

B-Engrossed SB 245

Authorizes Designation of Enterprise Zones by Sponsor

And Increases the Number of Electronic Commerce Designations

Joint Committee on Tax Credits

June 10, 2013

AOC supports B-Engrossed SB 245 because Enterprise Zones have been a proven and effective local government program. Cities, Counties and Ports form an Enterprise Zone to attract business for the purpose of retaining and creating jobs and enhancing the overall property value of the area. Increasing the number of Electronic Commerce overlays will enhance the attractiveness of enterprise zones and encourage the retention and creation of jobs.

B-Engrossed SB 245 would allow Enterprise Zone sponsors to be the decision making authority to designate of an enterprise zone or a change in the boundary of an enterprise zone. The sponsoring entity's decision would be subject to a positive determination by the Oregon Business Development Department that the proposed Enterprise Zone meets statutory requirements. Under current law, OBDD makes the final decision regarding the designation of an Enterprise Zone or boundary change.

Oregon's 60 Enterprise Zones are sponsored by local governments (city, county, tribe or port) and serve as a focal point for local development efforts by exempting eligible traded sector businesses from local property taxes on investments in new plants and equipment for three to five years in a standard zone and up to 15 years in a rural zone in exchange for agreeing to locate or expand new plants and equipment. One hundred six cities, 29 counties and ten ports currently use enterprise zones to create better economic opportunities.

OBDD plays a very important role with Enterprise Zones. The state and local governments work hand in hand to attract economic development. The state also provides needed expertise for the Enterprise Zone program and

generates analyses and reports necessary for monitoring how the Enterprise Zones are doing with regards to their goals.

Enterprise zones serve as a major economic development tool because they lower the initial cost of investment and an effective tool job creation at the local level. Local governments give up a portion of their property tax revenues with the belief that attracting more business will improve the overall economic wellbeing of their county or city. We believe philosophically that this program should be locally determined and managed with the state providing, expertise, technical support, and monitoring. We also urge approval of expanding the number of electronic commerce overlays because they will attract more economic development and create more jobs.

