

Governor Kitzhaber and Intel enter into jobs and investment agreement

500 jobs and \$500 million in new Oregon investment

(Portland, OR) — Governor Kitzhaber and Intel Corporation today entered into an agreement ensuring the semiconductor manufacturer will add at least 500 jobs and invest \$500 million in an expansion of its D1X plant in Hillsboro. Oregon is home to Intel's largest and most comprehensive site in the world, and the company is the state's largest private employer. The agreement paves the way to build on the \$25 billion the company has invested in Oregon since 1974 by providing tax certainty and stability.

"A robust advanced manufacturing sector in Oregon is critical to our efforts to get Oregonians back to work," said Governor Kitzhaber. "Intel's commitment to Oregon is staggering, from its impact on job growth, to revenue for critical public services, to influencing an economy of innovation. This agreement marks an important step forward."

The Governor negotiated the agreement under legislation passed in December 2012 designed to encourage capital investment and job creation in the state. Under the agreement, Intel commits to significant capital investment and new jobs in exchange for ensuring the company's corporate tax continues to be calculated using the "single sales factor" apportionment method for 30 years. The agreement does not reduce tax liability or freeze any business tax rates and will not result in any revenue loss to the state. It provides tax certainty and ensures the state remains competitive for future investment and job growth.

"Oregon continues to foster an investment climate that allows Intel to create jobs and manufacture leading-edge technology in America," said Neil Tunmore, Intel's Vice President of the Technology and Manufacturing Group and Director, Corporate Services. "The D1X project reinforces Oregon's claim to Intel's largest and most advanced site in the world. This tax agreement provides Intel with the certainty needed to expand our investments in a globally competitive industry."

D1X is a significant component of Intel's investment in future generation manufacturing technology at its American facilities. The agreement covers investments in the D1X Mod 2 and support buildings at Intel's Ronler Acres campus in Hillsboro. The company's commitment to create 500 direct jobs and \$500 million in new investment is distinct from and in addition to its investment in the D1X Mod 1.

The "single sales factor" apportionment formula taxes companies on the basis of sales in Oregon. It has encouraged significant investment from large manufacturers creating high wage jobs in Oregon, including Intel and Nike.

When a corporation produces or sells goods and services in more than one state, a certain amount of income is apportioned to each state for tax purposes. Historically, states have determined the portion of the corporation's profit that is subject to tax in relation to the shares of the corporation's total property, payroll, and sales located in each state. This has become known as the "three factor formula." Over the past 20 years, a majority of states have changed their corporate tax codes to either put more emphasis on the sales factor or apportion based only on sales. This has become known generally as a single sales factor.

In 1991, the Oregon Legislature acted to double the weight on sales in the three factor formula. In 2005, lawmakers completed the change by adopting the pure single sales factor effective that year.

[Agreement Q \(PDF\)](#)

Media Contact:

Amy Wojcicki, Governor Kitzhaber, 503-689-5324

Jill Eiland, Intel, 503-819-4577