



## ECONOMIC DEVELOPMENT FOR CENTRAL OREGON

February 26, 2013

**To: Members of the House Business & Labor Committee**

Rep. Margaret Doherty, Chair

Rep. Tim Freeman

Rep. Paul Holvey

Rep. Greg Matthews

Rep. Kim Thatcher

Rep. Jim Thompson

Rep. Brad Witt

Rep. Shemia Fagan

**RE: Opposition to HB 2675 & 2677**

Dear Representatives:

Economic Development for Central Oregon (EDCO) has been the tri-county region's (Crook, Deschutes and Jefferson) lead economic development organization for the past 32 years. As the largest non-profit economic development organization in Oregon, we have had success in recruiting new jobs and industry over that period, facilitating the successful relocation or expansion of more than 155 companies that created 4,200 new, well-paying jobs over the past decade. We also manage all five enterprise zones in the Central Oregon region, two Renewable Energy Development Zones and two e-commerce zones.

If my memory serves me correctly, there have been attempts within the legislature for at least the past decade to impose prevailing wage requirements on companies participating in Oregon's enterprise zone program. Thankfully all have failed. Why are we thankful for this outcome? In the most simple terms possible: enterprise zones are Oregon's best tools for attracting jobs and taxable investments for local jurisdictions.

The proposed changes that HB 2675 and HB 2677 would require private companies to pay prevailing wages on construction projects over \$5 million that participate in enterprise zones or that otherwise receive temporary property tax exemptions in exchange for jobs. In our area, as is the case across the state, prevailing wages are considerably above typical market rates. Requiring companies to pay these wages for all trades in construction projects that will facilitate creation of permanent, well-paying jobs will negate the tax benefits, which are only realized over time. Heaped on these additional costs, the reporting requirements and application fees proposed in HB 2675 and HB 2677 that would be placed on companies are potentially so unclear and onerous that no company would use the program for these provisions alone.

We have in our region several projects that selected Oregon over other states for major capital investments because of the Enterprise Zone. If HB 2675 and HB 2677 were made

law, the Central Oregon area could expect more than \$1 billion in private investment to disappear along with hundreds of badly needed, well-paying jobs with companies that have not yet finalized their site selection decisions.

Why does this legislation keep surfacing? Unions have this high on the priority list as a deliverable to their members. What this agenda fails to recognize is that this legislative solution to benefit a specific type of worker will likely scare away work that is currently coming to Oregon that does pay prevailing wages. In our region, the emerging data center development is a good example – many of the contractors on these capital-intensive projects are union members, particularly in the electrical, mechanical and plumbing trades. Many of the concrete and excavation contractors are non-union. Oregon's enterprise zones play a key role in attracting data center investments and well-paying jobs. Passage of HB 2675 and HB 2677 into law would likely disincentivize companies currently investing in Oregon and scare off companies we are now courting.

Prevailing wage as a requirement for an enterprise zone benefit is counterproductive and will cost Oregon jobs when we can least afford it. Please join EDCO in strongly opposing HB 2675 and HB 2677 – truly legislation at its worst for any season of the business cycle.

Thank you for your consideration on this important issue.

Respectfully,



Roger J. Lee  
Executive Director

Cc: Representative Jason Conger  
Representative Gene Whisnant  
Representative John Huffman  
Representative Mike McLane

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