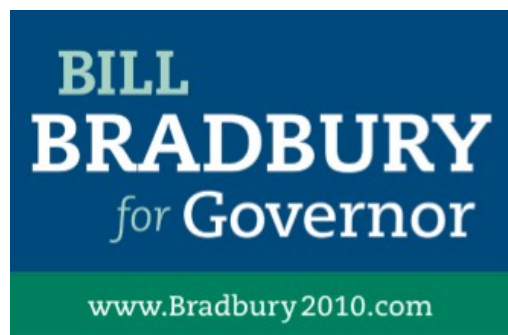


Energize Oregon

8 Solutions to Get Oregon Working Again

1. Create The Bank of Oregon.....
2. Fund Education.....
3. Build on Oregon's Strength's
4. Innovating for Oregon's Future.....
5. Develop Regional Partnerships.....
6. Become the Sustainability Capital of the World.....
7. Support our Rural Communities.....
8. Promote Entrepreneurship and Small Business.....



Dear Oregonians,

It is time to energize Oregon's economy. It's time to put Oregonians back to work and it's time to start making Oregon money work for Oregonians.

Oregon is facing economic challenges like never before: record unemployment, job growth at historic lows, national financial institutions imploding in front of our eyes, access to lending for small businesses all but dried up and the continued decline of natural resource industries in rural communities.

Looking at these challenges it is clear that to Energize Oregon's economy we are going to need new ideas, new thinking and new leadership. Leadership that is not afraid to propose the bold and unconventional and leadership that is willing to level with Oregonians about what it is going to take to get Oregonians back to work.

It also is going to take leadership that recognizes that Oregonians are hurting today. People need jobs to feed their families now -- not in 10 years. And parents cannot afford to wait 10 years to see improvement in their children's schools. Leadership must address these immediate problems. Leadership must also understand that small- and medium-sized businesses in Oregon are the economic engine of our state and we are starving that engine with lack of access to capital.

I believe I am that leader because I understand the fierce urgency our current situation calls for.

Today I am releasing "Energize Oregon – 8 Solutions to Getting Oregon Working Again."

These eight solutions meet four important criteria necessary to get Oregon working again: 1) They must be innovative; 2) They must, provide stability for long term growth; 3) They must be something that can be implemented in my first year in office; and 4) They must be simple.

The fourth criterion is an important one. You will notice that this plan is not a 50-page white paper with dense economic language because my experience tells me those plans wind up in a dusty binder on the top shelf of some office in Salem.

I wanted solutions that we can start implementing on my first day in office.

*For the past year I have had the opportunity to travel this state and talk to Oregonians about the real challenges they are facing in this recession. And these **8 Solutions to Getting Oregon Working Again** are a product of those conversations. I am proud to say that small business owners, students, seniors, teachers, financial experts, public employees, sustainable industry leaders, construction workers and farmers all had a hand in the creation of these **8 Solutions to Getting Oregon Working Again**.*

It is time to energize Oregon's economy. It's time to put Oregonians back to work. It's time to start making Oregon money work for Oregonians.



1. The Bank of Oregon

Putting Oregon Money to Work for Oregonians

It is time to put Oregonians back to work. It is also time to declare economic sovereignty from the multi-national banks that in large part are responsible for much of our current economic crisis. We can achieve these two goals by creating our own bank. The Bank of Oregon.

Small- and medium-sized businesses are the engine that drives our economy and in recent years we have stopped providing fuel for that engine. In recent years due to fiscal irresponsibility by banks and the global economic crisis, banks have stopped investing in small- and medium-sized businesses in Oregon and across the country. This lack of investment is slowing job growth and stalling our economic recovery. We need financial institutions that will act in the public interest, and help our economy recover. Too many financial institutions are frozen in their lending and we need a program that will help create jobs and get our economy moving again. The Bank of Oregon will use public dollars for public benefit. In short, it is time to make Oregon money work for Oregonians.

How it would work

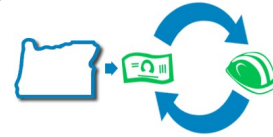
Currently, the State of Oregon receives billions of dollars in tax revenue every year and in turns deposits it in a handful of large banking institutions. These private banks receive the State of Oregon's deposits and use them to make loans. Many of these banks are out of state and wind up using Oregon tax revenue to invest and make loans to individuals and businesses far removed from our state.

Or they simply do nothing at all.

Modeled on the enormously successful Bank of North Dakota, the Bank of Oregon is based on a simple premise of keeping Oregon money in Oregon and putting it to work for us. Instead of sending millions of dollars out of state to these banks, we could focus our resources here at home and help build our economy. All state revenue would be required to be deposited with The Bank of Oregon.

The Bank of Oregon in turn would then invest Oregon money in Oregon and utilize our money as a tool for economic development, lending money and making a profit just like any other financial institution.

The Bank of Oregon would take the deposit funds and plow a portion of them back into the state of Oregon in the form of loans to small- and medium-sized Oregon businesses. This is crucial to energizing Oregon's economy.



The Bank of Oregon would also invest in economic development activities and provide loans to farmers and rural communities for value-added agriculture activity. Finally, just like the in North Dakota, the Bank of Oregon would provide a dividend back to the state based on its earnings.

2. Education - Preparing Oregon to be a competitive player in the 21st Century economy.

Economic data clearly shows that the educational level of a state's population is the single most important factor shaping economic success. Educated workers are more productive, and businesses are increasingly seeking locations that have a ready supply of well-educated workers. Education is essential to economic opportunity: our children cannot compete for jobs in the global economy unless they are well educated.

Task one is improving the quality of Oregon education at every level: at K-12 to give all of our young people the basic skills they need, and at higher education, to give every child the opportunity to *compete in a global economy*. I have a detailed education plan that provides for innovation, greater teacher support and raising education funding to meet the Quality Education Model.

3. Build on Oregon's Strengths

As Professor Michael Porter of the Harvard Business School told the Oregon Business Plan Summit, *"the key to economic success is relentlessly focusing on your distinctive advantages."* As Governor, I will focus on Oregon's intrinsic advantages in our traditional resource-based industries, like agriculture and forest products and in the emerging knowledge-based industries, from high technology to sustainability. Oregon can't possibly be the best place for everything—but it is, and can be, the best place for selected industries that closely match our state's resources and values. I will support a **cluster based economic development system** that works with every one of the state's traded-sector industry clusters to improve their competitiveness. Creating "clusters" would allow traded-sector businesses that sell similar products to share resources and improve their efficiencies.

4. Innovating for Oregon's Future

In every part of our state, and in every industry, economic security comes from innovation, from creating new ideas and new products. Whether its high tech products like Intel's state of the art semiconductors from the Silicon Forest, or the high quality, sustainable beef raised by ranchers like Country Natural Beef in Central Oregon. Making things better makes Oregon stronger. Innovation can help us develop new industries, from green buildings, to renewable energy, to energy efficiency services. As Governor, I will support continuing and expanding the Oregon Innovation Council, which promotes carefully targeted research activities that foster cooperation between the public and private sectors.

5. Regional Partnerships

The current economic crisis has affected every community in Oregon, and we need to make sure that our economic development efforts create jobs and opportunity throughout the state. As Governor, I will work to build regional partnerships that join state and local economic development efforts together. We will identify high priority economic development investments in every region of the state, and work to focus state, federal, local and private resources on making sure that these investments produce results.

6. Sustainability Capital of the World

Oregon is poised to take the mantle as the Sustainability Capital of the World. We possess some of the best and brightest individuals and companies in the world. We have an incredible opportunity to leverage these businesses and create a business sector that has the potential for substantial growth, much needed living wage jobs and plays to Oregon's emerging reputation in the sustainability fields.

I am proposing a three-part strategy for making Oregon the Sustainability Capital of the World:

- **Targeted Tax Credits** - the Business Energy Tax Credit (BETC) is a tremendously popular program with business in Oregon because it provides direct financial incentives for companies to implement newer energy technology. The BETC has come under deserved criticism recently for its failure to provide support in the form of targeted tax credits to the emerging industries that actually need it. This does not mean we should eliminate the BETC. Rather, it calls for real leadership from the Governor's office to implement and closely monitor the BETC to ensure it is spurring growth in emerging industries and not simply providing tax breaks for mature companies that are now thriving.
- **Financial Products Innovation** - We need to promote, increase and create innovative financial products that allow homeowners and businesses access to loans and funds for green energy products. Retrofitting buildings for energy efficiency is one of the fastest growing sectors of the Sustainable Energy sector and it has an incredible opportunity for continued growth.

Last session State Representative Jules Kopel Bailey sponsored House Bill 2626 that was eventually signed into law that allows homeowners to install products to increase energy efficiency for their houses and pay for it through savings realized on their energy bills. We need to take the next step and fund residential programs for larger scale installations. One proposal is the Green Energy Mortgage Program that would allow homeowners to finance much larger energy efficiency improvements as part of their primary mortgage. The Bank of Oregon could establish a mortgage product in which

energy efficiency retrofits are offered at a lower interest rate on a 30-year fixed loan secured by the property and backed by the government. Such a program could generate a massive demand for energy efficiency products and installers. This would create much needed living wage jobs and support the many small construction businesses involved in the industry.

- **Regulation** – Tax Credits and Financial Innovation alone cannot meet our goals of reducing our carbon footprint as a state and becoming the Sustainability Capital of the World. The past eight years has seen tremendous progress by the Governor and the State Legislature in passing legislation and regulation that has spurred the private sector to invest in sustainable industries. The Renewable Energy Portfolio Standard (RPS) passed in 2007 mandated that 25% of large utilities power come from renewable energy resources by 2025. There is no question that the defined percentages and hard deadlines created by the RPS has spurred energy companies to begin significant investment in the renewables market. As Governor, I will seek to continue progressive regulation that spurs private economic development whether it's large-scale energy efficiency standards for new commercial development or something as small as matching California's new energy efficiency standard for flat screen televisions.

7. Supporting Rural Communities

As a 35-year resident of the Southern Oregon coast, I am all too familiar with the very real and unique pressures that rural Oregonians face in our 21st century economy. As a state legislator from Bandon, I saw the affects of the collapse of the fishing and timber industries and rural communities across Oregon have struggled to adapt to our increasingly global economy. I believe that it is imperative that the next Governor of Oregon has a real economic development plan for rural communities. My plan calls for supporting innovative natural resource enterprises and investing in the next generation of Oregon farmers.

Supporting Innovative Natural Resource Enterprises

The State of Oregon must provide support for companies that are innovating in natural resource extraction. Under my plan that support will take the form of targeted tax breaks to rural resource innovators, access to small business loans and help with new equipment.

A good example of a traditional Oregon industry that must innovate to survive in this new global economy is forestry. The past three decades have seen a sharp decline in the traditional forest products industry. At the same time demand for innovative and sustainable building products has grown tremendously. This presents a unique opportunity for Oregon. For example, we have an abundance of forests that are in dire need of thinning of their small diameter trees. Technology exists today that will allow timber companies to adapt their existing sawmills to accept and process smaller diameter timber into a variety of innovative lumber products.

Creating the next generation of Oregon Farmers

As the father of two young women who have decided to become farmers on the Southern Oregon coast, I am acutely aware of the challenges that younger individuals face in trying to enter the agricultural industry and find success. We can help create a new generation of Oregon farmers by providing a number of support mechanisms to make farming a more attractive and viable career choice:

- We could provide access to land through the creation of a State Land Bank.
- The Bank of Oregon could back “New Farmer” loans providing competitive loans to allow new farmers the chance to get on to viable farmland.
- I would increase funding for “New Farmer” education programs that help people enter the business of farming and achieve success.
- Finally we could continue to help smaller scale farmers combine forces to meet the needs of farmers markets, supermarkets and restaurants.

There is a tremendous growth opportunity for Oregon’s economy if we support the bounty that is Oregon’s farms and help our farmers meet the needs of a 21st Century economy.

8. Entrepreneurship and Small Business

The backbone of the Oregon economy is our state's pioneering entrepreneurial spirit. In the face of this recession, as in previous periods of economic change, a critical part of the state's resilience has been the willingness of our citizens to start new businesses. As a state legislator in 1983, I sponsored legislation that created Oregon's system of community college based small business development centers. These centers provide technical advice and assistance to entrepreneurs and small business owners. And this system was a first in the nation.

As Governor, support for Entrepreneurship and Small Businesses will be one of my chief priorities. We will not get ourselves out of this economic recession by simply hoping to land a large multi-national corporation every 5 years. We must work to strengthen the thousands of small and medium businesses that employ 5, 10 or 50 individuals in communities across the state.

First and foremost these Oregon businesses need access to capital to grow and thrive. The primary way to accomplish this is to get loan products flowing again here in Oregon and that is the primary reason I am calling for the creation of the Bank of Oregon.

The Bank of Oregon's primary task will be to invest Oregon money in Oregon businesses and provide much needed capital for small and medium size businesses here in Oregon.