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HB 3017 & HB 3494

A recent New Jersey report calls for the elimination of the Urban Enterprise Program and is considering doing the same for the state's film tax credit.

The consultant report, authorized by Gov. Chris Christie, recommended several ways the state could realign its economic development programs.

The study found the 28-year-old UEZ program, which redirects local sales tax dollars into urban business districts, is "**bureaucratically cumbersome**" and **costly to operate**, noting that **results are inconsistent and hard to quantify**.

<http://www.state.nj.us/treasury/pdf/NJ%20Urban%20Enterprise%20Zone%20Program.pdf>

"To secure New Jersey's future economic growth and prosperity, it's important that we continue to face our economic realities head-on, make difficult choices and ensure that limited taxpayer dollars are spent on programs that are actually effective," Christie said in a news release.

"We will continuously evaluate the efficacy of tax incentive programs and ensure that New Jersey's taxpayers are receiving a real and quantifiable return on their investment," he said.

I found a very comprehensive study of several states. Peter Fisher, a professor of urban and regional planning at the University of Iowa, is co-author of "State Enterprise Zone Programs: Have They Worked?" a book published last year by the W.E. Upjohn Institute for Employment Research, a nonprofit group in Michigan.

http://www.eric.ed.gov/ERICWebPortal/search/detailmini.jsp?nfpb=true&&ERICExtSearch_SearchValue_0=ED471615&ERICExtSearch_SearchType_0=no&accno=ED471615

Fisher and colleague Alan Peters studied 75 enterprise zones in 13 states. **They didn't examine Oregon, but the size and type of waivers in Oregon are probably average for the study group**, Fisher said.

A few studies years ago asserted that enterprise zone tax breaks were effective at creating jobs, but most of **the recent evidence, after many years of experience, suggests that the breaks have almost no influence on local job growth**.

In most communities, **70 percent or more of the jobs created by companies that get tax waivers are jobs that the companies would have created anyway**, Fisher, Peters and others calculate. In that scenario, giving the tax waivers ends up being a drain on state and local coffers, they said. **The tax waivers don't spur the creation of enough new real estate development and jobs to offset the tax revenue lost by exempting the many companies that would have done their expansions anyway**, the researchers said.

I also found an economic paper, titled "EZ Money — Iowa's Monster".
<http://www.iowafiscal.org/2008docs/080421-EZ-release.pdf>