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Firm luring companies to Northwest

By Kevin Smith Staff Writer

In recent years, California has forged an increasingly unfriendly business climate.

And no one knows this better than Bob Potter. Potter, a business recruitment expert with the Inland Northwest Economic Alliance, has spent the past several years luring companies away from California to the greener pastures of eastern Washington and northern Idaho.

And according to Potter, those pastures are greener.

"In north Idaho, the tax structure is pretty much like California ... but much lower," he said. "The corporate income tax is 7.6 percent, and in California it's nearly 10 percent."

And Washington is especially appealing to businesses with high profit margins, Potter said.

"In Washington, it's completely different," he said. "They don't have a personal income tax or a corporate tax, but they have a business and occupation tax that's based on your gross sales. So if you have a high profit margin, it's a great state to be in."

A manufacturing business with a profit margin of 8 percent would pay only one half of 1 percent of their gross revenues, he said.

"Microsoft and Boeing like that," Potter said. "And if you're in aerospace, it's only half of that. But if you have a low-profit margin, Idaho is better because your corporate income tax is only 7.6 percent."

Jack Kyser, founding economist for the Los Angeles County Economic Development Corp., said firms such as Potter's economic alliance have made inroads into luring companies out of the Golden State.

"They're at it all the time," Kyser said. "It's hard to get statistics, but we're constantly running into groups like this. They will determine that 'We want a company of this type and this size ...' And they are zeroing in on businesses to determine if they are having financial difficulty."

Potter worked for AT&T for 36 years and later did some recruiting for another economic group before moving over to the Inland Northwest Economic Alliance four and a half years ago.

All told, he's lured 73 companies from California to either Idaho or Washington.

The process of convincing a business to move from California to his region isn't exactly easy — or fast, he said.

"The last one I recruited was Titan Spring Co. in North Hollywood," he said. "They make precision springs for medical and aerospace companies."

The three-year process involved nine visits to Titan and lots of demographic information.

"They had about 25 employees," Potter said. "When the boss finally made the decision that the company should do it, they called all of the employees together and we put on a seminar for the people."

Potter even took many of the employees up to the region to so they could see what it was like. Ultimately, the prospect of lower-priced homes, good schools and a host of other positive amenities convinced 13 of the 25 employees to make the move, he said.