

OPINION

EDITORIAL BOARD

Hynix always a good citizen of the community

By JACK ROBERTS

The announcement by Hynix Semiconductor Manufacturing that the company will be closing its Eugene computer chip fabrication plant is obviously disappointing news for people in Lane County and all over Oregon. Not only will about 1,000 local workers be losing a family-wage job with excellent benefits, but Lane County also will be losing its largest taxpayer. The closure is a harsh blow to the community, and we all feel tremendous compassion for Hynix employees and their families. It is also understandable that, for many, this disappointment might lead to anger and bitterness.

As with the closure of the Sony compact disc manufacturing plant four years ago, the culprit in this case is not the company or the community but the vagaries of changing technology and a competitive world market.

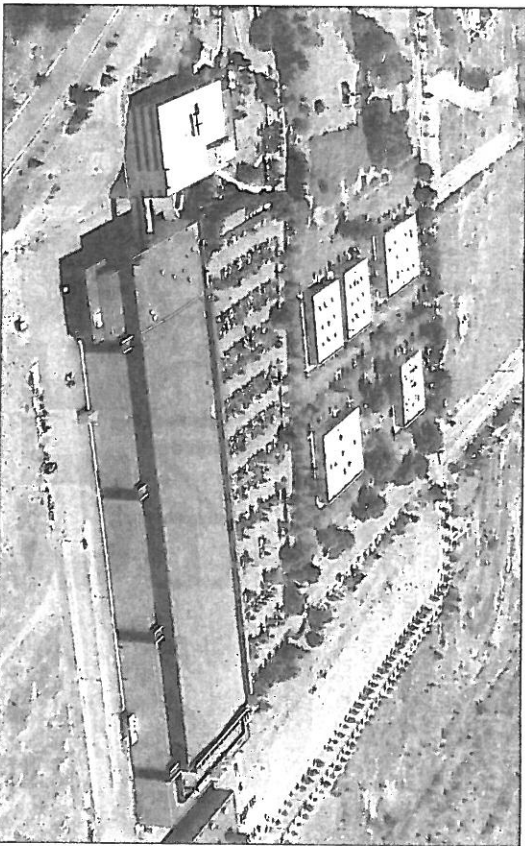
Just as the worldwide decline in demand for CDs forced Sony to close its Springfield plant, the worldwide drop in demand for computer memory chips finally forced Hynix to close its Eugene plant. In each case, the local plant also suffered an additional technological disadvantage: Sony's Springfield plant made only CDs, while its New Jersey plant also made DVDs; Hynix's Eugene plant made chips from 8-inch wafers, rather than the more cost-effective 12-inch wafers used in the newest fabricating plants.

Ironically, it was our success in attracting these companies to our area more than a decade ago that left these plants vulnerable to competition from newer operations. Today, the DVD industry is prey to competition from movies downloaded from satellite, cable and Internet access. Similarly, is there any reason to believe that the current 12-inch wafer fabrication process still will be in vogue a decade from now?

Timing is everything. Technological change alone might not have led to the closure of the Eugene Hynix plant if the global demand for computer memory chips were still high. In fact, Hynix explored the opportunity to build a 12-inch wafer fabricating plant in Eugene.

Unfortunately, in a weak market with the price of its product sinking, it simply didn't make economic sense for Hynix to undertake such a venture at this time.

So what lessons should we learn from this experience? First and foremost, our disappointment at the



Chris Petersen/The Register-Guard

The parking lot in the center of the Hynix complex soon will be empty of vehicles.

closure should not blind us to the benefits we have enjoyed from having Hynix here for more than a decade. Since 1996, the company has employed thousands of workers at top wages and with excellent benefits. For the most part, those workers were not required to have more than a high school education. Recently, Hynix has employed 1,113 people at an annual payroll of \$62 million.

Many of these workers have, with the assistance of Hynix, earned college degrees and received advanced training that already has helped them move on to other jobs. And contrary to the fears expressed by many when Hynix first opened, most of these jobs have been filled by local residents, and not people from out of state.

A less obvious, but critically important, beneficiary of Hynix's presence here has been the Eugene Water & Electric Board. Far from placing a drain on the utility, Hynix from the beginning has been a critical ratepayer providing significant funding that has enhanced EWEB's abil-

ity to provide adequate water and electricity to consumers at a lower cost than otherwise would have been the case.

The Lane Transit District also has been a major beneficiary of the large payroll tax paid by Hynix, something that especially will be missed during this period of high fuel costs and growing customer demand for public transit.

Property taxes will doubtless be a subject of considerable discussion in the aftermath of the Hynix announcement. Hynix has been the largest property tax payer in Lane County. In fact, Hynix has paid more than Eugene's next nine largest property tax payers combined. Since its opening in 1996, the company has paid more than \$56 million in property taxes.

Critics will point out that thanks to the West Eugene Enterprise Zone, that amount is less than half of what Hynix otherwise would have paid in property taxes. Ironically, most of those critics are people who wish Hynix had never come here at all.

These critics would like us to believe that,

without the enterprise zone, Hynix would have paid more than \$120 million in property taxes since 1996. In fact, the company most likely would have paid zero property taxes here — because it almost certainly would have located in Colorado Springs, Colo., the community that was in close competition for this plant at the time.

All this is not to suggest that the enterprise zone was the only reason Hynix located here. We had other advantages, including a good labor force and abundant water and electricity. But Colorado Springs had advantages as well, and as close as the final decision was, it is hard to believe that Hynix would have made the same decision had such a critical component as significant property tax relief not been placed on the table.

The more relevant question, of course, is whether we gave away too much. The answer depends on whether the taxes Hynix has paid adequately cover the cost burden the company placed on local governments.

By any reasonable standard, the taxes Hynix paid have been a windfall for local governments. Accepting \$56 million in taxes rather than holding out for \$120 million and risking getting nothing was a prudent decision that has paid us dividends for more than a decade.

Finally, Hynix has helped bring diversity to our community. While most of their employees have been local residents, the company imported a number of people from Korea, particularly top management. These people have lived and worked here, made friends, participated in community activities and sent their children to our local schools.

Thanks in part to their experiences here, the University of Oregon has become the school of choice for thousands of outstanding Korean students over the past decade.

It is yet unclear what future role Hynix may play in our community, but one thing is certain: Eugene, Lane County and the rest of Oregon are all better for Hynix having been here. I hope that Hynix feels it is a better company for having been here as well.

We should wish Hynix the best and hope that our paths will continue to move forward together in some way.

Jack Roberts is executive director of the Lane Metro Partnership.