



February 23, 2016

Representative Phil Barnhart, Chair  
Representative Cliff Benz, Vice Chair  
Representative Barbara Smith Warner, Vice Chair  
House Revenue Committee  
900 Court Street NE  
Salem, Oregon 97301

**Re: Opposition of "Prevailing Wage" Amendments to SB 1565A**

Dear Representatives,

On behalf of Redmond Economic Development, Inc. (REDI), I am writing in opposition to the recent amendments to Senate Bill 1565A. These amendments would require certain investments levels from projects using the proposed tax abatement program to pay prevailing wage.

This bill creates an incentive program similar to the Oregon Enterprise Zone, providing tax abatements to companies creating jobs and capital investment, which would provide a new tool to the war chest for economic development professionals and communities across the state. However, if the bill requires companies to pay prevailing wages it **would actually create a disincentive for companies to use it**; as the savings from property taxes would be less than those required to construct, report and maintain compliance under prevailing wage laws.

These incentives are designed to target private investment and are not public projects. Applying a prevailing wage mandate on these private projects **will erode the economic incentive offered by a local government** and dissuade projects from moving forward.

The task of diversifying and strengthening our economic base through company expansion and recruitment remains a highly competitive environment. We believe these tax abatement programs play a vital role in the State's competitiveness. We ask that you **join us in opposition of these amendments but encourage you to support the bill without them.**

REDI has been involved in business expansion, relocation, and retention in Central Oregon for over 25 years. We are made up of a twenty-two member board of directors strongly engaged in our mission of "Creating Prosperity through Community and Business Development." The REDI Board voted unanimously to oppose these "Prevailing Wage" amendments. We appreciate this opportunity to share our perspective.

Respectfully,

Jon Stark  
Sr. Manager, Redmond Economic Development, Inc.

CC:

Representative Mike McClain (Republican Leader)  
Representative Gene Whisnant  
Representative John Huffman  
Representative Knute Buehler  
Senator Tim Knopp