights, has a clear and direct impact on the agricultural sector that can be immediately applied within an economic impact model. There are a host of other possible scenarios that could (or could not) generate in the future as a result of the border change. In that sense, the true impact could be larger than what is expressed here but at this time we cannot confidently conclude that they will occur at all.

To help with the multifaceted nature of this modeling effort, PC has also provided a sensitivity analysis at the end of this chapter, which details an Expanded EIA scenario. For readers who have reason to believe that PC's Base EIA Analysis is too conservative, they can refer instead to these numbers (see Table 24). However, please note that all county specific EIA tables (Tables 25 through 46) are based on the Base EIA rather than the Expanded EIA.

# Economic Impact Framework

The economic impact contained in this report is intended to measure the impact of changes to the economy due *exclusively* to the Converting Counties' annexation into Idaho. By definition, this excludes several types of real and potential economic changes. In accordance with best practices of economic impact analysis, PC's interest is in measuring "net new" changes to the economy as a result of the annexation.<sup>79</sup> New, as in it would not have resulted outside of these conditions, and net, because it discounts any degree of spending and activity that would result outside of these counties.

As noted in the <u>Employment Trends</u> section, the economy within the Converting Counties has been performing well over the past 10-years. Therefore, it would be expected that a similar level of growth would continue naturally, even if these counties did not join Idaho. Similarly, there are a class of economic opportunities that could benefit southern and eastern Oregon regardless of state affiliation, for example, Coos Bay has been discussed as the site of a future coastal wind farm.<sup>80</sup> Whether Coos Bay is under the administration of Oregon or Idaho is unlikely to affect the future of such a project, so the effect of such opportunities is also not included in the analysis.

Figure 22 graphically conveys the concept behind the economic impact used in this study. No values are displayed, and the scenario is intentionally oversimplified to highlight its key features. The turquoise line represents economic growth of the Converting Counties under Oregon administration (i.e.: southern and eastern Oregon never become part of Idaho), and the gold line represents economic growth under Idaho administration. Under the Greater Idaho scenario, the Converting Counties would likely experience a positive boost in economic output due to businesses and individuals investing and expanding in Idaho. Eventually, that trend would dampen and settle to a positive growth rate, comparable to the rest of Idaho.

<sup>79</sup> These principles have been elaborated in various places, but to cite a few common sources:

https://www.ntc.blm.gov/krc/uploads/74/Watson,%20et%20al%20Impacts%20vs%20Contribution%2037-2-6.pdf. <sup>80</sup> Study: Coos Bay well positioned to host offshore wind farm. David Rupkalvis (2022)

https://theworldlink.com/news/local/study-coos-bay-well-positioned-to-host-offshore-wind-farm/article\_de88aefc-9feb-11ec-8677-2f288675e1a2.html



https://www.economicmodeling.com/2014/01/07/the-rights-and-wrongs-of-economic-impact-analysis-for-collegesand-universities/, and

It is important to recall that southern and eastern Oregon have continued to experience both economic and population growth, as a contingent of Oregon for the past 10-years. Therefore, in the event that the Converting Counties remain in Oregon, the economy would continue to grow albeit at a lower rate. Hence, it would not be accurate to attribute the entire area below the gold bar down to zero to the annexation into Idaho but rather the difference between the turquoise bar and the gold bar.<sup>81</sup>





#### Source: Points Consulting 2022

The intention of this analysis is not to capture the short-term effects, which are likely to be noisy and volatile. Rather, the intention is to measure the difference between the two bars given an adequate amount of time for new spending patterns and economic behaviors to be established. In economic literature this is typically referred to as the "steady state" of the economy, which is represented as time "B". Note that if economic differences were measured earlier in the time period (at time "A," for example) the Greater Idaho effect could have been either larger or smaller than time "B", depending on the independent growth rates at the initial stages of annexation.

# Differences in Economic Conditions Between Oregon & Idaho

The following narrative outlines some of the most notable differences in regulatory context that would affect individuals making economic decisions in the two states. Rather than outlining every specific branch of state government or specific regulation, this overview is more topical. Since this EIA is based on an unspecified future date (once steady state is reached), this overview accounts for both current regulatory

<sup>&</sup>lt;sup>81</sup> In scientific terms the turquoise bar may be referred to as the "control group", or in economic terms this is often referred to as "counterfactuals."



issues and laws that have been enacted but are yet to be implemented (e.g.: Oregon's new Climate Protection Program). It also accounts for potential economic developments that have proved to be infeasible in Oregon but are far more likely under Idaho administration (e.g., the Jordan Cove pipeline).

# Primarily Economic Issues

### Environmental Policies

Much like its neighboring states, natural resources and agriculture are an important part of the Oregon economy. The Oregon state government is generally far more interested in aggressive regulation of industries on the basis of environmental concerns than Idaho, but the actual regulation and impact on particular industries in the natural resources and agriculture sectors varies widely.<sup>82</sup> Conversely, while there is generally far less public support for aggressive environmentalist legislation in Idaho, the state is not without its own influential environmental special-interest groups that can be at odds with industry interests in these sectors, in addition to the particular affected parties in a given location where various forms of natural resource exploitation and industrial-scale agriculture are pursued. That said, Idaho tends to be far less friendly to "progressive" environmentalist legislation and regulation of industries than Oregon. A few contrasting examples follow demonstrating these differences in attitudes and policy between the two states.

Idaho and Oregon's Forest Practices Acts were nearly identical at their inception in the 1970's, and while both states' regulations of the timber industry over the years have been relatively similar, that has started to change. Oregon-based environmental groups have had increasing success in lobbying state and local governments and in forcing negotiation from the timber industry. Oregon is the nation's leading producer of softwood lumber, and private timber lobbies have successfully kept the tax burden and other regulation on their production relatively low. They have enjoyed an outsized influence on state regulation through the Oregon Forest Industries Council. That said, the industry continues to face intense opposition from influential environmental groups, and in the Fall of 2021 they reached a negotiated settlement with those groups to update rules for timber harvesting and conservation on private forest land termed the Private Forest Accord.<sup>83</sup> This agreement will eventually be codified into laws that will significantly revamp Oregon forest laws. Idaho timber groups, while hardly free from the concerns of environmental activist and affected citizen groups, seem to have less constant pressure to drastically change practice standards to align with activist interests.

In 2018, environmental groups were successful in convincing legislators to pass a law permanently banning suction dredge mining in over 20,000 miles of Oregon streams deemed "essential salmonid habitat". Oregon and California legislators introduced an amendment to a national public lands bill (which subsequently passed the US House) that would permanently ban nickel mining at the headwaters of several

passes#:~:text=The%20Private%20Forest%20Accord%20was,and%20a%20whole%20lot%20more



<sup>&</sup>lt;sup>82</sup> Greenest States. Josh Kiernan (2021)

https://wallethub.com/edu/greenest-states/11987

<sup>&</sup>lt;sup>83</sup> The Private Forest Accord Passes. Oregon Wild (2022)

https://oregonwild.org/about/blog/breaking-news-private-forest-accord-

rivers that flow through Southwest Oregon and Northern California. In stark contrast, Idaho was ranked the most mining-friendly jurisdiction in the world in 2021 in a mining industry survey.<sup>84</sup>

Though neither state has significant natural gas reserves to extract, in 2019 Oregon passed a somewhat symbolic five-year ban on hydraulic fracturing for natural gas, while fracking remains legal in Idaho. Idaho is also livestock friendly and ranks third in the country in dairy production<sup>85</sup>. Whereas in 2021 the Oregon state legislature proposed a temporary ban on large-scale dairy farm construction until legislators can develop and implement additional environmental legislation. Currently in Oregon signatures are being sought for ballot initiative 13, which would remove agricultural exemptions to animal cruelty laws, criminalizing such common and industry-critical practices as artificial insemination, and requiring that only animals that died of natural causes be used for food.

There is certainly far less public and legislative support for aggressive environmental regulation of natural resource and agriculture industries in Idaho than in Oregon, but each industry would of course still face at least some opposition and pushback from both environmentalist groups and other interested parties varying by industry and specific geographic areas of operation.

### Minimum Wage

The minimum wage in Idaho in 2022 is \$7.25 an hour, which is the same as the federal minimum. For tipped employees the minimum wage is \$3.35 per hour, and a training minimum wage of \$4.25 per hour may be paid to employees under the age of 20 for the first 90 days of employment.<sup>86</sup> On the other hand, Oregon's minimum wage depends on work location.<sup>87</sup> Workers in non-urban areas get a minimum wage of \$12 per hour, in standard counties the minimum is \$12.75 an hour, and in the Portland metropolitan area the minimum wage is \$14.00 per hour.<sup>88</sup> The majority of the Converting Counties are non-urban, and thus have a minimum wage of \$12 per hour—\$4.75 higher than the current Idaho minimum wage.

## Cap & Trade Policies

The State of Oregon has long pursued a legislative approach to addressing concerns about the emission of "greenhouse gases" such as carbon dioxide. In 2019 and 2020 Oregon legislators attempted to pass capand-trade legislation with ambitious emissions-reduction goals similar to those instituted in California and

<sup>86</sup> Wage & Hour FAQs. Idaho Department of Labor

https://www.labor.idaho.gov/dnn/Businesses/Idaho-Labor-Laws/W-H-Frequently-Asked-Questions-FAQs#:~:text=The%20current%20Idaho%20state%20minimum,90%20calendar%20days%20of%20employment <sup>87</sup> Oregon Bureau of Labor and Industries

https://www.oregon.gov/boli/workers/pages/minimum-wage.aspx

<sup>&</sup>lt;sup>88</sup> Oregon's standard counties are Benton, Clatsop, Columbia, Deschutes, Hood River, Jackson, Josephine, Lane, Lincoln, Linn, Marion, Polk, Tillamook, Wasco, Yamhill, and parts of Clackamas, Multnomah, & Washington outside the urban growth boundary.



<sup>&</sup>lt;sup>84</sup> Fraser Institute Annual Survey of Mining Companies 2020. Jairo Yunis and Elmira Aliakbari (2020) <u>https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2020.pdf</u>

<sup>&</sup>lt;sup>85</sup> The Financial Condition of Idaho Agriculture. Ben Eborn, Garth Taylor (2019).

Canada. These bills were ultimately unable to pass as Oregon Republicans—largely representing rural districts—walked out of both sessions, preventing a constitutionally required quorum.

Following the failure of the second cap and trade bill in 2020, Governor Kate Brown issued executive order 20-04 which tasked the Oregon DEQ with developing its own version of cap-and-trade within its regulatory purview. In addition, a package of "clean energy" bills were signed into law in July of 2021, most notably HB2021 which set a goal of moving electric power in the state to 100% "clean" energy by 2040, the most aggressive timeline for such a goal in the country. Those opposed to these bills believe the emission-reduction goals are unrealistic and out of touch with the needs of rural Oregonians, who they claim would be disproportionately affected by the resulting increase in fuel and energy costs, since rural residents on average drive more miles, use less efficient vehicles, have fewer public transportation options, and have lower average incomes.

By contrast, Idaho has taken no comparable legislative or regulatory approach to these issues, nor is there any indication that such steps would be taken in the foreseeable future. Idaho fuel and energy prices are significantly cheaper than Oregon's, and that disparity seems likely to increase as the effects of these Oregon laws work themselves out in the coming years. The Converting Counties would benefit from cheaper fuel and energy and relative freedom from regulation. Not only would transportation and energy be more affordable, but a whole host of other benefits related to this issue could potentially come to rural Oregonians joining Idaho, as those counties could be much more attractive to industry and investment.

Cap-and-Trade programs do have the effect of decreasing emissions; however, research has also shown that these programs have an adverse effect on employment and earnings in the manufacturing sector.<sup>89</sup> In the case of the NOx Budget Trading Program (NBP), which sought to reduce the regional transport of NOx in the Eastern US from 2003 to 2008 during the summer months, which is known as the "ozone season", it added substantial costs to regulated firms. Overall employment in the manufacturing sector fell 1.3%, while more energy-intensive industries had decreases of up to 4.8%. These decreases in employment occurred mainly through reductions in hiring rate. The largest declines in employment were for young workers. The earnings of new hires also took a hit after the implementation of this regulation. Therefore, the more industry-heavy rural counties in Oregon could stand to benefit from Idaho's less regulatory climate, which doesn't pose a threat in the form of plans to implement similar cap-and-trade programs.

These types of programs also have impacts on transportation, given that they seek to control the level of greenhouse gas emissions. Gas prices, for instance, would increase under this sort of program.<sup>90</sup> Fuel importers and refiners would pass the costs of carbon allowances onto the consumers. This would affect rural Oregonians more, since they tend to drive longer distances, and thus need to refuel more often.<sup>91</sup>

- <sup>90</sup> Cap-and-Trade: Five Implications for Transportation Planners. Millard-Ball, A. (2008)
- <sup>91</sup> Office of Energy Efficiency & Renewable Energy. (2012)

https://www.energy.gov/eere/vehicles/fact-759-december-24-2012-rural-vs-urban-driving-differences



<sup>&</sup>lt;sup>89</sup> Who Loses under Cap-and-Trade Programs? The Labor Market Effects of the NOx Budget Trading Program. The Review of Economics and Statistics, Curtis, M. (2018).

Jordan Cove Pipeline



#### Figure 23: Map of the Jordan Cove Pipeline

Source: The Oregonian

The Jordan Cove pipeline project represents an opportunity that has yet to materialize due to environmental concerns from citizens across Oregon. Though many of those same concerns would exist if annexed into Idaho, decision makers would be less likely to overestimate the environmental downside and look more favorably on economic upside.

The Jordan Cove Liquified Natural Gas Terminal and Pacific Connector Pipeline project planned an underground pipeline stretching 230 miles from a hub near Malin, Oregon through Douglas, Klamath, Jackson, and Coos Counties to the proposed LNG export terminal on the North Spit of Coos

Bay. The pipeline would connect existing pipelines and transport 1.2 billion cubic feet of natural gas per day to the proposed liquefaction and export terminal facility for sale to primarily Asian markets. The project was first proposed in 2006 as an import facility by Fort Chicago Energy before the successful exploitation of domestic natural gas resources via fracking. Fort Chicago became Canada-based Versen Incorporated in 2010, and the project was re-proposed as an export facility. Current owners Pembina applied for the project in its most recent iteration in 2017. The project would cross private, public, and timber land as well as several major waterways and terminate in a 240-acre site at Coos Bay.

The project would have a sizeable impact to Oregon's economy, both directly and indirectly. In 2024—the first full year of operations—the project would create 200 jobs directly owing to the pipeline and its operations in Coos Bay and Portland. Labor compensation for the LNG Terminal and its offices would be about \$44.8M, and spending on goods and services from Oregon suppliers would total \$99.1M. Also, at the state level, it would support 1,567 jobs in Oregon, with an additional \$95.8 million in labor income. The project would also contribute to the fiscal health of the local communities via property taxes and a Community Enhancement Plan (CEP) in Coos County. Property taxes are expected to be around \$20 million a year for local and school districts, and they would be shared between Coos, Douglas, Klamath, and Jackson counties

Though approved by the Federal Energy Regulatory Commission (FERC), the project has faced significant opposition from landowners, tribal councils, and environmental groups, as well as state and county politicians and regulators in Oregon. Jordan Cove LNG has been unable to secure several key State permits, including a Water Quality Certification from the Oregon Department of Environmental Quality, which FERC refused to allow Jordan Cove LNG to bypass. Jordan Cove LNG withdrew their state application for a removal fill permit after extensions in the permitting process were denied. Though fully approved by FERC in March of 2021, Pembina ultimately decided in December 2021 to request that FERC vacate the



authorizations they had issued as Pembina would no longer be proceeding with the Jordan Cove LNG project, citing insurmountable state permitting obstacles.

Despite strong local opposition and Pembina's formal decision to abandon the current iteration of the project, the likelihood of future attempts to pursue construction of a Pacific Connector Pipeline remains high, particularly if regulatory policies and attitudes were to change in the region. Idaho has traditionally been more friendly to energy sector development and has a more readily navigated regulatory landscape. Were the relevant counties to join Idaho as proposed by the Greater Idaho Project, Pembina or another utility could be encouraged to pursue another proposal for a pipeline and export terminal. While the four affected counties have not yet had ballot initiatives addressing the issue, Douglas and Klamath counties may have initiatives by May 2022.

### Development of the Port of Coos Bay

# Figure 24: Map of the Port of Coos Bay and Associated Businesses



Source: Port of Coos Bay

The Port of Coos Bay is located in Coos County, on Oregon's southern coast near the city of Coos Bay, which together with neighboring North Bend make up Oregon's Bay Area. The port of Coos Bay is approximately 230 miles southwest of the Port of Portland and is Oregon's largest deepdraft coastal harbor. The Port, in addition to serving as the multimodal connection point for the region's lumber industry, is also home to a large commercial fishing fleet based at the Charleston Marina and offers a variety of facilities and infrastructure supporting commercial fishing and seafood processing as well as recreation and tourism industries. The Port of Coos Bay also acquired the Coos Bay Rail Line, which connects Coos, Western

Douglas, and Western Lane counties to the North American freight rail system. This rail line has been a crucial component for the viability of a number of recent proposed development projects at the Port.

The Port, in partnership with NorthPoint Development, is pursuing a plan to build a full-scale intermodal container terminal on Coos Bay's North Spit. When completed, the terminal could handle an estimated 1 million 40-foot containers annually. The project, including significant improvements to rail infrastructure, is estimated to cost Northpoint \$1 billion, and could take as long as five years to complete. In the meantime, the Port of Coos Bay has entered into a PSA to acquire the site of the closed Georgia Pacific lumber mill, with plans to convert it into a smaller container terminal. Because the mill site is already developed (unlike the North Spit), it could be deployed for handling bulk and break-bulk shipping very soon, perhaps by mid-2023, providing some relief for West Coast shipping congestion and an influx of business and jobs to the Coos Bay region. In addition to Northpoint's investment in the North Spit development and surrounding



infrastructure, substantial Federal and State funding have been secured for improvement of rail and wharf infrastructure.

In order to facilitate continued development and expansion of the Port's services, a major channel modification project has been planned. The channel is currently 37 feet deep and 300 feet wide, which makes it difficult or even impossible for larger ships to maneuver safely through, often requiring ships to leave the port light-loaded in order to reduce draft and safely exit the harbor. This is of course inefficient and leads to higher shipping costs. The port is aiming to modify the channel to be 45 feet deep and 450 feet wide, which would allow for large ships to enter and leave the Port safely while fully loaded. The project is still in the engineering and design phase and has several permitting and approval steps to complete before construction can begin.

This project was originally partially dependent on the success of the Jordan Cove liquid natural gas pipeline project, since Federal law requires that the Port be able to identify two companies that would directly benefit from having a deeper and wider channel, and Jordan Cove was one of the two beneficiaries listed by the Port, along with Roseburg Forest Products. However, despite the recent indefinite suspension of the Jordan Cove project, the Port has announced that it intends to continue with the channel modification project, listing NorthPoint Development as its second beneficiary, and indicating that there may be other potential beneficiaries as well, such as an off-shore wind energy company that has indicated an interest in placing a wind energy facility in Coos Bay Harbor, but would need a deeper and wider channel to pursue that project.

Though it would be difficult to speculate how specifically traffic or usage at the port might be affected by a conversion to Idaho, in general, future port projects could expect to face comparatively fewer environmental regulations and barriers, allowing for potential viability of projects like an LNG pipeline and export terminal, thus expanding options for job creation and increased economic activity at the port and throughout the affected counties.

## Right to Work Policies

There are distinct differences between Idaho and Oregon's approach to workers and organized labor unions. In short, Right to Work (RTW) laws prohibit labor unions from requiring employees from joining a union as a condition of accepting employment. Currently, a little over half of the states in the union have specific RTW polices in place; 28 to be precise. Idaho is one of those states and Oregon is not. Recognition of workers' relationship with labor unions has proven to be an important factor for economic development in recent years. Recent research has indicated that states with legally enshrined RTW laws have more positive outcomes in terms of business location decisions, employment, output, and personal income.<sup>92</sup>

Idaho adopted an RTW law in 1987, which protects employees' right to work from infringements and restrictions based on membership or affiliation with labor organizations.<sup>93</sup> The law also protects employees'

<sup>92</sup> Right-to-Work Laws: The Economic Evidence. Jeffrey A. Eisenach (2018)

https://www.nera.com/content/dam/nera/publications/2018/PUB\_Right\_to\_Work\_Laws\_0518\_web.pdf <sup>93</sup> National Right to Work Legal Defense Foundation

https://www.nrtw.org/right-to-work-states-idaho/



wages from reductions aimed toward labor organization fees or charity donations unless the employee signs and agrees prior to employment to any voluntary deductions/donations. The law also acts as protection if a worker refuses to join a union, thus they would still have the right to work for an employer and not pay union dues. Nonetheless, policy agreements and contracts set up by the employer need to follow Idaho wage payment laws.

Alternatively, Oregon has no "right to work" policies and seemingly has no plans to add such a policy in the short-term future. Oregon, however, is classified as an "at-will employment" state. Employers can terminate/discharge/fire an employee at any time for any reason or no given reason unless the law or employee contract states otherwise.

In 2020 the Bureau of Labor Statistics reported that Idaho employed 41,000 union members and Oregon employed 275,000.<sup>94</sup> This means that in 2020, 3.8% of Idaho's workforce belonged to a union, while 11% of Oregon's labor force was part of a union. Additionally, in Idaho 6,000 more workers were either represented by a union or under an association contract but not direct union members. Oregon had an additional 18,000 represented or employee contract non-union members. Within the last 10 years Oregon has seen continued growth in union membership (+30,000) and employee association (+25,000), while in Idaho the rates are declining in union members (-1,000) and represented non-members (-3,000).

Union membership in the US has been steadily declining since the 1950s when it reached its peak, but the states that have passed RTW generally had weak labor union movements before the passage of the law.<sup>95</sup> However, those that adopted these laws saw a considerable impact to labor organization—regardless of the strength of the movement— which diminished over time.<sup>96</sup> Additionally, research by Holmes (1998) showed that RTW counties in one state that bordered union shop counties in another state had a comparative growth advantage that decreased the further you went from the border. This implies that border counties in RTW states will see increased growth rates—particularly in manufacturing— if they border a state without RTW laws.<sup>97</sup> This could be the case with certain places in eastern Oregon and southern Idaho. This same advantage is not observed when the adjacent counties are both RTW counties, and neither when they are both union shop counties.

### Primarily Social Issues

### Repeal of Roe v. Wade

On June 24th, 2022, the Supreme Court of the United States ruled in the Dobbs v. Jackson case that "the Constitution does not confer a right to abortion", overturning the previous decisions in Roe and Casey, and

<sup>95</sup> Orazem, P. What if all 50 states adopt Right to Work?

https://www.econ.iastate.edu/node/682

<sup>&</sup>lt;sup>97</sup> The Effect of State Policies on the Location of Manufacturing: Evidence from State Borders. Holmes, T. (1998)



<sup>&</sup>lt;sup>94</sup> Union membership of employed wage and salary workers, 2020 annual averages. Bureau of Labor Statistics (2021) <u>https://www.bls.gov/opub/ted/2021/union-membership-rates-highest-in-hawaii-lowest-in-south-carolina-in-2020.htm</u>

<sup>&</sup>lt;sup>96</sup> The impact of right-to-work laws on union organizing. The Journal of Political Economy, Ellwood, David T., and Glenn Fine. (1987)

returning "the authority to regulate abortion...to the people and their elected representatives.<sup>98</sup> This decision puts one of the hottest social issues back in the full control of each state, and predictably its effects on Idaho and Oregon residents will be very different. It should be expected that citizens who are interested in either pro-life or pro-choice policies will gravitate toward the state that best reflects their ideologies. Using the 2020 vote as a barometer, 20 of the 22 Converting Counties had 50% of more of its votes cast for Trump. In cases such as Lake and Malheur counties the rate reaches 80%.<sup>99</sup>

As Oregon politicians and officials have repeatedly stated, nothing really changes in Oregon, due to the 2017 Oregon Reproductive Health Equity Act, which "codified the right to an abortion into state law".<sup>100</sup> Oregon already funds abortions, "using state funds under the Oregon Health Plan (OHP), the state's Medicaid program, without any restriction." In addition, on June 26, 2022, Oregon's governor Brown entered into a "multi-state commitment" with the governors of Washington and California to "defend access to reproductive healthcare, including abortion and contraceptive, and committed to protecting patients and doctors against efforts from other states to export their abortion bans to our states."<sup>101</sup> Idaho, on the other hand, passed a so called "trigger law" in 2020, which will criminalize nearly all abortions in the state 30 days after the Supreme Court's ruling is officially published.<sup>102</sup>

These diametrically opposed responses to this issue demonstrate the political and ideological chasm between the governance of Oregon and Idaho. Idaho is a strongly pro-life state and had already passed a so-called "heart-beat bill" similar to a Texas law allowing civil lawsuits to be filed for abortions performed after a heartbeat is detected. That bill's implementation is on hold pending the resolution of legal challenges filed by Planned Parenthood. Oregon, by contrast, is staunchly pro-choice, and as of 2019 was the only state in the union to have zero legal restrictions on abortion.<sup>103</sup> The vast majority of abortions in Oregon are definitely concentrated in non-Converting Counties like Multnomah and Washington. Only four

https://www.supremecourt.gov/opinions/21pdf/19-1392\_6j37.pdf

https://ktvz.com/news/oregon-northwest/2022/06/24/oregon-elected-officials-groups-candidates-react-to-ussupreme-court-decision-overturning-roe-v-wade/

<sup>&</sup>lt;sup>103</sup> Are there \*Any\* States Working to Protect Abortion Rights? Jessie Van Amburg (2019) <u>https://www.wellandgood.com/abortion-law-by-state/</u>



<sup>&</sup>lt;sup>98</sup> Dobbs v. Jackson Women's Health Organization. Supreme Court of the United States (2021)

<sup>99</sup> DataUSA.IO

<sup>&</sup>lt;sup>100</sup> Oregon elected officials, groups, candidates react to US Supreme Court decision overturning Roe v. Wade. News Channel 21 (2022)

<sup>&</sup>lt;sup>101</sup> Inslee Joins Oregon and California Governors in 'Multi-State Commitment' to Abortion Access. Big Country News (2022)

https://www.bigcountrynewsconnection.com/local/inslee-joins-oregon-and-california-governors-in-multi-statecommitment-to-abortion-access/article\_add3b2da-f490-11ec-aadd-

<sup>&</sup>lt;u>Ofc5e3d0d9aa.html#:~:text=OLYMPIA%20%2D%20The%20governors%20of%20California,abortion%20bans%20to%20</u> our%20states%2C%22

<sup>&</sup>lt;sup>102</sup> Idaho attorney general says abortion ban likely to take effect in late August after SCOTUS decision. Idaho Capital Sun (2022)

https://idahocapitalsun.com/2022/06/24/idahos-trigger-law-will-abolish-abortions-30-days-after-scotus-ruling-overturning-roe-v-wade/

of the Converting Counties have reported more than 100 abortions annually since 2016, and ten of the Converting Counties have consistently reported annual abortion numbers in the single digits.<sup>104</sup> While this is certainly an issue of population density, coupled with the consistent Republican voting patterns of these counties over the years, one suspects that support for abortion, and particularly the use of public funding for abortion, to be a significant minority position in most if not all Converting Counties.

To the extent the Dobbs ruling has an effect on the Greater Idaho movement, it will most likely be further motivation for supporters of the conversion, as the impetus for the move in the first place is to separate from liberal coastal population centers and align with the more conservative, rural counties with an adjacent socially and fiscally conservative state that more closely reflects those values. This Supreme Court decision and its fallout at the state level simply highlights differences in policy and values on this issue that were already clearly there from the project's inception.

## Criminal Justice Policies

In recent years Oregon has developed a reputation for being "soft on crime". The "Defund the Police" movement has had a sympathetic ear with many large city mayors and city councils, as well as state legislators and Governor Kate Brown. Portland gutted its policing budget, then as violent crimes continued to spike, increased city police budgets a year later.<sup>105</sup> In the midst of the defunding effort, the Multnomah County district attorney announced he would not be prosecuting most riot-related crimes, causing state police to pull out of Portland where they had been supporting the city police force.<sup>106</sup> In many ways Portland has been a dramatic example of the statewide approach in recent years to crime, as Governor Brown has pursued an agenda of decreased prosecution and more lenient sentencing for a variety of criminal activities as well as early release for many prisoners.

While rural sheriff and police departments have not faced the kind of intense scrutiny and defunding efforts that the big city forces have, they are still struggling to adequately serve their communities. Their funding has dwindled for other reasons, the need for increased law-enforcement presence has grown, especially in southwestern counties where illegal marijuana grows and other drug-related crimes have caused an overwhelming need for policing far beyond the capacity of local departments.<sup>107</sup> Recently, Jackson County declared a state of emergency in the face of prolific cartel-sponsored illegal grow operations and the ancillary crimes that come with these operations, including illegal immigration, human trafficking, and violent crimes. While some of the problems facing Oregon county sheriffs and small town police units are endemic to rural policing to some extent (lower budgets for large coverage areas and frequently difficult

- https://www.oregon.gov/oha/PH/BIRTHDEATHCERTIFICATES/VITALSTATISTICS/Pages/Induced-Abortion-Data.aspx <sup>105</sup> Portland among U.S. cities adding funds back into police departments. Sara Cline (2021) https://www.pbs.org/newshour/nation/portland-among-u-s-cities-adding-funds-to-police-
- departments#:~:text=Among%20the%20rallying%20cries%20were,partially%20restored%20the%20cut%20funds

<sup>100</sup> Green Acres: What's Driving and Why Police Worry About Clandestine Pot Farms, Illegal Grow Houses. Mike Sunnucks (2022)

https://www.heraldandnews.com/news/local\_news/whats-driving-and-why-police-worry-about-clandestine-potfarms-illegal-grow-houses/article\_f1dd1826-76e1-5859-9922-5370a4f54ac8.html



<sup>&</sup>lt;sup>104</sup> Induced Abortion Data. Oregon Health Authority (2022)

terrain), Oregon's rural law enforcement face the additional difficulty of permissive drug laws which, when coupled with little support from state government for enforcement of permitting and other laws, and a disinclination to aggressively prosecute or punish drug and immigration offenses, many argue create a legal landscape ripe for exploitation by criminal elements that has become unmanageable.

According to 2019-2020 data from the National Survey on Drug Use and Health, percentages of the population using illegal drugs were higher in Oregon than Idaho across nearly all metrics, and often significantly so.<sup>108</sup> This data was compiled before Oregon initiatives went into effect which eliminated penalties for small amounts of hard drugs. While the causes for illegal drug use rates in a given population can be complex and difficult to parse out, it is reasonable to presume that criminalization and enforcement policy are a part of the equation.

By contrast, Idaho has what many politicians like to call a "tough on crime" stance, and politically has been strongly supportive of law enforcement efforts. In the midst of the "defund the police movement", Governor Brad Little announced that Idaho would be "defending the police", and issued hazard pay checks to many front-line law enforcement personnel.<sup>109</sup> Idaho has a notably high per-capita incarceration rate and some of the harshest drug laws in the country, and while Governor Little has indicated that the state's level of incarceration (and its attendant costs) is coming to be seen as a problem that needs to be addressed, Idaho remains undeniably "tough on crime" and willing to enforce and prosecute its laws.

There is strong academic research on the negative correlation between crime rates and economic growth. One well known study found that a 5% increase in crime is associated with a 0.002% decrease in GDP.<sup>110</sup> Furthermore, the impact is more pronounced during recessions than during expansions. Though seemingly modest, when multiplied by millions in GDP the impact is undeniably large.

What is less known is how the spike in criminal activity in soft-on-crime blue areas has affected economic performance over the past several years. This is due primarily to the fact that political bifurcation on these issues reached its peak in 2020/21, not allowing enough time for economists and sociologists to collect data and study the differences. There are clear anecdotal patterns at play, however. A simple review of 2021 net migration statistics reveals a general pattern of blue states losing population to red states, and urban blue metros losing population to redder exurban and rural areas. Also, the rise of "flash robs," organized preplanned robberies by groups of people, have significantly harmed revenue, sales, and visitor traffic to highend shopping districts in numerous locations throughout the country.<sup>111</sup>

<sup>109</sup> State police start receiving \$1,000 "Defend the Police" bonuses". Office of the Governor (2021)
 <u>https://gov.idaho.gov/pressrelease/state-police-start-receiving-1000-defend-the-police-bonuses/</u>
 <sup>110</sup> Does Crime Affect Economic Growth? Kyklos, Claudio Detotto & Edoardo Otranto (2010)

<sup>&</sup>lt;sup>111</sup> 'Flash mob' robberies roiling U.S. retailers, traumatizing workers. Abha Bhattarai & Gerrit De Vynck (2021) <u>https://www.washingtonpost.com/business/2021/12/03/retail-theft-organized-crime/</u>



<sup>&</sup>lt;sup>108</sup> 2019-2020 National Survey on Drug Use and Health. Substance Abuse and Mental Health Services Administration <u>https://www.samhsa.gov/data/sites/default/files/reports/rpt35343/2020NSDUHsaeMaps112421/NSDUHsaeMaps202</u> <u>0.pdf</u>

Another key issue that affected police forces across the country in 2020 and 2021 was the implementation of vaccine mandates. Police unions in several states resisted the mandates, which was a cause for contention between state governments and police departments.<sup>112</sup> However, unlike in Washington State, Oregon State Police did not have as much fallout due to the mandate—citing only a 0.01% rate of non-compliance, excluding exemptions that were granted.<sup>113</sup> The City of Portland, on the other hand, was unable to enforce a vaccine mandate, which means that no City police officers were terminated due to non-compliance.<sup>114</sup>

## Marijuana & Hemp Production

Many states have moved to legalize cannabis for medicinal purposes, but as of 2022 just 18 have legalized it for recreational purposes. Idaho is in a unique geopolitical position on this front as its neighbors in Oregon, Washington, and California were among the first in the nation to permit usage for recreational purposes. Many Idahoans are familiar with recreational cannabis retailers as they frequently dot the Idaho state border near populous locations such as Spokane, WA and Ontario, OR. Despite the familiarity, most Idahoans remain staunchly anti-pot. Over the past ten-years the Idaho state legislature has blocked nearly every effort to permit cannabis or CBD products from gaining acceptance. Idaho also retains some of the strictest laws against possession and trafficking of marijuana in the United States.<sup>115</sup>

<sup>&</sup>lt;sup>115</sup> A state-by-state ranking of cannabis regulations. Thompson Coburn LLP (2021) <u>https://www.thompsoncoburn.com/insights/blogs/tracking-cannabis/post/2018-10-04/a-state-by-state-ranking-of-cannabis-regulations</u>.



<sup>&</sup>lt;sup>112</sup> Police officers and unions put up a fight against vaccine mandates for public workers. Becky Sullivan (2021) <u>https://www.npr.org/2021/10/19/1047140849/police-officers-unions-vaccine-mandates-covid-19</u>

<sup>&</sup>lt;sup>113</sup> Vaccine Watch: Oregon State Police reports little fallout from vaccine mandate, unlike Washington counterparts. Jamie Parfitt (2022)

https://www.kdrv.com/news/coronavirus/vaccine-watch-oregon-state-police-reports-little-fallout-from-vaccinemandate-unlike-washington-counterparts/article\_22690403-bf66-5d57-96e5-5535ccde3202.html

<sup>&</sup>lt;sup>114</sup> Portland will not enforce citywide vaccine mandate on police force. Rebecca Ellis (2021)

https://www.opb.org/article/2021/09/08/portland-mayor-ted-wheeler-police-bureau-citywide-covid-19-vaccinemandate/



Figure 25: 2021 Industrial Hemp Floral Production (Pounds) – Grown Under Protection Marijuana plays a fairly small role in the economy of Oregon but from a political standpoint it plays a significant role in Idaho's perception of the Greater Idaho concept. As a point of comparison, sales in 2020 within the cannabis industry in Oregon (\$1.11B) were equivalent to winery sales (\$1.18B). PC makes no assumptions either in favor or against marijuana growing and distribution in the Converting Counties and the rest of Idaho. The effect of entirely losing the

Source: USDA National Hemp Report

legal cannabis industry in the Converting Counties

would have a relatively small impact in comparison to the weightier issues being considered. Also, it could be argued that many growers in southern Oregon have never fully adapted to cannabis legalization and therefore would have little problem remaining or adapting back to a black-market supplier. On the Idaho side, if cannabis were ever legalized, it would be for cultural and economic reasons extending far beyond the Greater Idaho concept.

The criminalization of cannabis has never been a closed discussion in the United States. Legal hemp production returned for a short time during the Second World War, and several states (Oregon prominent among them) continued to push for legalization of marijuana and hemp in various capacities, with the momentum for legalization picking up significant steam over the last two decades. At the federal level, the Farm Bill of 2018 removed hemp from the list of Schedule I drugs and decriminalized its production and distribution, making hemp a legal, regulated industrial farming product across the US by 2022. In addition, the MORE Act, which would de-schedule all cannabis, passed the House of Representatives in 2020, though it was not voted on in the then Republican controlled Senate. The act was reintroduced in the House in May of 2021.

Oregon has been at the vanguard of the cannabis legalization push, with medical and recreational marijuana, and commercial hemp all legal to produce and sell in some capacity in the state, subject of course to significant bureaucratic regulation through the Oregon Liquor Control Commission (now the Oregon Liquor and Cannabis Commission), at least in theory. While many growers and commercial outlets have applied for and been granted licenses to grow and sell hemp and marijuana according to the new regulations, illegal growing operations—either marijuana being grown under a hemp license or simply unlicensed and unregulated altogether—have multiplied particularly in Southern Oregon counties with ideal growing conditions for cannabis and a long history of black market production. States of emergency



have been declared in Jackson and Josephine counties as illegal cannabis production and the attendant crime and detrimental environmental effects from these criminal enterprises have completely overwhelmed local law enforcement resources.

Idaho has certainly not been a cannabis-friendly state, though there does seem to have been a slight public opinion shift in favor of some cannabis legalization recently. While the Idaho Office of Drug Policy officially opposes any and all legalization, some polls indicate that popular support for medical marijuana legalization may be higher than 70%. In compliance with the 2018 Farm Bill, the Idaho Department of Agriculture has begun issuing hemp growing licenses to farmers.

Cannabis policy would present a significant complicating factor for any Oregon county looking to join Idaho. Hemp production may be less of a thorny issue to resolve, at least on the surface, as the 2018 Farm Bill provides a certain level of baseline policy uniformity. And while Idaho public opinion regarding legalization may be softening, it should not be assumed that Oregon public opinion is uniform on issues of legalization; particularly in rural Southern and Eastern Oregon. Over 90 cities and counties chose to opt out of various aspects of the legalization of recreational marijuana use and retail sale when it first became state law, the majority of which are located in areas among the Converting Counties.

Regardless of whatever common ground may be found amongst the citizens of Idaho and Converting Oregon Counties, the issue of cannabis legalization and regulation presents a complex policy and law enforcement debacle for Idaho and any Converting Counties. Any Oregon counties wishing to join Idaho would have to consider how to negotiate cannabis laws for their citizens, particularly medical and recreational marijuana, and Idaho would have to weigh the cost not only of managing and enforcing potentially new or different cannabis laws in Converting Counties, but also the law-enforcement cost of taking on the entrenched and well financed criminal commercial grow enterprises in Southern Oregon counties like Jackson and Josephine.

### Population Migration

Idaho's population boom is well documented and among one of the strongest in the union on both a percentage and numerical basis. The migration boom has been picking up speed for the past five years and spiked in 2020/21 in association with COVID lockdowns in many adjacent western states (such as Oregon, Washington, and California). There is reason to believe that the events of 2020/21 resulted in a unique bump that will not be duplicated in coming years, including the mass adoption of work from home opportunities combined with the lower cost of living in Idaho. But there is no reason to think that the trend will reverse course.

In America, politics are playing an increasingly important role in where people choose to live, a trend recently referred to as "The Big Sort." Another anecdote in support of increased migration to the Converting Counties if they joined Idaho comes from a poll conducted by SurveyUSA in January 2022. The results indicate that 22% of Northwest Oregonians surveyed would be interested in moving to eastern or southern Oregon (if it were part of Idaho) within the next ten years. Responses to the question were strongly correlated with political orientation, as 61% of those stating they were Very or Somewhat Likely to



move were Conservative.<sup>116</sup> There does tend to be a big difference between survey responses and actions. But, even if these results are cut in half and only those who adult responded "Very Likely" to move are counted, this amounts to over 130,000 migrants from Northwest Oregon to Idaho within a ten-year period of time.

Many of these citizens would presumably take advantage of the fact that Idaho would now be geographically closer to their place of work and residency. For these reasons, our model anticipates population increase in the Converting Counties, particularly among the counites nearest to Northwest Oregon. For similar reasons, it is likely that counties along what would become the Idaho/California border would experience a similar bump in in-migration. This pattern has also been strong over the past decade, as many Conservative Californians have sought out new residence in the relatively lower-cost and less regulated Oregon.

<sup>&</sup>lt;sup>116</sup> Results of SurveyUSA Mkt Research Study #26224. https://www.surveyusa.com/client/PollReport.aspx?g=1b8ef8fc-e35f-45b7-9e2f-e7bdb4cb20da



# Direct Impact Assumptions by Industry & Category

The above listed issues fed into PC's determination for the following direct inputs that were used as direct effects in the IMPLAN input-output model. Table 22 explains the type of input, the magnitude, the locations and the rationale for the particular number and approach.

### Table 22: Direct Inputs for EIA

| Sector(s)<br>Affected     | Direct Impact by Categories<br>& Amount   | Locations  | Rationale   |
|---------------------------|---|--|---|
| Agriculture               | 1. Output: +0.5%  <br>Proprietors' Income: +1.5%<br>2. Output: +0.75%  <br>Proprietors' Income: +2.0% | <ol> <li>All Other Counties</li> <li>Baker, Harney &amp; Malheur<br/>counties</li> </ol>   | Differences in environmental,<br>water and labor policies,<br>affect all counties but most<br>difficult for counties nearest<br>to Southwest Idaho    |
| Capital<br>Investment     | Varies by county: +\$174M in<br>total   | All Counties   | Increased investment in all<br>forms of private sector<br>business due to reductions in<br>wealth taxes (particularly<br>corporate and capital gains) |
| Construction              | 1. Output: +2.0%<br>2. Output: +2.25%<br>3. Output: +2.25%  | <ol> <li>Coos, Deschutes, Douglas,<br/>Jefferson &amp; Wasco counties</li> <li>Curry, Josephine, Klamath</li> <li>Lake counties</li> <li>Jackson County</li> </ol> | Observed migration rates,<br>observed differences in<br>growth rates, and<br>interpretation of political<br>motivations                               |
| Corporate<br>Headquarters | Proprietors' Income: +0.34  | All Counties   | Calculations of reduced<br>corporate tax rates on C-<br>corps in Idaho compared to<br>Oregon  |
| Healthcare                | Output: (0.3%)  | All Counties   | Observed historical changes,<br>and reduction of medical<br>provider tax allocations after<br>exiting Oregon  |
| Household<br>Income       | Varies by county: +\$1.3B in<br>total   | All Counties   | Increased household<br>spending due to reductions in<br>personal income taxes   |
| Manufacturing             | Employment: +1.3%   | All Counties   | Literature review indicated<br>long-term impact due to cap<br>and trade policies  |
| Mining                    | Output: +1.5%   | All Counties   | Differences in environmental<br>and labor policies  |



| Real Estate                    | 1. Output: +2.0%<br>2. Output: +2.25%<br>3. Output: +2.25% | <ol> <li>Coos, Deschutes, Douglas,<br/>Jefferson &amp; Wasco counties</li> <li>Curry, Josephine, Klamath</li> <li>Lake counties</li> <li>Jackson County</li> </ol> | Observed migration rates,<br>observed differences in<br>growth rates, and<br>interpretation of political<br>motivations  |  |  |
|--------------------------------|--|--|--|--|--|
| Retail Trade                   | Output: (2.0%)   | Deschutes County   | Impacts only proportion of<br>retail on Greater Idaho side of<br>the border, assuming re-<br>balancing of purchasing<br>patterns in association with<br>sales tax implementation |  |  |
| State<br>Government            | Employee Compensation:<br>(0.65%)                          | All Counties   | Reductions in tax funding<br>after exiting Oregon, and<br>assumption that state will<br>reduce wages rather than<br>dismiss employees  |  |  |
| Transportation & Warehousing   | Output: +0.2%  | All Counties   | Differences in cap and trade,<br>fuel taxes, and observed<br>differences in historic growth<br>rates   |  |  |
| Transportation&<br>Warehousing | N/A  | Coos, Douglas, Klamath, and<br>Jackson counties  | Particular increases on unique<br>industries involved in oil<br>transport, rail transport, and<br>Port operations based on<br>prior literature on given<br>topics                |  |  |

Source: Points Consulting, 2022

# Economic Impact Results

## Converting Counties Summary & Comparison

Detailed economic impacts for each individual county are described in the following set of tables. A description of common terms and methodology is included at the end of this section under Economic Impact Methodology & Terminology. Tables showing comparative impact on each county are included in Appendix B.

In terms of economic effects, the results are fairly similar across the key metrics. Jackson County stands apart from all other counties, accounting for around a quarter of the region's total impact in terms of jobs, payroll, value added, and output. Jackson County's status as the largest economy among the Converting Counties boosts its results in several ways. First and foremost, there is a deeper supply chain and amenity base to absorb the ripple effect spending within its own borders. This explains the large size of the gold bar in Figure 26. Additionally, the amount of wealth returned to high income earners and business owners (as indicated in the <u>Public Finance</u> chapter) is considerable.







Source: Points Consulting 2022, using IMPLAN

Counties rounding out the top five in job growth also include Coos, Douglas, Deschutes, and Josephine. Four of the Converting Counties are anticipated to have a jobs impact of fewer than 50 jobs overall, namely, Sherman, Wheeler, and Wasco. However, it is important to remember that the existing employment base for each of these counties, or partial counties, are fairly small.





Figure 27: Increase in GDP and Percentage Increase in GDP by County

Figure 27 focuses on numeric and percentage growth in value-added. When aggregated across an entire economy, value-added is equivalent to a region's Gross Regional Product (GRP). Most are familiar with the concept of GDP, and this follows the same lines. The chart emphasizes the difference between change and percentage change. Although second in gross change, Coos leads all counties in percentage change at +8.5%. Other leading counties in percentage growth include Gilliam and Harney, both with +4% growth.

Tables 23 and 24 show a summary of both the direct and total effects of the EIA for the base case and an expanded sensitivity analysis, respectively. These tables illustrate the numbers for the previous figures in more detail. The sensitivity analysis is provided as an added estimate to account for the effects that the more conservative base case may not have picked up. Jackson, Coos, and Douglas would be the leaders in terms of new job creation. The highest boost in GDP would occur in Jackson County, with a \$214 million increase to GDP. Whereas the largest uptick in output would happen in Coos County, with an expansion of \$429 million to economic output. Tables 25-46 provide a more detailed explanation of the economic effects by county.



Source: Points Consulting 2022, using IMPLAN

| Direct      |       |              |             | Total    |       |              |             |          |
|-------------|-------|--------------|-------------|----------|-------|--------------|-------------|----------|
| County      | Jobs  | Labor Income | Value Added | Output   | Jobs  | Labor Income | Value Added | Output   |
| Jackson     | 537   | \$27.9M      | \$47.1M     | \$119.5M | 2,585 | \$122.3M     | \$214.4M    | \$422.6M |
| Coos        | 355   | \$41.9M      | \$103.6M    | \$241.2M | 1,538 | \$98.8M      | \$197.4M    | \$429.3M |
| Douglas     | 213   | \$11.7M      | \$17.6M     | \$45.8M  | 1,002 | \$48.4M      | \$81.9M     | \$162.6M |
| Josephine   | 168   | \$8.6M       | \$14.3M     | \$34.9M  | 766   | \$36.2M      | \$63.2M     | \$123.7M |
| Deschutes   | 163   | \$8.9M       | \$13.9M     | \$34.8M  | 917   | \$43.5M      | \$75.6M     | \$145.9M |
| Klamath     | 122   | \$7.0M       | \$11.3M     | \$24.5M  | 575   | \$27.9M      | \$48.2M     | \$91.3M  |
| Umatilla    | 103   | \$6.7M       | \$9.7M      | \$33.8M  | 690   | \$33.7M      | \$57.4M     | \$119.8M |
| Curry       | 55    | \$3.1M       | \$4.8M      | \$10.6M  | 228   | \$11.2M      | \$18.8M     | \$36.1M  |
| Morrow      | 49    | \$3.7M       | \$5.4M      | \$17.0M  | 200   | \$10.7M      | \$17.4M     | \$39.9M  |
| Malheur     | 44    | \$3.5M       | \$4.5M      | \$10.1M  | 214   | \$11.3M      | \$18.3M     | \$35.1M  |
| Union       | 40    | \$2.4M       | \$3.4M      | \$9.9M   | 242   | \$11.8M      | \$20.0M     | \$39.8M  |
| Crook       | 27    | \$1.6M       | \$2.1M      | \$5.3M   | 225   | \$10.7M      | \$18.4M     | \$34.3M  |
| Baker       | 25    | \$1.6M       | \$2.5M      | \$5.8M   | 139   | \$6.9M       | \$11.8M     | \$22.7M  |
| Jefferson   | 24    | \$1.3M       | \$1.8M      | \$3.2M   | 147   | \$7.0M       | \$11.8M     | \$21.1M  |
| Lake        | 23    | \$1.3M       | \$1.8M      | \$3.0M   | 108   | \$5.2M       | \$8.7M      | \$15.5M  |
| Harney      | 18    | \$1.1M       | \$1.4M      | \$1.8M   | 144   | \$6.8M       | \$11.6M     | \$20.0M  |
| Wallowa     | 14    | \$889.8K     | \$1.2M      | \$2.6M   | 71    | \$3.5M       | \$5.9M      | \$11.0M  |
| Grant       | 8     | \$522.9K     | \$702.8K    | \$1.5M   | 55    | \$2.7M       | \$4.5M      | \$8.3M   |
| Gilliam     | 3     | \$247.9K     | \$331.6K    | \$468.5K | 63    | \$3.0M       | \$5.2M      | \$9.1M   |
| Sherman     | 3     | \$373.7K     | \$482.1K    | \$662.2K | 40    | \$2.1M       | \$3.5M      | \$6.0M   |
| Wheeler     | 2     | \$90.8K      | \$127.9K    | \$284.8K | 7     | \$348.0K     | \$583.4K    | \$1.1M   |
| Wasco       | 1     | \$77.4K      | \$109.0K    | \$193.5K | 8     | \$368.7K     | \$625.7K    | \$1.1M   |
| Grand Total | 1,996 | \$134.7M     | \$248.2M    | \$606.8M | 9,965 | \$504.3M     | \$895.1M    | \$1.8B   |

## Table 23: Summary of Direct and Total Economic Impacts by County, Base EIA<sup>117</sup>

Source: Points Consulting 2022, using IMPLAN

#### Table 24: Summary of Direct and Total Economic Impacts by County, Expanded EIA

| Direct    |      |              |             |          | Total |              |             |          |
|-----------|------|--------------|-------------|----------|-------|--------------|-------------|----------|
| County    | Jobs | Labor Income | Value Added | Output   | Jobs  | Labor Income | Value Added | Output   |
| Jackson   | 644  | \$33.5M      | \$56.5M     | \$143.4M | 3,102 | \$146.8M     | \$257.3M    | \$507.1M |
| Coos      | 426  | \$50.3M      | \$124.3M    | \$289.4M | 1,846 | \$118.6M     | \$236.9M    | \$515.2M |
| Douglas   | 256  | \$14.0M      | \$21.1M     | \$55.0M  | 1,202 | \$58.1M      | \$98.3M     | \$195.1M |
| Josephine | 202  | \$10.3M      | \$17.2M     | \$41.9M  | 919   | \$43.4M      | \$75.8M     | \$148.4M |

<sup>117</sup> Please note, impacts would register primarily within the Greater Idaho component of the partial counties, those denoted with asterisks (\*)


| Grand Total | 2,395 | \$161.6M | \$297.8M | \$728.2M | 11,958 | \$605.2M | \$1.1B   | \$2.2B   |
|-------------|-------|----------|----------|----------|--------|----------|----------|----------|
| Wasco       | 1     | \$92.9K  | \$130.8K | \$232.2K | 10     | \$442.4K | \$750.8K | \$1.3M   |
| Wheeler     | 2     | \$109.0K | \$153.5K | \$341.8K | 8      | \$417.6K | \$700.1K | \$1.3M   |
| Sherman     | 4     | \$448.4K | \$578.5K | \$794.6K | 48     | \$2.5M   | \$4.2M   | \$7.2M   |
| Gilliam     | 4     | \$297.5K | \$397.9K | \$562.2K | 76     | \$3.6M   | \$6.2M   | \$10.9M  |
| Grant       | 10    | \$627.5K | \$843.4K | \$1.8M   | 66     | \$3.2M   | \$5.4M   | \$10.0M  |
| Wallowa     | 17    | \$1.1M   | \$1.4M   | \$3.1M   | 85     | \$4.2M   | \$7.1M   | \$13.2M  |
| Harney      | 22    | \$1.3M   | \$1.7M   | \$2.2M   | 173    | \$8.2M   | \$13.9M  | \$24.0M  |
| Lake        | 28    | \$1.6M   | \$2.2M   | \$3.6M   | 130    | \$6.2M   | \$10.4M  | \$18.6M  |
| Jefferson   | 29    | \$1.6M   | \$2.2M   | \$3.8M   | 176    | \$8.4M   | \$14.2M  | \$25.3M  |
| Baker       | 30    | \$1.9M   | \$3.0M   | \$7.0M   | 167    | \$8.3M   | \$14.2M  | \$27.2M  |
| Crook       | 32    | \$1.9M   | \$2.5M   | \$6.4M   | 270    | \$12.8M  | \$22.1M  | \$41.2M  |
| Union       | 48    | \$2.9M   | \$4.1M   | \$11.9M  | 290    | \$14.2M  | \$24.0M  | \$47.8M  |
| Malheur     | 53    | \$4.2M   | \$5.4M   | \$12.1M  | 257    | \$13.6M  | \$22.0M  | \$42.1M  |
| Morrow      | 59    | \$4.4M   | \$6.5M   | \$20.4M  | 240    | \$12.8M  | \$20.9M  | \$47.9M  |
| Curry       | 66    | \$3.7M   | \$5.8M   | \$12.7M  | 274    | \$13.4M  | \$22.6M  | \$43.3M  |
| Umatilla    | 124   | \$8.0M   | \$11.6M  | \$40.6M  | 828    | \$40.4M  | \$68.9M  | \$143.8M |
| Klamath     | 146   | \$8.4M   | \$13.6M  | \$29.4M  | 690    | \$33.5M  | \$57.8M  | \$109.6M |
| Deschutes   | 196   | \$10.7M  | \$16.7M  | \$41.8M  | 1,100  | \$52.2M  | \$90.7M  | \$175.1M |

Source: Points Consulting 2022, using IMPLAN

### Individual County Impacts

### Table 25: Economic Impact Summary for Baker County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 25         | \$5.8        | \$0.8         | \$2.5             |
| Total      | 139        | \$22.7       | \$5.0         | \$11.8            |
| Multiplier | 5.56       | 3.91         | 6.25          | 4.71              |

Source: Points Consulting 2022 using IMPLAN

Baker County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$22.7M in economic output, and the addition of 139 jobs. Industries receiving the largest boost in terms of output include cement manufacturing, hospitals, and other real estate. On the other hand, state government employment could be adversely affected.

### Table 26: Economic Impact Summary for Coos County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 355        | \$241.2      | \$33.3        | \$103.6           |
| Total      | 1,538      | \$429.3      | \$77.1        | \$197.4           |
| Multiplier | 4.33       | 1.78         | 2.32          | 1.91              |

Source: Points Consulting 2022 using IMPLAN



Coos County would see a significantly positive effect from the move to Idaho. Our estimates indicate an increase of \$429.3M in economic output, and the addition of 1,538 jobs. Industries receiving the largest boost in terms of output include natural gas distribution, water transportation, and electric power transmission and distribution. However, state government services such as education may be negatively affected.

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 27         | \$5.3        | \$0.9         | \$2.1             |
| Total      | 225        | \$34.3       | \$8.0         | \$18.4            |
| Multiplier | 8.33       | 6.48         | 8.89          | 8.64              |

# Table 27: Economic Impact Summary for Crook County

Source: Points Consulting 2022 using IMPLAN

Crook County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$34.3M in economic output, and the addition of 225 jobs. Industries receiving the largest boost in terms of output include other real estate, hospitals, and cut stock, and limited-service restaurants. On the other hand, state government employment could be adversely affected.

### Table 28: Economic Impact Summary for Curry County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 55         | \$10.6       | \$1.7         | \$4.8             |
| Total      | 228        | \$36.1       | \$8.0         | \$18.8            |
| Multiplier | 4.15       | 3.41         | 4.71          | 3.94              |

Source: Points Consulting 2022 using IMPLAN

Curry County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$36.1M in economic output, and the addition of 228 jobs. Industries receiving the largest boost in terms of output include other real estate, hospitals, and veneer and plywood manufacturing. State government employment may be adversely affected.

### Table 29: Economic Impact Summary for Deschutes County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 163        | \$34.8       | \$4.1         | \$13.9            |
| Total      | 917        | \$145.9      | \$31.1        | \$75.6            |
| Multiplier | 5.63       | 4.20         | 7.59          | 5.42              |

Source: Points Consulting 2022 using IMPLAN

Deschutes County would see a significantly positive effect from the move to Idaho. Our estimates indicate an increase of \$145.9M in economic output, and the addition of 917 jobs. Industries receiving the largest boost in terms of output include other real estate, hospitals, and offices of physicians.

### Table 30: Economic Impact Summary for Douglas County



| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 213        | \$45.8       | \$7.3         | \$17.6            |
| Total      | 1,002      | \$162.6      | \$36.1        | \$81.9            |
| Multiplier | 4.70       | 3.55         | 4.95          | 4.65              |

Source: Points Consulting 2022 using IMPLAN

Douglas County would see a significantly positive effect from the move to Idaho. Our estimates indicate an increase of \$162.6M in economic output, and the addition of 1,002 jobs. Industries receiving the largest boost in terms of output include other real estate, veneer and plywood manufacturing, and sawmills. However, state government services such as education may be negatively affected.

#### **Table 31: Economic Impact Summary for Gilliam County**

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 3          | \$0.5        | \$0.1         | \$0.3             |
| Total      | 63         | \$9.1        | \$2.2         | \$5.2             |
| Multiplier | 21.00      | 19.50        | 22.00         | 15.71             |

Source: Points Consulting 2022 using IMPLAN

Gilliam County would see a marginally positive effect from the move to Idaho. Our estimates indicate an increase of \$9.1M in economic output, and the addition of 63 jobs. Industries receiving the largest boost in terms of output include other real estate, hospitals, offices of physicians, and limited-service restaurants. On the other hand, state government employment could be adversely affected.

### Table 32: Economic Impact Summary for Grant County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 8          | \$1.5        | \$0.2         | \$0.7             |
| Total      | 55         | \$8.3        | \$1.9         | \$4.5             |
| Multiplier | 6.56       | 5.45         | 8.24          | 6.41              |

Source: Points Consulting 2022 using IMPLAN

Grant County would see a marginally positive effect with the move to Idaho. Our estimates indicate an increase of \$8.3M in economic output, and 55 additional jobs. Industries receiving the largest boost in terms of output include sawmills, other real estate, and hospitals. On the other hand, state government employment could be adversely affected.



| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 18         | \$1.8        | \$0.3         | \$1.4             |
| Total      | 144        | \$20.0       | \$4.8         | \$11.6            |
| Multiplier | 8.14       | 11.39        | 16.92         | 8.54              |

### Table 33: Economic Impact Summary for Harney County

Source: Points Consulting 2022 using IMPLAN

Harney County would see a marginally positive effect with the move to Idaho. Our estimates indicate an increase of \$20.0M in economic output, and the addition of 144 jobs. Industries receiving the largest boost in terms of output include beef and dual-purpose ranching and farming, hospitals, and other real estate. A number of industries would also be negatively affected including state government employment, home healthcare services and oilseed farming.

### Table 34: Economic Impact Summary for Jackson County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 537        | \$119.5      | \$15.4        | \$47.1            |
| Total      | 2,585      | \$422.6      | \$89.2        | \$214.4           |
| Multiplier | 4.82       | 3.54         | 5.78          | 4.55              |

Source: Points Consulting 2022 using IMPLAN

Jackson County would see a significantly positive effect from the move to Idaho. Our estimates indicate an increase of \$422.6M in economic output, and the addition of 2,585 jobs. Industries receiving the largest boost in terms of output include other real estate, hospitals, and rental homes. A number of industries would also be negatively affected including state government employment and payroll in education and services, and oilseed farming.

### Table 35: Economic Impact Summary for Jefferson County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 24         | \$3.2        | \$0.5         | \$1.8             |
| Total      | 147        | \$21.1       | \$4.9         | \$11.8            |
| Multiplier | 6.06       | 6.65         | 9.73          | 6.50              |

Source: Points Consulting 2022 using IMPLAN

Jefferson County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$21.1M in economic output, and the addition of 147 jobs. Industries receiving the largest boost in terms of output include other real estate, other local government enterprise and hospitals. A number of industries would also be negatively affected including tobacco, cotton, and sugarcane and sugar beet farming.



| Table 36: Economic Impact Summary | y for Josephine County |  |
|-----------------------------------|------------------------|--|
|                                   |                        |  |
|                                   |                        |  |

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| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 168        | \$34.9       | \$4.8         | \$14.3            |
| Total      | 766        | \$123.7      | \$26.5        | \$63.2            |
| Multiplier | 4.57       | 3.54         | 5.49          | 4.43              |

Source: Points Consulting 2022 using IMPLAN

Josephine County would see a significantly positive effect from the move to Idaho. Our estimates indicate an increase of \$1237.7M in economic output, and the addition of 766 jobs. Industries receiving the largest boost in terms of output include other real estate, tenant-occupied housing, and hospitals. State government employment would be negatively impacted.

# Table 37: Economic Impact Summary for Klamath County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 122        | \$24.5       | \$3.7         | \$11.3            |
| Total      | 575        | \$91.3       | \$20.1        | \$48.2            |
| Multiplier | 4.71       | 3.73         | 5.43          | 4.27              |

Source: Points Consulting 2022 using IMPLAN

Klamath County would see a significantly positive effect from the move to Idaho. Our estimates indicate an increase of \$91.3M in economic output, and the addition of 575 jobs. Industries receiving the largest boost in terms of output include other real estate, hospitals, and rental properties. A number of industries would also be negatively affected including state government employment and payroll in education and other services, and oilseed farming.

### Table 38: Economic Impact Summary for Lake County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 23         | \$3.0        | \$0.5         | \$1.8             |
| Total      | 108        | \$15.5       | \$3.5         | \$8.7             |
| Multiplier | 4.68       | 5.09         | 7.44          | 4.76              |

Source: Points Consulting 2022 using IMPLAN

Lake County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$15.5M in economic output, and the addition of 108 jobs. Industries receiving the largest boost in terms of output include hospitals, offices of physicians, and other real estate. A number of industries would also be negatively affected including state government employment and services, and oilseed and tobacco farming.



| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 44         | \$10.1       | \$1.2         | \$4.5             |
| Total      | 214        | \$35.1       | \$7.4         | \$18.3            |
| Multiplier | 4.93       | 3.48         | 5.99          | 4.05              |

### Table 39: Economic Impact Summary for Malheur County

Source: Points Consulting 2022 using IMPLAN

Malheur County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$35.1M in economic output, and the addition of 214 jobs. Industries receiving the largest boost in terms of output include manufacturing of frozen fruits, juices, and vegetables, manufacturing of frozen specialties, and other real estate. A number of industries would also be negatively affected including state government employment in education and services, and tobacco farming.

### Table 40: Economic Impact Summary for Morrow County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 49         | \$17.0       | \$2.0         | \$5.4             |
| Total      | 200        | \$39.9       | \$7.6         | \$17.4            |
| Multiplier | 4.09       | 2.34         | 3.82          | 3.20              |

Source: Points Consulting 2022 using IMPLAN

Morrow County would see a moderately positive effect from the move to Idaho. Our estimates indicate an increase of \$39.9M in economic output, and the addition of 200 jobs. Industries receiving the largest boost in terms of output include manufacturing of frozen fruits, juices, and vegetables, manufacturing of frozen specialties, cheese manufacturing, dairy cattle and milk production, and other real estate. A few industries would also be negatively impacted including state government employment in education and other services.

### Table 41: Economic Impact Summary for Sherman County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 3          | \$0.7        | \$0.1         | \$0.5             |
| Total      | 40         | \$6.0        | \$1.4         | \$3.5             |
| Multiplier | 14.03      | 9.11         | 17.46         | 7.26              |

Source: Points Consulting 2022 using IMPLAN

Sherman County would see a marginally positive effect with the move to Idaho. Our estimates indicate an increase of \$6.0M in economic output, and the addition of 40 jobs. Industries receiving the largest boost in terms of output include other real estate, and grain farming. A few industries would also be negatively impacted including state government employment and payroll.



| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added |
|------------|------------|--------------|---------------|-------------|
| Direct     | 103        | \$33.8       | \$3.5         |             |
| Total      | 690        | \$119.8      | \$24.9        |             |
| Multiplier | 6.68       | 3.55         | 7.04          |             |

### Table 42: Economic Impact Summary for Umatilla County

Source: Points Consulting 2022 using IMPLAN

Umatilla County would see a highly positive effect with the move to Idaho. Our estimates indicate an increase of \$119.8M in economic output, and an addition of 690 jobs. Industries receiving the largest boost in terms of output include light truck and utility vehicle manufacturing, frozen fruits, juices, and vegetables manufacturing, and other real estate. A few industries would be negatively impacted including state government employment and payroll in hospitals and health services, education, and other government services.

### Table 43: Economic Impact Summary for Union County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 40         | \$9.9        | \$1.4         | \$3.4             |
| Total      | 242        | \$39.8       | \$8.8         | \$20.0            |
| Multiplier | 6.05       | 4.04         | 6.22          | 5.94              |

Source: Points Consulting 2022 using IMPLAN

Union County would see a moderately positive effect with the move to Idaho. Our estimates indicate an increase of \$39.8M in economic output, and an addition of 242 jobs. Industries receiving the largest boost in terms of output include travel trailer and camper manufacturing, hospitals, reconstituted wood product manufacturing, and other real estate. A few industries would be negatively impacted including state government employment and payroll in education and other government services.

### Table 44: Economic Impact Summary for Wallowa County

| Impact     | Employment | Output (\$M) | Payroll (\$M) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 14         | \$2.6        | \$0.4         | \$1.2             |
| Total      | 71         | \$11.0       | \$2.4         | \$5.9             |
| Multiplier | 5.10       | 4.19         | 6.24          | 4.76              |

Source: Points Consulting 2022 using IMPLAN

Wallowa County would see a moderately positive effect with the move to Idaho. Our estimates indicate an increase of \$11.0M in economic output, and an addition of 71 jobs. Industries receiving the largest boost in terms of output include construction of new single-family residential structures, and other real estate. State government employment in other services would be the only industry negatively impacted.



(\$M)

\$9.7 \$57.4

5.89

| Impact     | Employment | Output (\$M) | Payroll (\$K) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 1          | \$0.2        | \$27.5        | \$0.1             |
| Total      | 8          | \$1.1        | \$255.8       | \$0.6             |
| Multiplier | 5.92       | 5.79         | 9.31          | 5.74              |

Source: Points Consulting 2022 using IMPLAN

Wasco County would see a slight positive effect with the move to Idaho. Our estimates indicate an increase of \$1.1M in economic output, and an addition of 8 jobs. Industries receiving the largest boost in terms of output include other real-estate, and construction of new single-family residential structures. A few industries would be negatively impacted including state government employment and payroll in education and other government services.

#### Table 46: Economic Impact Summary for Wheeler County

| Impact     | Employment | Output (\$M) | Payroll (\$K) | Value Added (\$M) |
|------------|------------|--------------|---------------|-------------------|
| Direct     | 2          | \$0.3        | \$36.1        | \$0.1             |
| Total      | 7          | \$1.1        | \$238.2       | \$0.6             |
| Multiplier | 4.27       | 3.89         | 6.59          | 4.56              |

Source: Points Consulting 2022 using IMPLAN

Wheeler County would see a marginally positive effect with the move to Idaho. Our estimates indicate an increase of \$1.1M in economic output, and an addition of 7 jobs. Industries receiving the largest boost in terms of output include beef cattle ranching and dual-purpose farming, canned fruits and vegetables manufacturing, and other real estate. State government employment and payroll in other government services is the only industry negatively impacted.

Tables 56 and 57 in <u>Appendix B</u> show a detailed breakdown of the potential impact on employment by twodigit NAICS Code. In terms of economic impact by industry, the largest impact is expected to occur in the utilities sector in Coos County due to the Jordan Cove Pipeline, which could potentially create 180 new jobs. There would also be notable increases in the construction sector in Jackson County, where a total of 145 jobs could be created. Meanwhile, Umatilla could see 50 new jobs added to its manufacturing sector. On the other hand, the health care and social assistance sector would only experience either losses or no new job creation in each county. The top three sectors that would benefit the most across all counties are construction (510 jobs), utilities (191), and manufacturing (183).



# Economic Impact Methodology & Terminology

To generate this EIA, PC used the IMPLAN input-output (I-O) model. IMPLAN is a subscription-based tool that utilized data from a wide variety of public-sector sources to measure economic activities for all 3,006 counties in the United States. IMPLAN uses annual, regional data to estimate businesses' and households' buying/selling relationships in order to predict how specific economic changes will impact a regional economy. With the model users are allowed to change metrics such as employment, earnings, and output (or sales) for any of 546 sectors, eight household income sectors, and in terms of capital investment in over 526 commodity categories. Once entered, the IMPLAN model calculates how those changes would ripple across all sectors of the regional economy. The IMPLAN model includes numerous built-in metrics for industries, such as employment, output, local spending coefficients, industry-specific spending patterns, payroll, exports and imports, profit margins, and so on.

PC used the standard three channels of impact that are included in any EIA. Added together these channels result in the total economic impact to a region. These channels are identified as follows:

- **Direct effect** effects directly upon a given industry/industries selected by the user. In this case, each of the Converting Counties received direct changes for 70+ individual industry and household spending sectors.
- Indirect effect effects upon the selected industries' supply-chains. In other words, how changes in production at the direct level affect purchase of required product and service inputs. Indirect effects measure not only first-round supply chain affects but also effects on industries that sell to those industries (i.e., secondary and tertiary supply chain impacts). Indirect effects are the first component of "multiplier effects."
- Induced effect effects of increased spending of households' wages on locally produced goods and services. Induced effects are the second component of "multiplier effects."

# EIA Terminology

For each given channel, IMPLAN provides many metrics that explain the extent of impacts. PC limited our reporting to the following metrics: employment, labor income, value-added, and output. The following definitions provide greater details related to these metrics:

- **Employment (or Jobs)** jobs created by the annexation to Idaho. IMPLAN's employment estimates are in terms of full-time equivalent positions. These jobs area across a variety of industries, which are reported in detailed outputs by IMPLAN and summarized in Appendix
- Labor Income represents wages, salary, and benefits collected by employees, contractors, and other paid workers to support the given project. This category excludes income accrued to owners and investors.
- Value Added –GSP is a more conservative, and accurate, measure of impact than Output because it only quantifies the value-added by companies to the inputs that they received. Technically speaking, GSP includes employee compensation, proprietor income, taxes on production and imports and other property income, and excludes the value of intermediate inputs.



- **Output** also sometimes referred to as "sales," output refers to the economic value of a good or service rendered in the marketplace. Wholesale and retail sectors are treated slightly differently, in that industry specific margins are taken into account.
- **Proprietors Income** a component of labor income that goes to the self-employed and unincorporated business owners (i.e.: sole proprietorships, partnerships, and tax-exempt cooperatives). It excludes passive income generated by business investors.
- **Multipliers** measure the degree of additional change in a given metric (employment, labor income, etc.) compared to the direct effect. For example, a multiplier of 1.36 indicates that 36% more impact is produced at the indirect and induced levels, than the direct effect alone.



# Appendix A: Methodological Details

# Panel & Time Series Models of Home Values

In terms of housing price levels, the difference between Northwest Oregon, and the other three regions of analysis is stark, for example, in an average year over the past ten years home values are 35% higher in Northwest Oregon than in the Converting Counties.

PC developed a statistical model to review how home prices have changed in the states of Idaho and Oregon. The model examined housing prices between 2011 and 2020 and isolated geographies into four districts: Northwest Oregon, the Converting Counties, the inner Boise metropolitan areas (Ada & Canyon counties), and the rest of Idaho. PC focused on recent years because they represent the current political and economic climate that would result citizens altering the residential decisions. For similar reasons we focused on price change, rather than housing price levels, because change best captures the effects of current demand, production costs, and regulatory burdens.

In terms of statistical form, PC utilized two different models, namely a panel model and an ARIMA or timeseries regression. In each case, the model included control variables representing supply & demand in the housing market, namely the number of housing units and the total population. For the panel model, a Hausman test suggested the use of a random effects model. The findings of these models point to a single basic result: local supply & demand are still the dominant determinants in housing prices. Coefficients for supply & demand variables in the random effects were ten times higher than those of the four districts. In other words, the stock of housing and population have ten times the effect on housing prices than merely being located in the Converting Counties vs. Northwest Oregon.

# Regression Model of Employment Change

PC also developed a model which explores the recent historical differences in employment change between the four key districts of the Converting Counties, Idaho (statewide, including Ada and Canyon), Oregon (statewide) and Northwest Oregon (those Oregon counties not converting). Employment change at the aggregate level can be a helpful metric to gauge, but the different economic structures of the regions suggested a bottom-up, industry-level analysis. PC utilized the 2-digit North American Industrial Classification (NAICS) code groups for this purpose, which represent a reasonable and not unduly detailed level of disaggregation.<sup>118</sup> The model explores correlations of rolling 5-year growth rates between regions. The key to this process was not just finding differences in employment change, but statistically significant differences in employment change. Ultimately, PC decided to focus on changes by 2-digit industry with a statistical significance level of 90% of higher. Additionally, PC utilized the time frame of 2015-2019, choosing to exclude 2020 due to the unpredicted level of employment loss in all states, which is not likely to reflect future economic changes.

<sup>&</sup>lt;sup>118</sup> NAICS codes are the federally recognized method for collecting industry data in North American Countries. There are 21 detailed 2-digit NAICS codes as detailed by Census' 2017 Groupings: https://www.census.gov/naics/?58967?yearbck=2017.



### Income Tax Calculations

Determined the effect on income taxes required threading together a disparate series of data from the Idaho State Tax Commission, the Oregon Department of Revenue, and the Internal Revenue Service. Oregon reports income tax collections returns and collections as a component of adjusted gross income at the county level but does not report collections by household income level.<sup>119</sup> The IRS reports collections by county and household income, but the records are not comparable to Oregon's, likely because they are more focused on federal tax information that state taxes.<sup>120</sup> Beyond IRS statistics, Idaho reports no further detailed data on county level collections.

Using these sources PC developed a model that utilized the proportion of collections within eight household income groups, which were then controlled to reported statistics by the state of Oregon. To translate those figures to the Idaho tax structure, PC found corollary counties for each of the 22 Converting Counties. The tax collection pattern for those corollary counties were overlaid on to the AGI information for the Converting Counties. PC then multiplied out the effective tax rates for each of the Converting Counties to determine the likely tax burden in each.

# Corporate Tax Calculations

The state of Oregon publishes some statistics on corporate income tax collections but no data at the substate level. Additionally, Oregon has a graduated tiered approach to assessing corporate tax (6.6% for the first \$1M of income and 7.6% on all income above that level) which introduces and additional calculation challenge. To work around these issues PC utilized 2018 Corporate Tax results data published by the Oregon Legislative Revenue Office in the 2021 Oregon Public Finance: Basic Facts booklet that isolate taxes collected by C-Corporations at different in-state sales levels.<sup>121</sup> No data are published by state or federal government entities on number of businesses by revenue or sales amounts. Instead, PC used company employment size, as published by the US Census Bureau, as a proxy for company sales. These data are published annually in Census County Business Patterns report at the county level.<sup>122</sup>

PC's analysis of these data for the Converting Counties and Northwest Oregon reveal a distinctly different pattern of employment sizes in the two regions. Despite this, the effective difference in company size turned out to not have a considerable difference on the effective rate paid by an average small business in the two different regions. The main reason for this is that Oregon's corporate tax policy is decidedly progressive; in other words, it exacts a higher portion of taxes on companies with high incomes. In effect, the state's largest companies carry the lion's share of the burden. As indicated by the Legislative Revenue Office, in 2018 the 372 Oregon based corporations earning greater than \$5 million represent just 1.2% of companies but account for 69% of total taxes collected. As indicated by Census data, the majority of large

<sup>122</sup> Census County Business Patterns (CBP)

https://www.census.gov/programs-surveys/cbp.html



<sup>&</sup>lt;sup>119</sup> Personal Income Tax Reports. Oregon Department of Revenue

https://www.oregon.gov/dor/programs/gov-research/Pages/research-personal.aspx <sup>120</sup> IRS SOI Tax Stats

https://www.irs.gov/statistics/soi-tax-stats-historic-table-2

<sup>&</sup>lt;sup>121</sup> 2022 Oregon Public Finance: Basic Facts, 2021. Summary of Oregon Taxes, page 10, Ibid.

companies who are paying most of their income at the state's 7.6% level are located in Northwest Oregon. After calculating the effective rate paid by businesses in Oregon based on in-state sales and then weighting the total based on the number of businesses within each of those groups, PC arrived at an average difference of 0.34% of total revenue between Idaho's standard 2022 rate and Oregon's graduated 2021 rates.

One final adjustment to these findings were required before final direct impacts were calculated. Using data from the Oregon Secretary of State in 2018 (the same year of published corporate tax data), it was found that just 37.5% of registered Oregon businesses are Corporations (as opposed to LLCs or other company types).<sup>123</sup> Corporations are the only entities which need to pay corporate tax in both Oregon and Idaho. For this reason, PC adjusted the total revenues estimates of all businesses in the Converting Counties down by this same percentage.

# Sales Tax Calculations

PC estimates the sales tax burden by using IMPLAN estimates of sales for 53 types of goods listed in the Idaho tax code, such as consumer products, vehicles, durable goods and restaurants. The specific categories were selected based on a careful review of Idaho's sales tax policies and procedures. Idaho's 6% rate is applied on the sales of these goods in the Converting Counties.

Some 'mixed' products that have both a goods and service component, like agricultural production, are charged a 3.5% tax to reflect the markdown. The 3.5% rate is an estimate for industries that have both a service and a tangible good component, and therefore pay tax on some, but not all of their sales (examples include healthcare and construction industries). To ensure that county level estimates for the Converting Counties were within a reasonable and comparable range, PC sought to closely match several ratios between Idaho and the Converting Counties, namely, ratios of sales tax as percentage of output and as a ratio of worker wages. In 2020, we estimate that Idaho taxpayers paid \$869 in sales tax per capita, or \$1,712 per private-sector worker. According to PC's model, Converting County taxpayers would have paid \$809 per capita, or \$1,716 per private-sector worker.

# Geolocation of State Expenditures

To understand the effect that conversion would have on Oregon state finances and on the services provided to residents, it's necessary to examine the expenditure side of the budget as well as the revenue side. Oregon publishes a full list of expenditures through its Transparency Oregon portal. This "checkbook" lists the recipients of state payments, as well as the state agency and budget line item associated with them but does not include reliable geographic information like the county.

To attribute these payments in the context of a conversion to Greater Idaho, PC geolocated over 223,000 transactions in the Transparency Oregon database using the Google Maps and LocationIQ services. Twelve percent (12%) of expenditures were tagged to locations in the Converting Counties. Since many line items are transfers between state agencies (with Salem addresses), it makes sense that this figure isn't



<sup>&</sup>lt;sup>123</sup> Oregon Business Report. Oregon Secretary of State's Office (2018) <u>https://sos.oregon.gov/business/Documents/business-reports-past/2018.pdf</u>.

proportional to the Converting population. In the two fiscal years PC studied, 2019 and 2020, fifteen percent (15%) of expenditures were returned unmatched, representing over \$3 billion per year.

In general, unmarked expenditures fit into three categories. First is single payments to multi-county vendors. For example, a single health care system might receive a payment at the headquarters location, even though the system operates hospitals in several counties and the individual payment can't be linked to a single destination. Second is reimbursements to state workers for travel or expenses in the normal course of business. Since only the employees' names and not their addresses are listed in the checkbook, it's not possible to distinguish between Oregonians having the same name. Third is national vendors. National suppliers, banks or law firms often receive payments at their Oregon locations. For example, the state could pay its credit card merchant fees to a national bank's Portland branch, but it's hard to say that this payment was made to an Oregon business for the purposes of this analysis. Other payments couldn't be geolocated due to typographical errors or unidentifiable business names.



# Appendix B: Detailed Data

# Population & Migration

# Table 47: Population Growth over Time in Converting Counties and Bordering Idaho Counties

| County                      | 2020<br>Population | CAGR 3-<br>Years | CAGR 5-Yrs | CAGR 10-<br>Years | CAGR 20-<br>Years |
|-----------------------------|--------------------|------------------|------------|-------------------|-------------------|
| Ada County, ID              | 494,399            | 2.7%             | 4.5%       | 7.9%              | 17.7%             |
| Baker County, OR            | 16,284             | 0.5%             | 0.8%       | 0.3%              | (0.9%)            |
| Canyon County, ID           | 237,053            | 3.0%             | 4.6%       | 7.8%              | 21.2%             |
| Coos County, OR             | 64,711             | 0.5%             | 1.1%       | 0.9%              | 1.1%              |
| Crook County, OR            | 25,105             | 2.9%             | 5.4%       | 6.3%              | 9.2%              |
| Curry County, OR            | 23,305             | 0.9%             | 1.4%       | 1.4%              | 3.3%              |
| Deschutes County, OR        | 201,769            | 2.6%             | 5.0%       | 8.6%              | 20.1%             |
| Douglas County, OR          | 111,364            | 0.6%             | 1.3%       | 1.1%              | 3.5%              |
| Elmore County, ID           | 27,448             | 0.7%             | 2.0%       | 0.4%              | (1.4%)            |
| Gem County, ID              | 18,703             | 2.5%             | 3.8%       | 3.9%              | 7.1%              |
| Gilliam County, OR          | 1,975              | 2.0%             | 1.9%       | 1.7%              | 1.2%              |
| Grant County, OR            | 7,180              | (0.0%)           | (0.1%)     | (1.3%)            | (3.2%)            |
| Harney County, OR           | 7,373              | 0.5%             | 1.0%       | (0.1%)            | (1.3%)            |
| Jackson County, OR          | 221,844            | 0.7%             | 1.6%       | 2.9%              | 6.9%              |
| Jefferson County, OR        | 24,856             | 1.7%             | 3.3%       | 4.7%              | 9.2%              |
| Josephine County, OR        | 88,053             | 0.5%             | 1.3%       | 2.0%              | 5.1%              |
| Klamath County, OR          | 68,739             | 0.9%             | 1.5%       | 1.2%              | 2.5%              |
| Lake County, OR             | 7,949              | 0.2%             | 0.7%       | 0.3%              | 2.3%              |
| Malheur County, OR          | 30,983             | 0.6%             | 0.8%       | (0.4%)            | (0.6%)            |
| Morrow County, OR           | 11,700             | 1.4%             | 1.7%       | 1.4%              | 2.1%              |
| Payette County, ID          | 24,771             | 2.2%             | 2.8%       | 3.0%              | 6.3%              |
| Sherman County, OR          | 1,801              | 1.2%             | 2.1%       | 0.4%              | (2.1%)            |
| Umatilla County, OR         | 77,752             | 0.3%             | 0.5%       | 0.7%              | 3.2%              |
| Union County, OR            | 26,551             | 0.2%             | 1.1%       | 1.1%              | 2.7%              |
| Wallowa County, OR          | 7,181              | 0.8%             | 1.8%       | 0.8%              | (0.2%)            |
| Wasco County, OR            | 26,403             | 0.1%             | 1.2%       | 1.5%              | 3.5%              |
| Wheeler County, OR          | 1,387              | 0.8%             | 1.5%       | (1.4%)            | (3.6%)            |
| ldaho (Total)               | 1,826,913          | 2.0%             | 3.4%       | 5.2%              | 12.0%             |
| Converting Counties (Total) | 2,078,804          | 1.3%             | 2.4%       | 3.3%              | 7.5%              |

Source: Points Consulting using Census Annual Estimates



| <b>Fable 48: Migratio</b> | n Statistics for | Idaho and C | Converting | Counties, | 2010-2020 |
|---------------------------|------------------|-------------|------------|-----------|-----------|
|---------------------------|------------------|-------------|------------|-----------|-----------|

| Year                     | ID Net Migration | ID % Change Due<br>to Migration | OR Converting<br>Counties Net<br>Migration | Converting<br>Counties % Change<br>Due to Migration |
|--------------------------|------------------|---------------------------------|--|---|
| 2010                     | (381)            |                                 | 158  |   |
| 2011                     | 524              | 0.0%                            | 2,267                                      | 0.2%  |
| 2012                     | (721)            | (0.0%)                          | 1,673                                      | 0.2%  |
| 2013                     | 3,535            | 0.2%                            | 4,050                                      | 0.4%  |
| 2014                     | 8,470            | 0.5%                            | 5,884                                      | 0.6%  |
| 2015                     | 6,771            | 0.4%                            | 10,291                                     | 1.0%  |
| 2016                     | 18,550           | 1.1%                            | 15,602                                     | 1.6%  |
| 2017                     | 25,035           | 1.5%                            | 15,215                                     | 1.5%  |
| 2018                     | 24,401           | 1.4%                            | 13,631                                     | 1.3%  |
| 2019                     | 28,466           | 1.6%                            | 12,664                                     | 1.2%  |
| 2020                     | 30,283           | 1.7%                            | 10,253                                     | 1.0%  |
| Ten Year Average         | 144,933          | 0.9%                            | 91,688                                     | 0.9%  |
| Past Four Years' Average | 108,185          | 1.6%                            | 51,763                                     | 1.3%  |

Source: Points Consulting using Census Annual Estimates

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| County                         | Gross In | Gross Out | Net In  |
|--------------------------------|----------|-----------|---------|
| Clackamas County, Oregon       | 2,168    | (1,096)   | 1,072   |
| Santa Clara County, California | 832      | (138)     | 694     |
| Los Angeles County, California | 1,751    | (1,139)   | 612     |
| Alameda County, California     | 599      | (38)      | 561     |
| Siskiyou County, California    | 678      | (137)     | 541     |
| Mendocino County, California   | 512      | (30)      | 482     |
| Riverside County, California   | 624      | (176)     | 448     |
| Fresno County, California      | 607      | (220)     | 387     |
| Multnomah County, Oregon       | 2,565    | (2,283)   | 377     |
| Hood River County, Oregon      | 478      | (131)     | 347     |
| Salt Lake County, Utah         | 389      | (574)     | (185)   |
| Washington County, Oregon      | 1,788    | (2,035)   | (247)   |
| Ada County, Idaho              | 517      | (784)     | (267)   |
| Whatcom County, Washington     | 69       | (372)     | (303)   |
| Maricopa County, Arizona       | 864      | (1,214)   | (350)   |
| Benton County, Washington      | 322      | (732)     | (410)   |
| Clark County, Washington       | 478      | (916)     | (438)   |
| Polk County, Oregon            | 355      | (882)     | (527)   |
| Marion County, Oregon          | 1,587    | (2,661)   | (598)   |
| Lane County, Oregon            | 2,586    | (3,790)   | (1,204) |

Source: Census 2015-2019 American Community Survey



# Employment

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# Table 50: Employment and Compound Annual Growth by Industry Sector, Idaho (2011-2020)

| Sec-<br>tor | Title   | 2020 Avg.<br>Emp. | Past 1 Year | Past 5 Years | Past 9 Years |
|-------------|---|-------------------|-------------|--------------|--------------|
| 11          | Agriculture, Forestry, Fishing & Hunting                              | 56,832            | 2.5%        | 1.3%         | 0.9%         |
| 21          | Mining, Quarrying, & Oil & Gas Extraction                             | 3,704             | (10.7%)     | (5.6%)       | (2.1%)       |
| 22          | Utilities   | 3,167             | (0.1%)      | (0.6%)       | 0.8%         |
| 23          | Construction  | 83,344            | 4.9%        | 6.4%         | 5.0%         |
| 31          | Manufacturing   | 73,642            | (1.6%)      | 1.9%         | 2.4%         |
| 42          | Wholesale Trade   | 33,386            | 2.1%        | 0.4%         | 1.8%         |
| 44          | Retail Trade  | 101,065           | 0.2%        | 1.0%         | 1.5%         |
| 48          | Transportation & Warehousing  | 36,291            | (2.1%)      | 4.7%         | 3.9%         |
| 51          | Information   | 10,391            | (12.6%)     | (2.2%)       | (1.5%)       |
| 52          | Finance & Insurance   | 45,891            | 6.3%        | 3.1%         | 1.5%         |
| 53          | Real Estate & Rental & Leasing  | 57,648            | 3.8%        | 3.2%         | 2.6%         |
| 54          | Professional, Scientific, & Technical Services                        | 77,373            | 5.2%        | 3.8%         | 2.9%         |
| 55          | Management of Companies & Enterprises                                 | 8,575             | 4.1%        | 5.7%         | 3.6%         |
| 56          | Administrative & Support & Waste<br>Management & Remediation Services | 62,844            | 2.4%        | 3.5%         | 2.6%         |
| 61          | Educational Services  | 14,852            | 5.9%        | 2.2%         | 3.1%         |
| 62          | Health Care & Social Assistance                                       | 112,711           | 1.2%        | 2.6%         | 2.5%         |
| 71          | Arts, Entertainment, & Recreation                                     | 21,086            | (2.3%)      | 3.4%         | 2.8%         |
| 72          | Accommodation & Food Services   | 77,928            | (7.0%)      | 2.2%         | 2.6%         |
| 81          | Other Services (except Public Administration)                         | 62,464            | 2.4%        | 1.5%         | 2.0%         |
| 92          | Public Administration   | 11,574            | 0.7%        | 7.7%         | 1.9%         |
|             | Grand Total   | 954,768           | 1.1%        | 2.6%         | 2.4%         |

Source: IMPLAN, 2022



| Table 51: Employment and Compoun | d Annual Growth by Industry | Sector, Oregon Statewide (2011-2020) |
|----------------------------------|-----------------------------|--------------------------------------|
|----------------------------------|-----------------------------|--------------------------------------|

| Sec-<br>tor | Title   | 2020 Avg.<br>Emp. | Past 1 Year | Past 5 Years | Past 9 Years |
|-------------|---|-------------------|-------------|--------------|--------------|
| 11          | Agriculture, Forestry, Fishing & Hunting                              | 102,835           | (0.5%)      | 2.3%         | 0.5%         |
| 21          | Mining, Quarrying, & Oil & Gas Extraction                             | 4,637             | (19.3%)     | (5.5%)       | (1.9%)       |
| 22          | Utilities   | 5,017             | (1.7%)      | 0.7%         | 0.7%         |
| 23          | Construction  | 153,168           | (0.3%)      | 4.4%         | 3.9%         |
| 31          | Manufacturing   | 198,828           | (6.5%)      | (0.1%)       | 1.1%         |
| 42          | Wholesale Trade   | 81,413            | (1.8%)      | (0.9%)       | 0.1%         |
| 44          | Retail Trade  | 226,028           | (3.8%)      | <0.1%        | 0.9%         |
| 48          | Transportation & Warehousing  | 106,267           | (0.8%)      | 7.6%         | 6.0%         |
| 51          | Information   | 39,992            | (5.1%)      | 0.6%         | 0.4%         |
| 52          | Finance & Insurance   | 98,859            | 2.6%        | 1.3%         | 0.3%         |
| 53          | Real Estate & Rental & Leasing  | 126,097           | 0.5%        | 2.2%         | 2.0%         |
| 54          | Professional, Scientific, & Technical Services                        | 200,130           | 1.3%        | 2.4%         | 2.7%         |
| 55          | Management of Companies & Enterprises                                 | 50,615            | (2.0%)      | 3.0%         | 5.6%         |
| 56          | Administrative & Support & Waste<br>Management & Remediation Services | 126,574           | (5.9%)      | 0.1%         | 1.4%         |
| 61          | Educational Services  | 41,130            | (10.4%)     | (2.9%)       | (0.2%)       |
| 62          | Health Care & Social Assistance                                       | 302,847           | 0.3%        | 3.1%         | 2.6%         |
| 71          | Arts, Entertainment, & Recreation                                     | 54,508            | (11.0%)     | (0.9%)       | 0.5%         |
| 72          | Accommodation & Food Services   | 177,904           | (19.7%)     | (2.2%)       | 0.3%         |
| 81          | Other Services (except Public Administration)                         | 134,652           | (12.0%)     | (2.1%)       | <0.1%        |
| 92          | Public Administration   | 27,085            | (4.7%)      | 1.2%         | 0.4%         |
|             | Grand Total   | 2,258,585         | (4.5%)      | 1.1%         | 1.6%         |

Source: IMPLAN, 2022



Table 52: Employment and Compound Annual Growth by Industry Sector, Converting Counties (2011-2020)

| Sec-<br>tor | Title  | 2020 Avg.<br>Emp. | Past 1 Year | Past 5 Years | Past 9 Years |
|-------------|--|-------------------|-------------|--------------|--------------|
| 11          | Agriculture, Forestry, Fishing & Hunting       | 41,418            | (3.4%)      | 2.5%         | 0.3%         |
| 21          | Mining, Quarrying, & Oil & Gas Extraction      | 1,587             | (23.7%)     | (2.3%)       | 0.4%         |
| 22          | Utilities                                      | 1,642             | (1.6%)      | 0.8%         | 0.7%         |
| 23          | Construction                                   | 35,899            | 3.0%        | 4.5%         | 3.6%         |
| 31          | Manufacturing                                  | 40,159            | (5.5%)      | 0.5%         | 1.6%         |
| 42          | Wholesale Trade                                | 11,701            | 3.0%        | (6.2%)       | (1.9%)       |
| 44          | Retail Trade                                   | 58,927            | (0.9%)      | 0.9%         | 0.8%         |
| 48          | Transportation & Warehousing                   | 17,784            | (7.2%)      | 1.8%         | 2.6%         |
| 51          | Information                                    | 6,890             | (0.9%)      | 1.6%         | 0.5%         |
| 52          | Finance & Insurance                            | 17,187            | 0.4%        | 1.2%         | (0.4%)       |
| 53          | Real Estate & Rental & Leasing                 | 28,608            | 1.4%        | 2.2%         | 1.6%         |
| 54          | Professional, Scientific, & Technical Services | 29,747            | 4.7%        | 2.0%         | 1.1%         |
| 55          | Management of Companies & Enterprises          | 4,428             | 3.9%        | 4.2%         | 2.5%         |
| 56          | Administrative & Support & Waste               |                   |             |              |              |
|             | Management & Remediation Services              | 25,298            | (1.2%)      | 0.8%         | 0.9%         |
| 61          | Educational Services                           | 4,676             | (3.4%)      | (0.6%)       | 2.2%         |
| 62          | Health Care & Social Assistance                | 73,571            | 3.2%        | 4.0%         | 2.7%         |
| 71          | Arts, Entertainment, & Recreation              | 10,496            | (5.5%)      | (2.7%)       | (1.0%)       |
| 72          | Accommodation & Food Services                  | 43,369            | (11.4%)     | 0.3%         | 0.8%         |
| 81          | Other Services (except Public Administration)  | 32,380            | (11.6%)     | (2.6%)       | (0.6%)       |
| 92          | Public Administration                          | 6,251             | (9.1%)      | (2.8%)       | (1.2%)       |
|             | Grand Total                                    | 492,018           | (2.4%)      | 1.2%         | 1.1%         |

Source: IMPLAN, 2022



| able 53: Employment and | d Compound Annual | Growth by Industry | Sector, Northwest Oregon | (2011-2020) |
|-------------------------|-------------------|--------------------|--------------------------|-------------|
|-------------------------|-------------------|--------------------|--------------------------|-------------|

| Sec-<br>tor | Title   | 2020 Avg.<br>Emp. | Past 1 Year | Past 5 Years | Past 9 Years |
|-------------|---|-------------------|-------------|--------------|--------------|
| 11          | Agriculture, Forestry, Fishing & Hunting                              | 61,417            | 1.7%        | 2.1%         | 0.3%         |
| 21          | Mining, Quarrying, & Oil & Gas Extraction                             | 3,050             | (16.8%)     | (7.0%)       | (2.9%)       |
| 22          | Utilities   | 3,375             | (1.7%)      | 0.6%         | 0.6%         |
| 23          | Construction  | 117,269           | (1.3%)      | 4.4%         | 3.9%         |
| 31          | Manufacturing   | 158,669           | (6.8%)      | (0.2%)       | 0.9%         |
| 42          | Wholesale Trade   | 69,712            | (2.6%)      | 0.2%         | 0.4%         |
| 44          | Retail Trade  | 167,100           | (4.8%)      | (0.3%)       | 0.8%         |
| 48          | Transportation & Warehousing  | 88,482            | 0.6%        | 9.1%         | 6.9%         |
| 51          | Information   | 33,101            | (5.9%)      | 0.4%         | 0.4%         |
| 52          | Finance & Insurance   | 81,671            | 3.1%        | 1.3%         | 0.5%         |
| 53          | Real Estate & Rental & Leasing  | 97,489            | 0.2%        | 2.2%         | 2.0%         |
| 54          | Professional, Scientific, & Technical Services                        | 170,383           | 0.7%        | 2.4%         | 2.9%         |
| 55          | Management of Companies & Enterprises                                 | 46,187            | (2.6%)      | 2.9%         | 5.9%         |
| 56          | Administrative & Support & Waste<br>Management & Remediation Services | 101,276           | (7.0%)      | (0.1%)       | 1.4%         |
| 61          | Educational Services  | 36,454            | (11.2%)     | (3.2%)       | (0.5%)       |
| 62          | Health Care & Social Assistance                                       | 229,277           | (0.6%)      | 2.9%         | 2.5%         |
| 71          | Arts, Entertainment, & Recreation                                     | 44,012            | (12.3%)     | (0.5%)       | 0.8%         |
| 72          | Accommodation & Food Services   | 134,535           | (22.1%)     | (2.9%)       | <0.1%        |
| 81          | Other Services (except Public Administration)                         | 102,272           | (12.1%)     | (1.9%)       | 0.1%         |
| 92          | Public Administration   | 20,834            | (3.3%)      | 2.6%         | 0.9%         |
|             | Grand Total   | 1,766,567         | (5.1%)      | 1.0%         | 1.7%         |

Source: IMPLAN, 2022



# Detailed IMPLAN Results

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# Table 54: Numeric Increase in Economic Metrics by County, Base Model

| County      | Jobs  | Labor Income | Value Added | Output   |
|-------------|-------|--------------|-------------|----------|
| Coos        | 1,538 | \$98.8M      | \$103.6M    | \$241.2M |
| Gilliam     | 63    | \$3.0M       | \$331.6K    | \$468.5K |
| Harney      | 144   | \$6.8M       | \$1.4M      | \$1.8M   |
| Lake        | 108   | \$5.2M       | \$1.8M      | \$3.0M   |
| Sherman     | 40    | \$2.1M       | \$482.1K    | \$662.2K |
| Morrow      | 200   | \$10.7M      | \$5.4M      | \$17.0M  |
| Crook       | 225   | \$10.7M      | \$2.1M      | \$5.3M   |
| Curry       | 228   | \$11.2M      | \$4.8M      | \$10.6M  |
| Jackson     | 2,585 | \$122.3M     | \$47.1M     | \$119.5M |
| Douglas     | 1,002 | \$48.4M      | \$17.6M     | \$45.8M  |
| Josephine   | 766   | \$36.2M      | \$14.3M     | \$34.9M  |
| Klamath     | 575   | \$27.9M      | \$11.3M     | \$24.5M  |
| Umatilla    | 690   | \$33.7M      | \$9.7M      | \$33.8M  |
| Union       | 242   | \$11.8M      | \$3.4M      | \$9.9M   |
| Baker       | 139   | \$6.9M       | \$2.5M      | \$5.8M   |
| Jefferson   | 147   | \$7.0M       | \$1.8M      | \$3.2M   |
| Grant       | 55    | \$2.7M       | \$702.8K    | \$1.5M   |
| Wallowa     | 71    | \$3.5M       | \$1.2M      | \$2.6M   |
| Malheur     | 214   | \$11.3M      | \$4.5M      | \$10.1M  |
| Wheeler     | 7     | \$348.0K     | \$127.9K    | \$284.8K |
| Deschutes   | 917   | \$43.5M      | \$13.9M     | \$34.8M  |
| Wasco       | 8     | \$368.7K     | \$109.0K    | \$193.5K |
| Grand Total | 9,965 | \$504.3M     | \$895.1M    | \$1.8B   |

Source: IMPLAN, 2022



# Table 55: Numeric Increase in Economic Metrics by County, Expanded Model

| County      | Jobs   | Labor Income | Value Added | Output   |
|-------------|--------|--------------|-------------|----------|
| Jackson     | 3,102  | \$146.8M     | \$257.3M    | \$507.1M |
| Coos        | 1,846  | \$118.6M     | \$236.9M    | \$515.2M |
| Douglas     | 1,202  | \$58.1M      | \$98.3M     | \$195.1M |
| Josephine   | 919    | \$43.4M      | \$75.8M     | \$148.4M |
| Deschutes   | 1,100  | \$52.2M      | \$90.7M     | \$175.1M |
| Klamath     | 690    | \$33.5M      | \$57.8M     | \$109.6M |
| Umatilla    | 828    | \$40.4M      | \$68.9M     | \$143.8M |
| Curry       | 274    | \$13.4M      | \$22.6M     | \$43.3M  |
| Morrow      | 240    | \$12.8M      | \$20.9M     | \$47.9M  |
| Malheur     | 257    | \$13.6M      | \$22.0M     | \$42.1M  |
| Union       | 290    | \$14.2M      | \$24.0M     | \$47.8M  |
| Crook       | 270    | \$12.8M      | \$22.1M     | \$41.2M  |
| Baker       | 167    | \$8.3M       | \$14.2M     | \$27.2M  |
| Jefferson   | 176    | \$8.4M       | \$14.2M     | \$25.3M  |
| Lake        | 130    | \$6.2M       | \$10.4M     | \$18.6M  |
| Harney      | 173    | \$8.2M       | \$13.9M     | \$24.0M  |
| Wallowa     | 85     | \$4.2M       | \$7.1M      | \$13.2M  |
| Grant       | 66     | \$3.2M       | \$5.4M      | \$10.0M  |
| Gilliam     | 76     | \$3.6M       | \$6.2M      | \$10.9M  |
| Sherman     | 48     | \$2.5M       | \$4.2M      | \$7.2M   |
| Wheeler     | 8      | \$417.6K     | \$700.1K    | \$1.3M   |
| Wasco       | 10     | \$442.4K     | \$750.8K    | \$1.3M   |
| Grand Total | 11,958 | \$605.2M     | \$1.1B      | \$2.2B   |

Source: Points Consulting 2022, using IMPLAN



Table 56: Percentage Increase in Economic Metrics by County, Base Model<sup>124</sup>

| County      | Jobs | Labor Income | Value Added | Output |
|-------------|------|--------------|-------------|--------|
| Coos        | 4.9% | 6.3%         | 8.5%        | 10.2%  |
| Gilliam     | 4.2% | 4.0%         | 4.4%        | 4.1%   |
| Harney      | 3.3% | 4.2%         | 4.2%        | 4.1%   |
| Lake        | 2.8% | 3.1%         | 2.9%        | 2.9%   |
| Sherman     | 2.7% | 2.7%         | 2.9%        | 2.7%   |
| Curry       | 2.2% | 2.7%         | 2.7%        | 2.7%   |
| Crook       | 2.2% | 2.3%         | 2.4%        | 2.4%   |
| Jackson     | 2.1% | 1.9%         | 2.2%        | 2.2%   |
| Douglas     | 1.9% | 1.9%         | 2.1%        | 2.2%   |
| Josephine   | 1.9% | 2.0%         | 2.1%        | 2.2%   |
| Klamath     | 1.8% | 1.9%         | 2.1%        | 2.1%   |
| Union       | 1.6% | 1.8%         | 1.9%        | 1.9%   |
| Grant       | 1.4% | 1.7%         | 1.8%        | 1.8%   |
| Wallowa     | 1.4% | 2.3%         | 2.0%        | 1.8%   |
| Baker       | 1.5% | 2.2%         | 2.0%        | 1.8%   |
| Umatilla    | 1.7% | 1.7%         | 1.8%        | 1.8%   |
| Wheeler     | 0.9% | 2.1%         | 2.1%        | 1.6%   |
| Morrow      | 2.3% | 2.2%         | 1.8%        | 1.5%   |
| Malheur     | 1.2% | 1.5%         | 1.5%        | 1.5%   |
| Jefferson   | 1.5% | 1.7%         | 1.6%        | 1.2%   |
| Deschutes   | 0.7% | 0.6%         | 0.7%        | 0.8%   |
| Wasco       | 0.1% | 0.1%         | 0.1%        | 0.1%   |
| Grand Total | 1.8% | 1.8%         | 2.1%        | 2.1%   |

Source: Points Consulting 2022, using IMPLAN

<sup>&</sup>lt;sup>124</sup> Please note, impacts would register primarily within the Greater Idaho component of the partial counties, those denoted with asterisks (\*). Percentages in this table are based on change of the entire county, rather than the portion of those partial counties.



# Table 57: Percentage Increase in Economic Metrics by County, Expanded Model

| County      | Jobs | Labor Income | Value Added | Output |
|-------------|------|--------------|-------------|--------|
| Coos        | 5.9% | 7.6%         | 10.2%       | 12.2%  |
| Gilliam     | 5.1% | 4.9%         | 5.2%        | 4.9%   |
| Harney      | 4.0% | 5.0%         | 5.0%        | 4.9%   |
| Lake        | 3.3% | 3.7%         | 3.5%        | 3.5%   |
| Sherman     | 3.2% | 3.3%         | 3.5%        | 3.3%   |
| Curry       | 2.8% | 2.6%         | 2.1%        | 1.8%   |
| Crook       | 2.7% | 2.8%         | 2.9%        | 2.8%   |
| Jackson     | 2.6% | 3.2%         | 3.3%        | 3.2%   |
| Douglas     | 2.5% | 2.3%         | 2.6%        | 2.7%   |
| Josephine   | 2.3% | 2.3%         | 2.6%        | 2.6%   |
| Klamath     | 2.2% | 2.4%         | 2.5%        | 2.6%   |
| Union       | 2.2% | 2.3%         | 2.5%        | 2.6%   |
| Grant       | 2.0% | 2.0%         | 2.2%        | 2.1%   |
| Wallowa     | 1.9% | 2.2%         | 2.3%        | 2.3%   |
| Baker       | 1.8% | 2.6%         | 2.4%        | 2.2%   |
| Umatilla    | 1.8% | 2.0%         | 2.0%        | 1.4%   |
| Wheeler     | 1.7% | 2.0%         | 2.1%        | 2.2%   |
| Morrow      | 1.7% | 2.7%         | 2.4%        | 2.2%   |
| Malheur     | 1.4% | 1.8%         | 1.8%        | 1.8%   |
| Jefferson   | 1.1% | 2.6%         | 2.5%        | 2.0%   |
| Deschutes   | 0.8% | 0.7%         | 0.9%        | 0.9%   |
| Wasco       | 0.1% | 0.1%         | 0.1%        | 0.1%   |
| Grand Total | 2.1% | 2.2%         | 2.5%        | 2.6%   |

Source: Points Consulting 2022, using IMPLAN



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| Sector  | Baker | Coos | Crook | Curry | Deschutes | Douglas | Gilliam | Grant | Harney | Jackson | Jefferson | Josephine | Klamath | Lake | Malheur | Morrow | Sherman | Umatilla | Union | Wallowa | Wasco |
|---|-------|------|-------|-------|-----------|---------|---------|-------|--------|---------|-----------|-----------|---------|------|---------|--------|---------|----------|-------|---------|-------|
| Construction  | 10    | 34   | 11    | 16    | 60        | 57      | 1       | 4     | 4      | 144     | 7         | 46        | 34      | 4    | 14      | 4      | 1       | 30       | 15    | 7       | :     |
| Utilities   | 0     | 189  | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Mfg.  | 3     | 7    | 1     | 2     | 10        | 9       | 0       | 0     | 0      | 38      | 0         | 6         | 4       | 0    | 13      | 25     | 0       | 50       | 2     | 1       |       |
| Ag., Forestry, Fishing & Hunting                    | 4     | 8    | 2     | 4     | 2         | 12      | 1       | 2     | 4      | 18      | 2         | 6         | 7       | 2    | 22      | 14     | 1       | 31       | 3     | 2       |       |
| Real Estate & Rental & Leasing                      | 1     | 6    | 1     | 3     | 11        | 10      | 0       | 1     | 1      | 46      | 1         | 15        | 10      | 1    | 2       | 1      | 0       | 4        | 2     | 1       |       |
| Professional, Scientific, & Technical Srvcs.        | 1     | 3    | 1     | 1     | 5         | 5       | 0       | 0     | 0      | 12      | 1         | 4         | 3       | 0    | 1       | 0      | 0       | 3        | 1     | 1       |       |
| Transportation & Warehousing                        | 0     | 6    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 5       | 0         | 0         | 4       | 0    | 1       | 0      | 0       | 6        | 0     | 0       |       |
| Mining, Quarrying, & Oil & Gas Extr.                | 0     | 0    | 0     | 0     | 1         | 1       | 0       | 0     | 0      | 2       | 0         | 1         | 0       | 0    | 0       | 0      | 0       | 1        | 0     | 0       |       |
| Information   | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 1       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Public Admin.                                       | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Wholesale Trade                                     | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Retail Trade  | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Admin. & Support & Waste Mgmt. & Remediation Srvcs. | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Arts, Entertainment, & Rec.                         | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Other Srvcs. (except Public Admin.)                 | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Finance & Insurance                                 | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Mgmt. of Companies & Enterprises                    | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Educational Srvcs.                                  | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Accommodation & Food Srvcs.                         | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       |       |
| Health Care & Social Asst.                          | (3)   | (10) | (2)   | (2)   | (14)      | (18)    | 0       | (1)   | (1)    | (54)    | (2)       | (18)      | (11)    | 0    | (4)     | (1)    | 0       | (10)     | (5)   | (1)     |       |
| Grand Total   | 17    | 245  | 15    | 24    | 76        | 77      | 2       | 7     | 9      | 213     | 10        | 60        | 51      | 8    | 48      | 43     | 2       | 115      | 18    | 11      |       |

Source: Points Consulting 2022, using IMPLAN



| Sector  | Baker | Coos | Crook | Curry | Deschutes | Douglas | Gilliam | Grant | Harney | Jackson | Jefferson | Josephine | Klamath | Lake | Malheur | Morrow | Sherman | Umatilla | Union | Wallowa | Wasco | Wheeler |
|---|-------|------|-------|-------|-----------|---------|---------|-------|--------|---------|-----------|-----------|---------|------|---------|--------|---------|----------|-------|---------|-------|---------|
| Construction  | 10    | 35   | 11    | 16    | 61        | 57      | 1       | 4     | 4      | 145     | 7         | 46        | 35      | 4    | 14      | 4      | 1       | 30       | 15    | 7       | 1     | 0       |
| Utilities   | 0     | 189  | 0     | 0     | 0         | 0       | 0       | 0     | 0      | 0       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Mfg.  | 3     | 8    | 1     | 2     | 11        | 11      | 0       | 0     | 1      | 41      | 0         | 7         | 5       | 0    | 13      | 25     | 0       | 50       | 2     | 1       | 0     | 0       |
| Real Estate and Rental and Leasing                                | 2     | 8    | 2     | 4     | 15        | 14      | 0       | 1     | 4      | 55      | 2         | 18        | 12      | 1    | 3       | 1      | 0       | 4        | 3     | 2       | 0     | 0       |
| Ag., Forestry, Fishing and Hunting                                | 4     | 8    | 2     | 4     | 2         | 12      | 1       | 2     | 4      | 19      | 3         | 6         | 7       | 2    | 22      | 14     | 1       | 31       | 3     | 2       | 0     | 0       |
| Retail Trade  | 2     | 5    | 2     | 2     | 9         | 9       | 0       | 1     | 11     | 22      | 1         | 7         | 5       | 1    | 2       | 1      | 0       | 0        | 3     | 1       | 0     | 0       |
| Professional, Scientific, and Technical Srvcs.                    | 2     | 5    | 2     | 2     | 9         | 8       | 0       | 1     | 3      | 20      | 1         | 7         | 5       | 1    | 2       | 1      | 0       | 3        | 2     | 1       | 0     | 0       |
| Accommodation and Food Srvcs.                                     | 1     | 3    | 1     | 1     | 4         | 4       | 0       | 0     | 8      | 10      | 1         | 3         | 3       | 0    | 1       | 0      | 0       | 0        | 1     | 1       | 0     | 0       |
| Transportation and Warehousing                                    | 0     | 7    | 0     | 1     | 2         | 2       | 0       | 0     | 2      | 10      | 0         | 2         | 5       | 0    | 1       | 0      | 0       | 6        | 1     | 0       | 0     | 0       |
| Administrative and Support and Waste Mgmt. and Remediation Srvcs. | 1     | 3    | 1     | 1     | 4         | 4       | 0       | 0     | 2      | 10      | 1         | 3         | 3       | 0    | 1       | 0      | 0       | 0        | 1     | 1       | 0     | 0       |
| Other Srvcs. (except Public Admin.)                               | 1     | 2    | 1     | 1     | 3         | 3       | 0       | 0     | 6      | 8       | 0         | 3         | 2       | 0    | 0       | 0      | 0       | 0        | 1     | 0       | 0     | 0       |
| Finance and Insurance   | 0     | 1    | 0     | 1     | 2         | 2       | 0       | 0     | 3      | 5       | 0         | 2         | 1       | 0    | 0       | 0      | 0       | 0        | 1     | 0       | 0     | 0       |
| Wholesale Trade   | 0     | 1    | 0     | 0     | 1         | 1       | 0       | 0     | 1      | 3       | 0         | 1         | 1       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Arts, Entertainment, and Rec.                                     | 0     | 1    | 0     | 0     | 1         | 1       | 0       | 0     | 2      | 2       | 0         | 1         | 1       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Information   | 0     | 1    | 0     | 0     | 1         | 1       | 0       | 0     | 1      | 2       | 0         | 1         | 1       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Mining, Quarrying, and Oil and Gas Extr.                          | 0     | 1    | 0     | 0     | 1         | 1       | 0       | 0     | 0      | 2       | 0         | 1         | 1       | 0    | 0       | 0      | 0       | 1        | 0     | 0       | 0     | 0       |
| Public Admin.   | 0     | 0    | 0     | 0     | 1         | 1       | 0       | 0     | 1      | 2       | 0         | 1         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Mgmt. of Companies and Enterprises                                | 0     | 0    | 0     | 0     | 1         | 1       | 0       | 0     | 0      | 1       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Educational Srvcs.  | 0     | 0    | 0     | 0     | 0         | 0       | 0       | 0     | 1      | 1       | 0         | 0         | 0       | 0    | 0       | 0      | 0       | 0        | 0     | 0       | 0     | 0       |
| Health Care and Social Asst.                                      | (2)   | (6)  | (1)   | (1)   | (9)       | (12)    | 0       | 0     | 12     | (41)    | (1)       | (14)      | (8)     | 0    | (4)     | 0      | 0       | (10)     | (4)   | 0       | 0     | 0       |
| Grand Total   | 26    | 271  | 24    | 36    | 121       | 121     | 4       | 11    | 65     | 322     | 16        | 95        | 78      | 11   | 56      | 46     | 3       | 115      | 31    | 17      | 1     | 1       |

Source: Points Consulting 2022, using IMPLAN

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