

**CITY OF HILLSBORO
ECONOMIC DEVELOPMENT**

MEASURE: HB 3017
EXHIBIT: 6
Senate Finance and Revenue 76th Session
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SUBMITTED BY: Sarah Garrison
Submitted not heard

May 16, 2011

Senate Finance and Revenue Committee
Oregon State Capitol
900 Court Street NE, Room 143,
Salem, Oregon 97301

Dear Senator Ginny Burdick and Members of the Senate Finance and Revenue Committee:

Please accept this testimony to support the extension of the Enterprise Zone program (HB 3017 and HB 3494). Oregon's Enterprise Zone program was enacted as a "special aid to attract commerce, industry, and jobs". The Enterprise Zone is the only major business development tool we have at the local level.

Hillsboro's Enterprise Zone has proven to be an exceptional retention and expansion tool for our existing manufacturing companies as well as an incentive used by new companies locating in Hillsboro. In Hillsboro, we use it to assist many small and medium-sized business with their expansion plans. These are companies we have been in danger of losing to other locales outside of Oregon. It is also a tool that enables us to provide equity – i.e. providing equal treatment to both our new and existing business.

Since approval in 2006, the Hillsboro Enterprise Zone program has helped 10 companies invest over \$650 million in new equipment and upgraded facilities. These companies have created over 1,000 new jobs in Hillsboro. In addition, the City requires a local procurement plan to encourage businesses to "buy local." The company is required to create and execute a procurement plan that will increase its purchases from Hillsboro-based businesses annually, as measured in dollar volume, over the term of the abatement. These local purchases can range from office supplies and catering to construction and equipment purchases. Over \$19 million was spent by these companies in the local economy on goods and services in 2010 alone, increasing the viability and productivity of our local businesses.

It is important to note that the Enterprise Zone requires companies to pay higher average wages (150% of minimum wage), to provide good employee benefits, and to provide training and advancement opportunities to their employees.

In the Enterprise Zone program, the existing land and value of the buildings stay on the tax rolls. It is only a short-term property tax abatement, which allows a company to invest in new machinery and/or facility improvements that they otherwise may not be able to undertake and

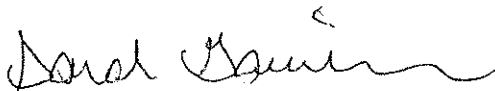
stay competitive. In 3-5 years, the new property then comes onto the tax rolls generating additional revenue to the local taxing districts.

While the City and County are foregoing property tax benefits in the short term, the State is garnering personal income taxes from these jobs immediately. We conservatively estimate that the jobs created in the Hillsboro Enterprise Zone will return approximately \$2.8 million annually to the State through the personal income taxes of the associated employees.

The Enterprise Zone is a vital tool that helps increase business investment, employment and economic output. It provides certainty through a clear and streamlined process for businesses interested in the program. And it creates new employment opportunities for Hillsboro and Washington County residents. We think this program creates a winning solution, for businesses, residents, the City of Hillsboro and the State of Oregon.

I urge you to support of this very important economic development tool.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sarah Garrison".

Sarah Garrison
Economic Development Manager

C: Ann Hanus, Association of Oregon Counties
Michael Novak, League of Oregon Cities
Jack Isselmann, Oregon Economic Development Association