



## **HB 3173**

### **Long-Term Tax Credit for Rural Enterprise Zones**

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Rural Enterprise Zones have been a powerful and effective business recruitment tool for new jobs and attracting business investment. They are sponsored by local governments and serve as a focal point for economic development. Currently, there are 360-400 full-time permanent jobs directly associated with the long-term rural enterprise zone program among five currently exempt facilities, with more than 100 jobs anticipated at future projects. Approximately 20% of these jobs are attributed to the Long-term Tax Credit for Rural Enterprise Zones.

The Long-term Enterprise Zone Tax credit complements the recruitment efforts associated with Rural Enterprise zones by providing an additional incentive for businesses willing to make investments larger than \$25 million and hiring at least 10-75 full-time employees within three to five years. Furthermore, the wages must be at least 50% above the average county wage.

This tax credit is used sparingly because (1) it is aimed at very large investments; (2) very high wage jobs in rural areas must be created; and (3) it must be approved by the Governor. The Long-term Tax Credit for Rural Enterprise Zones is a cost-effective approach to job creation at an annual cost of about \$2,500 per job.

The Association of Oregon Counties urges your support to continue the Long-term Tax Credit for Rural Enterprise Zone programs because it is a targeted incentive for high wage job creation in hard-hit rural counties.