



Vote "Yes" on HB 2675

Prevailing Wage on Large-Scale Economic Enterprise Zone Projects Will:

- Protect against out-of-state contractors who can undercut local area wages by employing low skill, low wage workers from out-of-state.
- Invest our tax dollars employing Oregon workers.
- Stimulate the local economy and increase income tax revenue.

Background

Under current law, when public subsidies help finance a construction project, prevailing wage is the legal standard. Economic Enterprise Zones (E-Zones) are certain geographic areas where local governments offer tax breaks to entice businesses to locate in their communities. These tax breaks can amount to millions of dollars, and not surprisingly, these incentives can be effective in attracting investment.

The legislature's stated reason for offering this program is to "stimulate and protect economic success," in our state. (ORS 285C.055) Our organizations have supported the E-Zone program for years because it attracts businesses and creates jobs for Oregonians.

Unfortunately, there is a significant flaw in current statute. Oregon's laws define public subsidy so narrowly, that tax breaks like those offered in E-Zones are not considered a subsidy. Under any normal circumstance, important accountability measures like prevailing wage would apply to projects that benefit from such large investments of taxpayer dollars, but Oregon's prevailing wage standards do not apply to projects within E-Zones--because property tax abatements do not count as public subsidies.

Summary

HB 2677 applies prevailing wage laws to E-Zone projects with a total project cost of \$5 million or greater, affecting only the largest one-third of projects that take place in these zones. The current E-Zone statute contains wage standards for the permanent employees in E-Zones, but not for the construction workers.

Economic development tools like E-Zones function most effectively when Oregonians are employed by them. Prevailing wage helps ensure Oregonians will be employed by the private sector businesses who seek and are granted large infusions of taxpayer dollars to support their development needs. These subsidies constitute significant investments of public dollars and Oregonians are right to seek a return on these investments. The currency is counted in jobs created for Oregonians and the income taxes paid back to the state. HB 2677 will employ Oregonians and keep our tax dollars in the state—giving tax payers a return on their investment.