

## HB 3146 -5 STAFF MEASURE SUMMARY

### House Committee On Revenue

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 4/26

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#### **WHAT THE MEASURE DOES:**

Reduces wage compensation minimum threshold requirements for workers hired by businesses benefiting from certain economic development programs located in counties outside all metropolitan statistical areas. Affected economic development programs are: Enterprise Zone, Oregon Investment Advantage, Oregon Business Retention and Expansion, and Oregon Industrial Site Readiness. Changes to compensation requirements are generally structured to affect exemption applications filed on or after effective date of act. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-5 Not intended to reflect policy change, rather, change reflects necessary drafting language changes.

##### **BACKGROUND:**

Economic development programs often include tax abatements or tax credits to employers as an incentive to develop or expand their business operations in targeted locations. In return for the tax benefits, the employer typically has to guarantee that the jobs created will pay relatively high wages. Each economic development program provides a specific wage standard.

##### Wage Compensation Requirement Changes

*Enterprise Zone:* Regarding potential additional two years of exemption, if enterprise zone is located in a county outside all metropolitan statistical areas (MSAs) then minimum average rate of compensation requirement is reduced from 150% of county average annual wage to 130%.

*Long Term Rural Enterprise Zone:* If facility is located in a county that is outside all MSAs, average annual compensation requirement reduced from 150% of county average annual wage to 130%.

*Oregon Investment Advantage:* If facility is to be located in a county that is outside all MSAs, average annual compensation requirement reduced from 150% of county average annual wage to 130%.

*Oregon Business Retention and Expansion Program:* If employees are to be hired in a county outside all MSAs, average annual compensation requirement reduced from 150% of, lesser of county or state average annual wage, to 130%.

*Oregon Industrial Site Readiness:* If employees have been hired in county outside all MSAs, average annual compensation requirement reduced from 150% of, lesser of county or state average annual wage, to 130%.