



MEASURE: SB 317
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 Joint Committee on Tax Credits 76th Session
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 SUBMITTED BY: Cindy Robert

TO: Joint Tax Credits Committee
 FROM: Cindy Robert
 City of Medford
 DATE: May 18, 2011
 RE: SB 317

As a City that sponsors an Urban Enterprise Zone and that has benefited from the business development opportunities provided by Oregon's programs for both Enterprise and Electronic Commerce Zones, the City of Medford urges you to support continuation of these valuable economic growth tools.

The current Medford Urban Enterprise Zone was designated July of 2008, and is set for termination June of 2018. The Zone was originally created in 1998.

To date, 58 companies have taken advantage of our Enterprise Zone. The total private business investments in the Enterprise Zone has been \$121 million, and 1,340 new jobs have been created while 3,887 existing jobs have been retained.

Medford was one of four Oregon cities to be designated an E-Commerce Zone in 2002 by the Oregon Economic and Community Development Department. Per E-Commerce Zone rules, companies that do 51 percent or more of their business via the internet may qualify for up to a 25 percent income tax credit. In Medford, 39 companies have been approved for these benefits.

In 2009, a report by REMI Northwest stated:

The most successful of Oregon's e-commerce zones at incenting investment has been Medford. Firms have been approved for 30 separate investments totaling over \$100 million. Of these investments more than \$21 million in investments have completed tax abatement periods and have gone onto local tax roles. In 2009 these investments which are no longer in abatement will create an estimated \$826,000 in local tax revenue. This amount will grow in every year as additional projects return to the tax roles. The tax revenue stream which derives from the program is large, shown below in table 5. The value of the revenue stream to local jurisdiction is greater than \$14 million over 20 years that the region would not otherwise receive. The benefit to Jackson County itself is approximately \$4 million over the same time period. Table 5 shows annual benefit cost for all of the local property tax jurisdictions which are affected by the program, \$3.02 tax benefit for every dollar in cost to Jackson County itself.

**Table 5:
 Forecast Annual Economic Impacts of Medford E-Commerce Zone in 2020**

	2009	2020
Total Employment	697	915
Gross Regional Product	\$ 41,940,000	\$ 91,680,000
State Tax Revenue	\$ 3,997,000	\$ 8,452,000
Local Property Tax Revenue	\$ 826,806	\$ 1,210,322
Total Tax Revenue	\$ 4,823,806	\$ 9,662,322

Local property tax revenue will depend on the type of investments which are induced by increased economic activity. This estimate may vary widely.

In 2005, Medford ranked fifth on *Inc. Magazine's* 2005 list of "The Top U.S. Cities for Doing Business." What certainly helped us earn that honor is our status as both an Enterprise Zone and an Electronic Commerce Zone. The use of both zones allows us to offer income and property tax relief to businesses, helping Medford to grow and then to endure in this difficult economic climate.

The Enterprise Zone and E-Commerce Zone programs have been extremely successful in not only assisting with attracting new businesses to Oregon, but also with providing a much needed incentive for existing businesses to remain here, grow their businesses and continue to be solid contributors to the economic health of the region in which they are located as well as to that of the State. With expansions of existing businesses responsible for nearly 80% of job growth in Oregon, these programs are not only essential, but are vital to our continued efforts to grow ourselves out of our current economic condition.

We urge you to help the City of Medford and other areas in Oregon continue to attract new businesses, to provide motivation for industries to expand and to create jobs by support Enterprise and E-Commerce Zone programs.