

**Testimony by Wilsonville Mayor Tim Knapp
in Support of Amended SB 1565-4:
Proposed Amended Legislation Provides Local
Option to Encourage Industrial Development;
Should Include Job/Wage Requirements**



For Work Session Scheduled on Feb. 11, 2016,
Before the Senate Committee on Finance and Revenue

To Honorable Chair Hass, Vice-Chair Boquist and Members of the Committee:

The City of Wilsonville supports the thrust of proposed amended SB 1565-4 that seeks to clarify certain technical-implementation issues for an optional, permissive property-tax exemption or deferral program for qualifying industrial investments. Generally, the City supports new economic-development tools that local governments may elect to use. Encouraging private-sector investment in industrial facilities that create higher-wage jobs in appropriate locations is generally a laudable public-policy objective.

The City of Wilsonville has for over 30 years successfully practiced economic development that advances industrial expansion in conjunction with family-wage jobs. Roughly half of the nearly 20,000 jobs that our community hosts are in higher-wage industrial sectors of manufacturing, software engineering and wholesale distribution.

Specifically, the City has direct experience with creating a local economic-development incentive program designed to encourage private-sector industrial investment to upgrade older warehouses to higher-value manufacturing facilities that host family-wage jobs. The City's ground-breaking "TIF Zone" (tax-increment financing) program mimics in part the operation and benefits of the State "Enterprise Zone" program, but with greater local control, flexibility and protections for the public purse. Wilsonville's TIF Zone program requires a

minimum investment threshold of \$25 million and creation of at least 75 new, permanent, full-time jobs that pay at least 125% to 150% of the average Clackamas County wage to qualify for a three- to five-year period for a partial property-tax rebate of up to three-quarters of the taxes already paid. *See Exhibit A.*

Thus, the public benefits when a direct nexus is made between private-sector industrial investment and the creation of family-wage jobs sited in appropriate locations. Just encouraging industrial investments that have the potential to remove jobs through automation does not appear to advance a desirable public policy that seeks to encourage employment by Oregon residents.

At this time, the Wilsonville City Council has not considered this issue, and would only do so after a thorough review with our resident and business constituents to see if it would make sense in our situation to utilize a version of the proposed incentive program.

The City would encourage SB 1565-4 to be amended to include a “new, high-wage job” component that explicitly requires a minimum number of new jobs be created that are compensated at a higher-than-county-average, family-wage for each million dollars of investment. Maintaining the traditional public benefit formula of industrial property-tax relief in exchange for the creation of new family-wage jobs is important, especially for a state government highly dependent on income-tax receipts to fund basic public services like education. The City respectfully urges a “Do Pass” vote on an amended version of SB 1565-4 as noted in this testimony. Thank you for your time and consideration.

Sincerely,



Tim Knapp, Mayor
City of Wilsonville



TIF Zones

Single-Property Urban Renewal Districts — “Tax Increment Financing” Zones

Program Summary

- Convert large (over 100,000 SF), vacant or under-utilized industrial warehouses to higher-value manufacturing facilities
- Use Urban Renewal to rebate up to 75% of new property-tax increment to company for a 3- to 5-year period as investment incentive
- Share 25% or more of new tax increment with other taxing jurisdictions

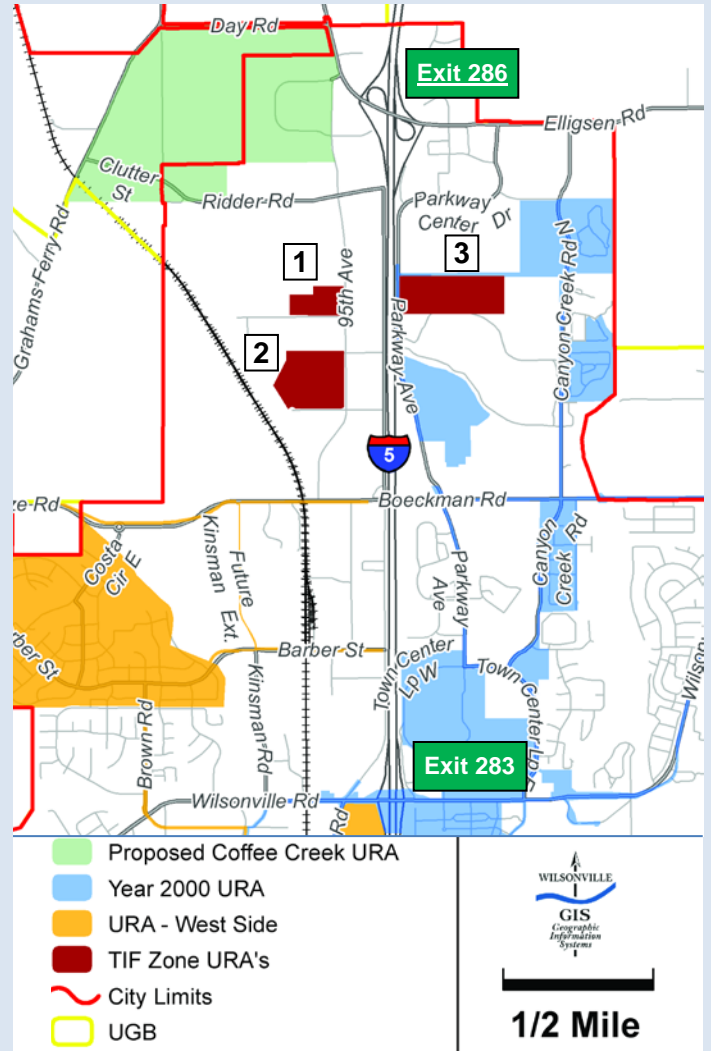
Public Process

- City formed task forces composed of residents, businesses and public sector to create Economic Development Strategy and make recommendations to City Council
- City Council placed “TIF Zone” ballot measure before electorate as an advisory vote in March 2013 election
 - Approved by 79% of voters

TIF Zones Operation

- Minimum \$25 million qualifying capital investment in building improvements and/or equipment by manufacturer
- For 3-year rebate, create at least 75 new, permanent, full-time jobs that pay at least 125% of average Clackamas County wage
 - For 5-year rebate, 75 new jobs pay at least 150% of average Clackamas County wage
- TIF Zone closes if no qualifying investment in first five years; a business can qualify more than once, creating re-investment incentive
- Maximum rebate period of 10 years from time of first rebate
- Maximum lifespan of a TIF Zone is 15 years

Map of Wilsonville TIF Zone Sites



1 26755 SW 95th Ave URD



2 27255 SW 95th Ave URD



3 26440 SW Parkway Ave URD





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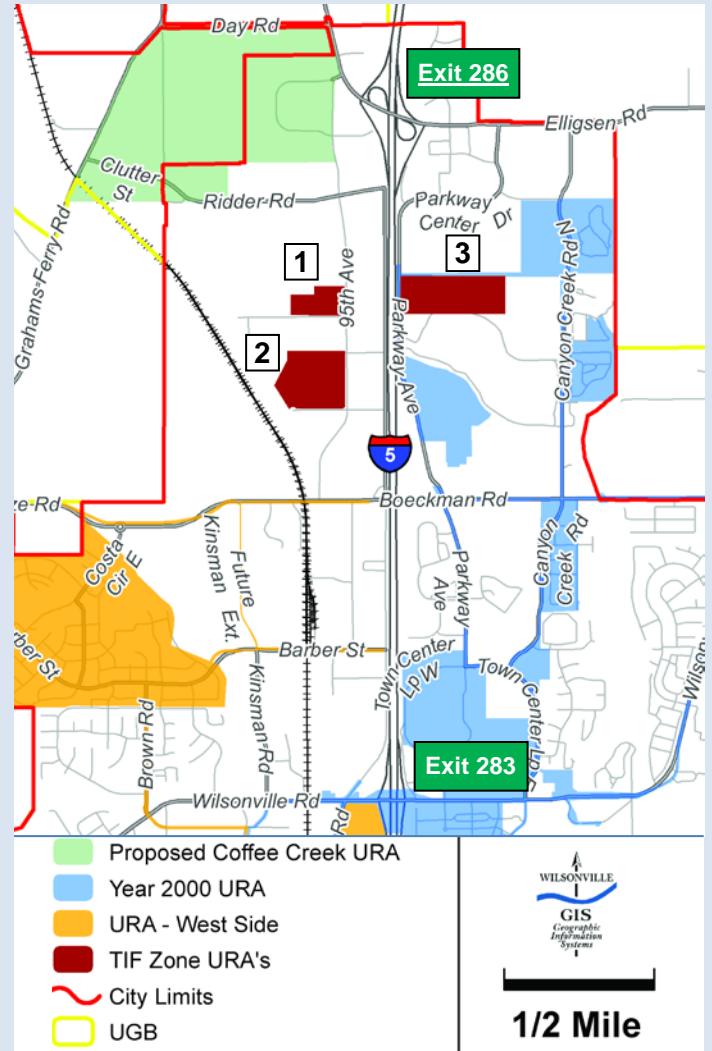
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