



HB 3146 A Lowering our standards in 15-year e-zones – to below those for 5-year e-zones Testimony for House Revenue – Jody Wisner – 4.26.2017

Even if we weren't facing economic crisis, this bill would be a "no go." To get five years of property tax exemption under our standard enterprise zone program, compensation – that's all benefits plus salary – must be above average. "Compensation of new workers must be 150% of county average wage" for the five year tax exemption. Why would we offer 15-years of property tax exemption for less?

HB 3146A asks that you lower the requirement for 15 years of exemption to 130% of county average wage. It would be easier to get a 15-year exemption than a 5-year exemption! Most enterprise zone businesses in rural counties, including those in these counties, don't pay well enough to be eligible for current 5-year exemptions.¹ Amazon's data centers in Morrow and Wasco Counties have received both 3 year and five years of exemption, for example.

We certainly should NOT consider a 15-year exemption from property taxes with a lower compensation standard as is suggested in HB 3146A.

Have you been to the Port of Morrow? Its growing fast, with current tax exemption laws. In fact, we've heard in these rooms about a need for workforce housing in the area, and that many if not most employees are commuting from the Tri-Cities to fill full time positions, not just construction jobs.

A standard of 130% could actually mean 15-year tax abatements for sub-standard wages in these counties. According to the Bureau of Labor Statistics, with average benefits in the US at 31.6% of costs, compensation averaged \$34.90/hr in Dec 2016 or a yearly wage of \$72,592. ² That's just below what our Long Term Enterprise zone requires in Morrow County (\$74,741) and much more than we currently require in the other counties with employers using the program. The current requirements in the counties with participants are: ³ Proposed by HB 3146A:

Crook	\$64,089	\$55,544
Douglas	\$56,931	\$45,440
Morrow	\$74,741	\$64,775
Wasco	\$54,771	\$47,468

¹ There are about twice as many 3-year exemptions as 5-year exemptions in rural counties.

² As there is always a lag in the statistics similar to the 2015 averages being applied in 2017, and given the increase in the cost of benefits and the lag, our 130% number should actually be increased to 135%.

³ <http://www.oregon4biz.com/assets/docs/ezwage.pdf>

Lake and Coos Counties hope for Long Term Rural Enterprise Zone businesses with total compensation packages of \$55,515 and \$53,924. This bill would reduce the required compensation to around \$47,000.

If we are going to offer 15 year property tax exemptions, we must expect above average jobs, even in rural areas, especially since large numbers of construction jobs drive up housing prices in the area.

Further, in an effort to address a one-county problem, the bill proposes a 23-county solution. And actually, few rural counties would call an average income of \$49,827 (in 2015) a problem. That's a success.

To be eligible for Oregon's 5-year property tax exemption, compensation must be 150% of county average. We should not lower our standards and offer 15-years of property tax exemption for less.

We read the bills and follow the money