

April 8, 2019

House Committee on Business and Labor
Oregon State Legislature
900 Court St NE
Salem, OR 97301

RE: HB 2408 – Imposing Prevailing Wage Requirements on Enterprise Zones

Chair Rep. Barker, Vice-Chairs Rep. Bynum, Rep. Barreto and Members of the Committee:

On behalf of EDCO, a non-profit organization focused on the economic prosperity of communities within the Central Oregon region of the state and quality jobs for our residents, I am writing in strong opposition HB 2408 as currently written.

For nearly half of my 26 years working on behalf of rural and urban communities in Central and Eastern Oregon, I and my economic development colleagues have testified in the state Capitol against imposing prevailing wage requirements on private businesses that utilize Oregon's enterprise zone program. The communities we serve expect economic development efforts to measurably strengthen and diversify their economy and bring well-paying jobs. The enterprise zone program has helped us do that in our region and across the state. HB 2408 would undermine these efforts at the local level and undermine Oregon's state revenues by reducing personal income taxes.

As currently drafted, HB 2408 would very negatively impact 10 ongoing or pending projects in our region alone that are near or above the \$20 million threshold that are receiving or expect to receive property tax exemptions through the Enterprise Zone program. These are traded-sector companies (the only kind eligible for the program) in bioscience, renewable energy, craft brewing and advanced manufacturing industries that can be located anywhere in the U.S. – there is no imperative that they remain in Oregon. Short-term property tax exemptions offered by the program enabled our communities to successfully compete with other out-of-state locations and win. Without this incentive there is high probability that we would have lost those jobs and the property tax base.

This group of projects have created, or are in the process of creating, more than 500 well-paying permanent jobs and are adding \$398.7 million to the region's property tax base. While the \$6 million in estimated annual property taxes that these capital investments generate may not flow into the state's coffers, the estimated \$3 million in annual personal income taxes most definitely add to the state's general fund. Our small region of the state represents only 5% of Oregon's

**Economic Development
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