



**Inventory No:** 6BW-0006A03

**Title:** Reputation at Risk: Asking a Community for Tax Incentives

Intel Corporation, Conkling, Fiskum & McCormick, 2000, 2pgs

**Summary:** A program to obtain tax incentives from the state of Oregon while maintaining good will within it's community.

**Full Text:** OVERVIEW

Intel's Oregon site is entirely situated in Washington County, a farming community now referred to as the Silicon Forest. Intel's Oregon site is the company's largest and most complex in the world, with 12,000 employees and representation from every business group. Active public relations programming has been underway for six years and results of a 1998 survey showed a 73% favorable rating of Intel as a corporate citizen.

Oregon does not have a sales tax; instead, it relies on property and income taxes for revenue. Capital-intensive businesses like high-technology manufacturers are particularly hard hit by this tax structure, because they purchase billions of dollars of tools that are outdated relatively quickly. In 1993, the Oregon legislature created the Strategic Investment Program (SIP), to stimulate capital intensive investment and prevent that investment from deserting Oregon for more tax-equitable states. The SIP caps property taxes for capital-intensive businesses investing a minimum of \$100 million in a community. In 1994, Intel secured its first tax incentive savings on an investment of \$3.2 billion. In 1999, with the \$3.2 billion cap fast approaching and new manufacturing facilities and retooling programs on the drawing board, the company determined the need to seek further savings, this time on an investment of \$12.5 billion, all in Washington County.

Intel faced two challenges: The real business need of approval of the SIP application, which would save Intel \$200-\$300 million and keep the business growing here in Washington County, and maintaining its favorable reputation in light of requests for tax incentives.

Approval of the SIP application rested with five elected officials of the Washington County Commission. Environmental considerations included a 'no growth' attitude due to heavy traffic congestion, a rapid evolution from farming to high technology as an industry base, a lack of affordable housing in Oregon's wealthiest community, and a recent series on corporate welfare in Time magazine which cited Intel and its tax incentives as an example.

RESEARCH

We recognized the need for data that would prove our first SIP had made a difference, so we contracted with a respected Oregon firm to conduct an economic impact study. Prior to our announcement that we would seek another SIP agreement, we told the story of the success of the first SIP agreement ... a powerful economic story based and data from the study.

Our communications plan written, audiences defined (five Washington County elected officials who would vote on the agreement), we were challenged to develop and refine key messages. A public opinion poll, an employee focus group, and use of Intel's community advisory panel (key community leaders) as a focus group helped us define and focus those messages. One week prior to the vote, we conducted another poll - and found that our use of key messages worked; support had increased. Internally, at the campaign conclusion, the SIP communications team conducted a 'post-mortem,' to define what went right and what could be improved in future campaigns.

We identified and prioritized our key publics as 1) Washington County commissioners and the people that influence them: voters, 2) employees - 12,000 employees could serve as highly credible ambassadors, or detractors; In 1994, with our first SIP request, employees were our most vocal critics, 3) suppliers and 4) opinion leaders. Educating these audiences, and turning them into supporters or, at least non-opposition, was vital to the campaign's success.

PLANNING

Our economic impact study indicated Intel had had a great impact on Washington County. A key highlight: Intel has the largest economic impact on Washington County, the Portland Metro area, and the state of any single private employer (\$5.8 billion). The Intel Oregon Public Affairs SIP Communications Team followed - and adjusted - a two-phase plan created early on by Public Affairs managers. Budget range was \$110-130K. Internal charge was to add this intensive campaign while maintaining key programs without adding headcount.

Objective # 1: To receive property tax incentives under Oregon's Strategic Investment Program

Objective #2: Achieve property tax incentives without damage to Intel Oregon's reputation.

Strategy: Raise awareness of Intel's historic economic impact and of Intel's contributions to the community's livability, and build understanding of and support for Intel's SIP application through grassroots communication (speaker's bureau), media relations, paid advertising and constituency support.

#### EXECUTION

Phase 1: TACTICS Proliferated key messages from economic impact study (i.e.: Local governments receive \$34.2 million more from Intel and employees than it costs to serve them. Local schools receive \$43.5 million more from Intel and employees each year than it costs to educate Intel employee children) to key audiences. Tactics: News announcement. Internal: newsletter on- line and hard copy, six colorful posters each featuring a different key message, one-page handouts, and employee forums. External: mailing to key influencers, media relations, community groups presentations. Supported with an end-of-the-year paid media strategy, including cinema ads, local newspaper ads with 'good corporate citizen' message. Internal communication: \$4K. External ad creation/placement: \$30K. Economic impact Study: \$20K.

Phase 2, TACTICS Research defined key messages. These were communicated via 1:1 or 1:small groups both internally and externally, encouraging two-way communication. Internal: employee forums on each campus conducted by senior managers, internal on-line chat room monitoring and response, internal web page postings, regular articles in on-line and hard copy newsletter, internal posters and handout. External: Developed speaker's bureau-trained senior managers on dynamic presentation which they then presented to citizen organizations, well prepped with q & a's and supported by Q & A cards, a brochure, and a 1-page handout. Also, media relations resulted in endorsement editorials and balanced news stories in print and broadcast media. Conducted web page updates, neighbor forums, and developed a comprehensive plan supported by collateral material to recruit positive testimony, both written (submitted via web page and in hard copy) and verbal (at community information sessions and final County hearing). Research: \$30K, Collateral \$4K.

The Team: The team consisted of the professional communications staff of Intel Oregon's public affairs group and public relations professionals from Conkling, Fiskum & McCormick, the firm contracted by Intel for communications and public affairs services. Other resources - including an administrative project manager and database assistant - were borrowed from within our Northwest Regional Operations group. Weekly status/update meetings were held with this tight-knit group. In addition, we worked with Washington County on communication strategy. CFM: \$40K. Total campaign budget: \$128K.

#### EVALUATION

Objective: Receive property tax incentives under Oregon's SIP.

Result: Achieved by unanimous vote of Washington County Commissioners.

Objective: Avoid damage to the reputation of Intel Oregon.

Result: Achieved & excelled: Final public opinion survey showed a 90% approval rating of Intel Oregon. In 1998, our approval rating was 73%.