

February 8, 2021

Representative Paul Holvey, Chair
Representative Daniel Bonham, Vice-Chair
Representative Dacia Grayber, Vice-Chair
Members of the Committee

RE: HB 2343 - Relating to local government authority to suspend enterprise zone employment requirements; prescribing an effective date

Economic Development for Central Oregon (EDCO) is a non-profit organization serving the tri-county region of Crook, Deschutes and Jefferson counties to promote sustained job growth and prosperous communities. On behalf of the sponsors, our cities and counties, we also manage through our local offices all five enterprise zones (four rural, one urban) in our region, which today includes a portfolio of nearly 100 active projects. Executive orders surrounding COVID-19 have had severe negative impacts for approximately 15% of those projects – some which are among Central Oregon’s largest employers.

EDCO **strongly supports HB 2343**, which will provide zone sponsors the flexibility not currently within state statutes and rules to help participating traded-sector companies, some which are fighting for their very survival. Specifically, this bill allows sponsors to temporarily waive employment requirements, a key facet of the enterprise zone program, which at its core, is Oregon’s leading local rural and urban job-creation incentive.

COVID-19 executive orders and changes in travel and other activities have hit the brewing industry, aviation/aerospace and some specialty food products companies particularly hard. Craft breweries, even excluding their brewpub operations, have been forced to lay off employees in record numbers from production in order to remain financially solvent as the on-premise (restaurants, bars, events, etc.) part of their market has had huge disruption over the past 11 months. For all industries noted, enterprise zone projects started as many as 8 years ago now face staggering property tax bills for multiple years triggered by current enterprise zone claw back statutes and rules when they can least afford to pay them.

Importantly, we don’t have enterprise zone participating companies in our region that are realizing massive losses and significant employment declines for reasons outside the economic fallout of the public health crisis. Additionally, these businesses have all made the taxable investments and increased employment outlined in their applications. However, per law, employment increases must be sustained through the entire period of the exemption, and this is proving impossible.

HB 2343, with some necessary modifications to the bill, as drafted, to allow waiver of employment requirements in the current tax year, will provided the needed relief to businesses participating in zones across the state that will help them survive and play a role in the state’s economic recovery.

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This bill enjoys a broad base of public and private support including cities and counties, economic development organizations, chambers of commerce and even local property tax assessors. It is also a bi-partisan proposed bill and has support from other democrats and republicans in House and Senate.

For economic development across Oregon, HB 2343 this is the most important bill of the 2021 session. It is the number one priority for the Oregon Economic Development Association (OEDA), and among the top priorities for the League of Oregon Cities (LOC) and Association of Oregon Counties (AOC).

Thank you for the opportunity to testify on this important legislation. Please don't hesitate to contact me with any questions about our support.

Respectfully,



Roger J. Lee
CEO