



CITY OF KLAMATH FALLS

500 KLAMATH AVENUE - P.O. BOX 237

KLAMATH FALLS, OREGON 97601

Sister City - Rotorua, New Zealand

PHONE: (541) 883-5316 FAX: (541) 883-5399 TDD: (541) 883-5324

May 16, 2019

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

RE: HB 2408

Chair Taylor and Members of the Senate Workforce Committee:

The City of Klamath Falls is firmly opposed to HB 2408 which would apply prevailing wage rate requirements to private construction. The City Council has directed me to submit this letter in opposition.

Cities have few economic development tools in their toolbox to attract private investment. One of the few tools local governments use are enterprise zones. Cities rely on local enterprise zone investments to revitalize communities, create jobs, generate additional state income tax and local property tax revenues, and invest in economically distressed and underserved areas. Enterprise zones allow cities to be competitive for private investments especially when companies are choosing between Oregon and elsewhere. HB 2408 would create an 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 that work on the project, and for the long-term jobs created through the enterprise zone.

Rural Oregon has lagged behind the metropolitan areas of the State in the current economy. As we work to attract new investment in our community and people, the Enterprise Zone credit is our primary tool. Convincing a company to locate in Southern Oregon requires incentives. These types of rebates allow us to offer an incentive by foregoing future revenue we wouldn't have if the project isn't built. We are foregoing new revenue for a period of time to get people employed who then buy homes, cars and stimulate the economy in other ways. Since there are revenues we do not have now, waiting briefly to collect them does not cost us money, nor should it trigger prevailing wage.

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,

Nathan Cherpeski, City Manager
City of Klamath Falls