



Association of Oregon Counties



HB 3017 – Enterprise Zones

HB 3017 renews Oregon’s highly successful job creation/retention Enterprise Zone program scheduled to sunset in 2013.

Background: The Enterprise Zone program was enacted 25 years ago as a “special aid to attract commerce, industry, and jobs.” The Enterprise Zone program has been proven to create jobs, expand wealth and enhance long-term property tax revenue with a payback of about seven years.

Enterprise zone programs include the tried and true incentive of the standard property tax exemption of 3–5 years, the long-term facility incentives for special rural opportunities, the electronic-commerce tax credit available in several zones, and special Tribal/reservation designations.

Enterprise Zones are sponsored by local governments (city, county, tribe or port) and serve as a focal point for local development efforts by exempting eligible traded sector businesses from local property taxes on investments in new plants and equipment for three to five years in a standard zone and up to 15 years in a rural zone in exchange for agreeing to locate or expand new plants and equipment. One hundred seven cities in 35 counties currently use enterprise zones to create better economic opportunities.

Oregon’s 59 (47 rural and 12 urban) enterprise zones offer a unique economic development tool for Oregon counties to encourage businesses to grow or locate in Oregon. The boundary of a zone may be noncontiguous, but it must encompass no more than 12 square miles and conform to restrictions on the distances within the zone. Each zone sunsets after 10 years subject to possible reapplication to the Oregon Business Development Department and designation of other applicants. Cities, counties, and ports apply for designation of an enterprise zone; however, they must demonstrate economic hardship by having household median income of 80% or less of the state median income or an unemployment rate of 2.0 percentage points or more above the state rate.

For the basic, three-year enterprise zone exemption, qualifying traded sector projects must:

- Increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or 10 percent (or special-case local sponsor waivers);
- Have no concurrent job losses outside the zone boundary;
- Maintain this minimum employment level during the exemption period;
- Enter into a first-source agreement with local job training providers; and satisfy additional local conditions, potentially imposed under an *urban* zone policy.

A four or five year period of abatement may be granted conditioned upon:

- Compensation of new workers at or above 150 percent of the county average wage.
- Local approval by written agreement with the local zone sponsor.
- Meeting any additional requirements that the local zone sponsor may reasonably request.

MEASURE: HB 3017
 EXHIBIT: 1
 HOUSE REVENUE COMMITTEE
 DATE: 2/28/13 PAGES: 2
 SUBMITTED BY: REP. BETTY RUMP