

HB 2675

I am Eileen Ophus, Community Development Director of CCD Business Development Corporation. I have been at CCD since 1999. We are an Economic Development District for Coos Curry and Douglas Counties, and we are the Enterprise Zone Manager of the Enterprise zones in those counties.

In the distressed region of Coos, Curry and Douglas counties, we have eight enterprise zones. Requiring prevailing wages for projects in the enterprise zones would mean most businesses would not apply for the enterprise zone abatement and it would not serve as an incentive. The cost of the prevailing wages would negate the abatement of taxes.

Almost all businesses are start-ups that have struggled to pull together a business plan and affordable funding. Adding prevailing wage requirements to the project would prevent location in the Enterprise Zone and possibly would prevent the creation of jobs. This could be extremely detrimental if there was a business that was a good candidate for a five-year abatement, which means the creation of jobs at 150% of the county average annual wage. This could mean great family-wage jobs would be lost.

Enterprise Zones were supposed to provide an incentive for businesses to locate to an area or to expand their business. Why would we require more expenses for our businesses in Oregon in order for them to create and retain jobs?

First Call Resolution located two call centers in our region: one in Coos Bay and one in Roseburg. Both centers have used the enterprise zone abatement. I spoke with John Stadter, President of First Call Resolution, and he confirmed that he would not have submitted an authorization for enterprise zone abatement if prevailing wages were required because it would have increased the cost of the projects and it would have negated the tax abatement.

It appears the purpose of the enterprise zones has been forgotten. Enterprise Zones are designed to encourage business and investment through property tax relief, in specific areas of the state. A review of the criteria is a good reminder of the due diligence required by the business.

Criteria for Qualifying Projects

For the basic, three-year enterprise zone exemption period, the business needs to:

- increase full-time, permanent employment of the firm inside the enterprise zone by the greater of one new job or 10% (or less with special-case local sponsor waivers);
- generally have no concurrent job losses outside the zone boundary inside Oregon;
- maintain minimum employment level during the exemption period;
- enter into a first-source agreement with local job training providers; and
- satisfy any additional local conditions, which vary for each zone.

Please don't take away one of the few incentives we provide to businesses in Oregon.