



CITY OF

PORTLAND, OREGON

Ted Wheeler, Mayor
Carmen Rubio, Commissioner
Dan Ryan, Commissioner
Rene Gonzalez, Commissioner
Mingus Mapps, Commissioner

June 2, 2023

Joint Committee on Tax Expenditures
900 Court Street SE
Salem, OR 97301

Dear Co-Chairs Meek and Nathanson, Vice Co-Chairs Boquist, Reschke and Walters and Members of the Committee,

Portland's population fell by more than 18,200 residents between the start of the pandemic and last summer. That is a troubling sign for both our city and our state, and it is something my colleagues and I are taking seriously with decisive steps to ensure our beloved city continues to be a place where everyone can live, work, and thrive. As we continue to work to improve livability in Portland, we must ask you to preserve one of the most essential programs the City uses to support business growth and development, and even more importantly, to bring living wage jobs and community benefits to our residents and lower-income communities.

Part of the reason the City of Portland is so enthusiastic about Enterprise Zones is that they can't just be set up anywhere. This program is inherently equity based in its design with incentives targeted in lower income areas where the jobs and community benefits are needed. Also, it can't just be any kind of job. Enterprise zone applicants must prove they are going to create living wage jobs that will help lift up community members.

In Portland, we go a step further by requiring businesses to enter into public benefit agreements with a goal of creating shared value and partnership that will further extend the benefits of the investment to our community. These agreements include things like workforce training, childcare and transit support, career ladder opportunities, yearly compliance and outcome tracking, and other public benefits from a menu of options developed with strong community participation and input.

Over the last seven years, the City of Portland has forgone \$13.3 million in city general fund dollars to support the creation of:

- over 3,600 new full time living wage jobs with an average compensation rate of more than double the minimum wage in 2021
- 2.2% business income tax on applicable revenue
- \$80.6 M in income tax to the State of Oregon
- \$7.8 M in investment in workforce training
- \$960 M worth of procurement of services within Portland

We see that as excellent return on investment and these numbers do not account for the increased value of these properties when they fully return to the property tax rolls, which provides more revenue for all local taxing jurisdictions including schools.

We understand that when an economic development program is held up next to the value of our public education system, schools seem more important. I too value our public education system and want our schools to have the resources they need to thrive. There are two points, however, that have not been sufficiently discussed in the public discussion on this issue thus far:

1. Oregon's property tax system was significantly impacted by property tax limiting ballot measures 5 and 50. Enterprise Zones have a small financial impact for a short period of time in exchange for the significant return on investment and the increased property value when the property fully returns to the tax rolls.
2. The legislature has taken significant steps to make up for lost property tax revenues for schools while other local governments continue to look for other ways to increase the shrinking property tax revenue while trying to address a growing need for services. This is precisely why we cling to these tools that help our property tax base to grow.

While we appreciate the work that Senator Meek and Representative Nathanson have been doing to find a compromise related to the Research & Development Tax Credit, Strategic Investment Partnerships, gain share, we remain concerned that the changes being considered to the Enterprise Zone program will diminish the value. We look forward to seeing another round of amendments to understand what is fully being negotiated.

As you continue to work on amendments to HB 2009, we respectfully urge you to restore the full power of this successful program that delivers great benefits to the residents and small business owners and entrepreneurs of Portland. We also ask you to extend the Regionally Significant Industrial Lands program to 2033 as included in SB 1084. This is another important tool within the economic development toolbox in Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "Carmen Rubio". The signature is fluid and cursive, with the first name "Carmen" and last name "Rubio" clearly distinguishable.

Carmen Rubio
Portland City Commissioner