

Senate Committee on Workforce
Oregon State Capitol
900 Court Se. NE
Salem, OR 97301

May 15, 2019

RE: HB 2408

Chair Taylor and Members of the Senate Workforce Committee:

On behalf of the Klamath County Economic Development Association (KCEDA), a non-profit organization focused on the economic prosperity of communities within the Klamath County region and quality jobs for our residents, I am providing written testimony regarding our **strong opposition** to HB 2408, which would apply prevailing wage rate requirements.

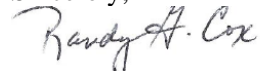
Cities only have few economic development tools in their toolbox to attract private investment. One of the few tools local governments use is Enterprise Zone. Cities rely on local enterprise zone investments to revitalize communities, create jobs, generate additional state income tax and local property tax revenues. Enterprise Zones allow cities to be competitive for private investments especially when companies are choosing between Oregon and elsewhere. HB 2408 would create additional cost and administrative burden for companies. If companies decide to locate elsewhere, we would see a loss in potential job creation for construction trades on the project and for the permanent long-term jobs created through the Enterprise Zone.

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. KCEDA is leading economic development organization for Klamath City and Klamath County and key to attracting and retaining business in our region and state. While there is no specific language in HB 2408 that would eliminate the Enterprise Zone program, the bill's proposed changes will make the program useless for many communities, particularly rural zones, for projects that are at, near, or exceed \$20 million. It is simple arithmetic – prevailing wage requirements make the program a disincentive to use.”

Klamath County is currently working on several highly active projects utilizing the Enterprise Zone, which forecast 430 new jobs to our county. 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.

Privately invested projects should not be subject to undergo public procurement requirements like prevailing wage. Enterprise zones should not be restricted so that local governments can continue to compete, attract private investments, and promote job growth in our communities. Please protect this valuable economic development tool and oppose HB 2408.

Sincerely,



Randy Cox
CEO, KCEDA

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