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May 7, 2019

TO: Senate Committee on Workforce

Chair Senator Taylor, Vice-Chair Senator Knopp and Members of the Committee

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

The Bend Chamber of Commerce represents 1,300+ members employing 25,000 people in Central Oregon. Most members of our chamber are small businesses. We write to you to share our concern for HB 2408 – imposing prevailing wage requires on enterprise zones and the impact it will have our membership and the Central Oregon region.

In his April 8 testimony, Roger Lee, CEO of Economic Development for Central Oregon, outlined how this bill would affect companies already participating in the program. Currently, there are 10 projects underway or in the works in our region that have a high probability of being compromised by HB 2408. If these projects do not move forward, HB 2408 will cost \$400 million in new property tax base (\$3 million in annual property taxes) and over 500 well-paying jobs. Central Oregon is a small percentage of similar projects statewide.

Property tax abatements are among our best tools for growing local businesses, particularly in economically distressed areas. **HB 2408 puts future investments in local economic development in jeopardy.**

EDCO is a great local community partners for Central Oregon and key to attracting and retaining business in our region and state. We agree with their ground-view perspective and testimony that, “While there is no specific language in HB 2408 that would eliminate the enterprise zone program, it will make the program useless for many communities, particularly rural zones, for projects that are at, near or exceed \$20 million. It’s simple math – prevailing wage requirements make the program a disincentive to use.”

Central Oregon is an entrepreneurial hotbed, collaborative tech center, internationally recognized outdoor destination, and produces world-class craft foods and beverages. We are proud our region is one of the most successful business and revenue producers in the state. And we worry this legislative session will stop high-investment, high-growth and startup ventures and create even greater barriers for business growth, and new recruitment.

HB 2408 imposes public procurement requirements on projects within enterprise zones; specifically, the requirement to pay prevailing wages. Requiring prevailing wage rates on private construction projects offsets the very local economic development incentives provided by tax abatements. By eliminating this incentive, private investors may decide against industrial expansion or may choose a site outside of the state.

Sincerely,

Katy Brooks, CEO