



Taking action for basic human needs.

February 28, 2011

Representative Vicki Berger, Co-Chair
Representative Phil Barnhart, Co-Chair
House Revenue Committee

Re: HB 3017 & HB 3494- Extends Sunset Date of Enterprise Zone Program

The Human Services Coalition of Oregon (HSCO), is concerned that the tax base of Cities and Counties be adequate to provide needed services. Both, but particularly counties, play an important role in providing health and human services. During the deliberations of the Revenue Restructuring Task Force, presenters called attention to the fiscal plight of Oregon's counties, particularly those more rural counties. It is certainly timely, therefore, to evaluate the effectiveness of property tax abatement policies as represented by the Enterprise Zone programs.

A study by the Center for Urban Studies at Portland State University titled *Oregon Enterprise Zone Tax Abatement, Economic Development Study and Urban Renewal Study* conducted for the Special Districts Association of Oregon in the 2006 or thereabouts (note study found at http://media.katu.com/documents/EnterpriseZone_study.pdf is undated) concluded that:

“The program continues to suffer from insufficient data by which to conduct an independent quantitative analysis of program impacts on local communities.”

Such data should include 1) who received the benefit of the tax abatement, 2) how much benefit they received, 3) how many jobs they promised to create and how many jobs they actually created. By providing this information in one easy-to-access location such as the Oregon transparency website, we and others would be able to better analyze the program's effectiveness independently. If the Enterprise Zone program is renewed, it is strongly recommended that this level of transparency be incorporated into the enabling statute.

Absent these data, it is difficult to know whether the significant tax expenditures represented by extending the sunset on these programs as recommended will produce a net benefit to Oregon.

Thank you for the opportunity to comment on this legislation.

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The Human Services Coalition of Oregon (HSCO) is comprised of organizations and individuals from across the state who are committed to protecting and strengthening human services on which vulnerable Oregonians depend.