



Oregon Senate Business & Transportation Committee
900 Court Street NE
Salem, OR 97301

Re: Support of SB 173

Chair Beyer and Committee Members;

Economic Development for Central Oregon is a private non-profit organization dedicated to making prosperous communities and quality jobs for Central Oregonians for the past 35 years. In this role, we manage our tri-county region's five enterprise zones - four of which are rural and serve incorporated cities as small as 700 residents and even smaller unincorporated areas.

While Deschutes County is leading Oregon's growth in terms of employment, GDF and employment growth, places within our region such as Prineville and Crook County have a long recovery ahead to return to pre-recession levels for employment and GDP. Even today, unemployment rates are as much as 50% higher than our urban areas. Much of rural Oregon shares this same economic reality, and even to a more severe degree.

These communities need all possible tools to help foster job creation and industry diversification. Rural enterprise zones are arguably the single most important incentive available to non-urban parts our state. SB 173 would extend the income tax credit portion of the Long Term Rural Enterprise Zone (LTREZ) program, which has been utilized by large job-creation projects in rural Oregon. For those companies that qualify, this tax credit is not available outright, but rather is subject to Governor approval.

In order to even qualify for the LTREZ property tax exemption (which is also discretionary and a requirement for the discretionary tax credit), a company must pay average compensation of at least 150% of average wages for all employers in the county for all new jobs in which the project is located and create a minimum number of jobs ranging from 10 to 50 depending on the degree of economic distress. Additionally, companies must invest a minimum level of taxable property - in our region it ranges from \$10-\$25 million.

These are projects that "move the needle" for rural economies. Well-paying rural jobs provide greater growth opportunity for employees than jobs paying overage wages. New capital investments support the services and infrastructure that rural communities continually struggle to provide for their residents. EDCO urges the committee to extend the sunset on these important economic growth tools and vote "yes" on SB 173.

Should you have any questions, please don't hesitate to contact me via phone or email: rog-er@edcoinfo.com. Thank you for the opportunity to provide an "on the ground" perspective on this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger J. Lee".

Roger J. Lee, Executive Director