

# House Bill 3146 Brief (-4 Amendment)

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## Background

Oregon has a very successful Long-Term Rural Enterprise Zone program. The program is available inside counties meeting specific economic factors, such as higher levels of unemployment or lower per capita income. The program offers a company property tax abatement on new investments once they are placed into service. Traditionally this means capital improvements to their facilities such as construction or expansion. The abatement may last between 7-15 years. The time is negotiated with the local zone sponsor (city, county, port, tribe, or a combination of governments).

In exchange the company must commit to the following:

- Minimum project investment size. To be eligible in rural Oregon, the minimum project investment must be at least \$10.5 million. That number is much higher in the valley.
- Specified number of new full-time, year-round employees. Employees cannot be part-time or seasonal.
- Compensation of employees must be 150% of the county's average annual wage.
- Any additional local requirements negotiated between the company and the local zone sponsor (city, county, port, tribe, or a combination of governments).

## Problem

Morrow County is home to the Port of Morrow, the state's second largest port. It has been successful in using the Long-Term Rural Enterprise Zone to recruit business or get existing companies to expand at the port. They mainly target the value-added food industries, such as Tillamook Cheese, ConAgra-Lamb Weston, Boardman Foods, and more.

However, because the area is at the center of the Northwest power grid and much of its low-cost power is derived from the hydroelectric dams, data centers and power generation facilities are also flocking to the area. These projects usually have hundreds and very-high-paying construction jobs. However, the jobs are temporary, and after construction is over, many times only a few positions remain to operate and protect the facilities. It is important to note that these temporary construction jobs are overwhelmingly done by employees or companies not living in the Morrow County/Umatilla County region. They are from the Tri-Cities Washington, just 25 miles up the interstate, or the Portland area. However, the wages are counted against

the county's average annual wage. This is having significant effects on how the port can negotiate with large food processing companies looking to locate or expand in Oregon and hire local individuals for permanent, full-time, year-round jobs.

**Solution**

HB 3146 originally asked for county's average annual wage to be calculated by using only permanent jobs and not temporary jobs. Currently, both temporary and permanent jobs are calculated into the wage equation. However, the Oregon Employment Department and Business Oregon have shared that it is impossible under our current reporting to break the wage data out to achieve this goal.

Thus, the -4 Amendments keep the wage equation currently being used (both temporary and permanent jobs) but merely adjusted the 150% of the county average annual wage compensation requirement down to 130% in rural counties only. This is still 130% above the county's average annual wage but still manageable for various industry sectors outside of the high-tech and power generation industries.

**Summary of -4 Amendment:**

- The -4 amendment removes the original bill concept that splits temporary jobs from permanent jobs in the county wage equations.
- Lowers the 150% county annual average wage requirement for the enterprise zone programs to 130% in "rural counties" only.
- Defines a "rural county" as a county outside a Metropolitan Statistical Area (MSA) as defined by the most recent federal decennial census. The federal government designates MSAs every ten years. Oregon now has eight MSAs comprising 13 of its 36 counties.

**Counties with a MSA**

Benton County  
Clackamas County  
Columbia County  
Deschutes County  
Jackson County  
Josephine County  
Lane County  
Linn County

**Rural Counties (-4 Amendments)**

Baker County  
Clatsop County  
Coos County  
Crook County  
Curry County  
Douglas County  
Gilliam County  
Grant County

Marion County  
Multnomah County  
Polk County  
Washington County  
Yamhill County

Harney County  
Hood River County  
Jefferson County  
Klamath County  
Lake County  
Lincoln County  
Malheur County  
Morrow County  
Sherman County  
Tillamook County  
Umatilla County  
Union County  
Wallowa County  
Wasco County  
Wheeler County