

Here's another bit of evidence that Oregon's tax climate isn't as toxic to business as conservatives make it out to be: Bend's [G5 Search Marketing](#) announced this week that it's getting a \$15 million infusion of venture capital and plans to more than double its workforce.

The five-year-old company, which designs software to help businesses make their websites more effective in snagging visitors and customers, plans to add 20 employees by the end of the year and as many as 100 more within two years, according to co-founder and CEO Dan Hobin. It currently has a payroll of 75, plus five independent contractors.

"This has been an unusually strong year for venture capital in Oregon, which had its best first-half in four years," [The Oregonian reported](#) in its story about G5's success. "The state has benefited from looser capital markets and because Oregon entrepreneurs have diversified into hot sectors including clean tech, medical technology and social media."

"This news comes as no surprise to me and many of those who supported [Measures 66 and 67] last January," Chuck Sheketoff of the Oregon Center for Public Policy [comments on Blue Oregon](#). "We continually pointed out that taxes play a very minor role in business location decisions. Much more important are factors such proximity to customers, the quality of the workforce, the quality of public structures and the quality of life in Oregon."

I'm not sure I agree that taxes play only a "very minor role" in business location decisions, but they clearly aren't the only factor – and probably aren't even the biggest.

Hobin, a Silicon Valley refugee, told The Oregonian that Central Oregon's low cost of living compared to the Bay Area enables G5 to attract high-quality employees without paying California wages. Hobin called it "geographic arbitrage."

Sheketoff couldn't resist pointing out that the 100 or so jobs G5 plans to add are substantially more – make that five times more – than the 20 lost by the sale of Tara O'Keeffe's small hand and foot cream manufacturing company to Ohio-based Gorilla Glue this spring.

## The Latest Bulletin from Tax Hell

Written by H. Bruce Miller

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In a column by Business Editor John Stearns and in an editorial, The Bulletin has cited that sale as an example of the horrible consequences of M66 and 67, but so far it has refrained from commenting on G5's coup. I guess it just doesn't fit the narrative the paper is trying to peddle.