



HB 2904 Long Term Rural Enterprise Zone -- changes

Testimony for House Revenue – Jody Wisner – 4.5.2017

The Long Term Rural Enterprise Zone program is a purposely targeted program to help distressed areas. It provides 15 years of property tax exemption, rather than the typical 3-5 years of exemption. And, in addition to the lost k-12 funding from 15 years without property taxes, adds additional cost to the General Fund due to potential income tax breaks for the business and income tax revenue sharing with the local community. Why? To address distressed communities. **The statutory requirements include chronically low per capita income, high unemployment and net out-migration from the county.**

While there are 35 Long Term Rural Enterprise Zones around the state, most businesses use the standard 3-5 year enterprise zone because of the requirements for large investments, decent pay and job creation that accompany the 15-year program. There are 8 facilities owned by 6 businesses in food processing, wood products but primarily data facilities for Apple, Facebook and Google currently benefitting from property and income tax breaks. Lake and Coos are each hopeful for new 15-year enterprise zone projects. **So far Crook, Douglas, Morrow and Wasco Counties have been the winners. They have 400 new employees earning an average of over \$50,000.**

This is success!

And it is the kind of success we would hope would move to other areas of the state, not just continue in the counties which have profited.

Approval of HB 2904, would undo the very purpose of the 15-year zone and its attendant income tax program -- getting new business development in our most distressed communities.

We could support 15-year property tax exemptions in non-distressed areas of the state ONLY IF education dollars are not included in the exemption and the income tax provisions available along with 15 years of exemption are removed.

We read the bills and follow the money