



April 30, 2019

Senate Committee on Workforce  
Oregon Legislature  
900 Court St NE  
Salem, OR 97301

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

Chair Senator Taylor, Vice-Chair Senator Knopp 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 and quality jobs for our residents, I am writing in supplement to written and oral testimony provided in the House regarding our strong opposition HB 2408.

It is relevant to note that the hearing for HB 2408 in the House included the testimony of only three individuals supporting this bill. They were all representing trade unions who have been pushing for prevailing wages on economic development programs for decades. At least in our region, these trade unions are “MIA” when it comes to either the day-to-day or strategic efforts to build vibrant communities with a mix of jobs for our residents. Their argument: without the bill, Oregon construction workers are somehow being forced into low wages. More on that later.

Contrast that with the individuals that testified against HB 2408 – hundreds of organizations charged with making economic development and job creation strategies work in the communities in which they live. Strange how they were not invited to participate in the committee that crafted the bill. Cities, counties, ports, and economic development organizations like ours are all unified in our opposition to the undermining of the program that this legislation achieves. Not coincidentally, these same organizations are charged with managing enterprise zones – a state authorized program that is implemented at the local level. I’ve been managing enterprise zones in Oregon for more than 25 years – in addition to and as part of doing economic development in primarily rural areas of the state. Hopefully with that in-the-field experience, comes some weight in your minds to what I have to say about what this legislation will do to the enterprise zone program, our most used and useful economic development tool.

Trade unions are under the false impression that if HB 2408 passes, it will give their members an exclusive right to a new book of business to which they would otherwise not have access. What they fail to recognize is that the only projects eligible for property tax exemptions offered by enterprise zones are what is known as traded-sector. Traded-sector companies (think manufacturing, technology, and other sectors that export a majority of their goods or services beyond Oregon’s borders) are not place bound, but rather can locate anywhere in the country. Competition for those coveted “base industry” jobs is fierce – there are roughly 10,000 communities, regions and states vying for them every day.

**Economic Development  
for Central Oregon**

705 SW Bonnett Way, Suite 1000  
Bend, OR 97702

541.388.3236

[www.edcoinfo.com](http://www.edcoinfo.com)

It comes down to this: why would a company use an incentive program that actually costs them more money than it would if they did not use it? They would not. No new union jobs won.

But more concerning issues arise: if this incentive does not come into play for large (impactful) projects, can we compete with other places in the country for traded-sector jobs? Our experience tells us that Oregon loses a high percentage of these capital-intensive projects altogether. Who does that benefit? Contractors and communities in Idaho, Texas, Arizona, North Carolina. Who loses? Oregon as a whole. Many of the companies participating in Central Oregon's enterprise zones already use union labor for construction of their facilities. In fact, we have more union labor advertising attempting to find/train workers in our region today than I've ever heard in the past 20 years! Why? This trend is due almost entirely to traded-sector companies with large projects that participate in the enterprise zone program. I know for a fact that nearly all these investments would not be happening if HB 2408 were law today.

In my April 8 testimony, I outlined how this bill would impact companies already participating in the program. 10 ongoing or pending projects in our region have the high probability of being compromised – costing our region nearly \$400 million in new property tax base (\$3 million in annual property taxes) and over 500 well-paying jobs. Central Oregon only represents a very small percentage of similar projects, statewide. This seemed to be of little consequence to a majority of House members – the bill passed, unmodified.

Back to the low wage argument by trade unions. What exactly do the unions consider to be low wages? Today, Oregon's construction industry employs more than 104,000 workers who are paid, on average, \$60,549 per year (\$29.11/hr) according to the data published by the Oregon Employment Department. Compare that to average annual wages of \$53,058 for all Oregon employers. Where is their data that supports the premise that this will result in higher wages?

Finally, I'd like to again point out that Oregon is the most dependent state in the U.S. on personal income taxes. Pull the rug out from under economic development efforts on larger projects by passing HB 2405, and expect to feel the repercussions. Not next year or the year after that, but long-term we sincerely believe that this is among the most damaging bills for economic development in Oregon this session.

Thank you for the opportunity to provide this testimony and ground-view perspective.

Respectfully,



Roger J. Lee  
CEO