



Date: February 28, 2023

To: Chair and Members of the House Economic Development and Small Business Committee
From: Scott Bruun, OBI
RE: Testimony in support of HB 2199 / Enterprise Zone extension

Good afternoon, Chair Bynum and Members of the Committee,

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify in support of HB 2199.

OBI fully supports Oregon's enterprise zone programs, and we fully support the extension of the state's primary enterprise zone program, to 2035, as called for in HB 2199

As noted, more than 80% of OBI's members are small businesses, 100 or fewer employees. Many of these businesses have relied on enterprise zone programs over the years to help gain lasting traction. These programs have been demonstrably successful tools for Oregon employers, and the employees, families and communities which directly benefit. Employees, families and communities that are working, and economic vitalization that is happening, in areas of our state which have historically struggled due to lack of investment and lack of employment opportunities.

Madame Chair, Committee, we also know that enterprise zone programs have never been more important. This is because Oregon's tax burden for all businesses has risen sharply. An Ernst & Young report from last October, which OBI commissioned, demonstrates the impact of new and rising taxes at both the state and local levels.

Since 2019, for example, Oregon has seen a 52% increase in business taxes collected; an additional 32% increase in taxes for businesses in the Portland-Metro area; and a 29% increase in our combined state and local total effective business tax burden, which is a factor of business taxes as a share of total state domestic product.

The bottom-line is that since 2019, Oregon has gone from behind the US average to significantly above the US average in business tax burden, and above other Western States including Washington, Idaho, Utah, Arizona and even California.

Oregon does not have many tax incentive tools to help businesses offset this rising tax burden. At least not compared to other states which also have enterprise zone programs, but unlike Oregon, may also have equipment and capital expenditure tax credit programs, wage and training credit programs, and research and development tax credit programs, to name a few.

We should also recognize that many of the states that Oregon competes with do not have the same land use and regulatory cost challenges that Oregon employers must contend with.

Again, given the challenging environment for Oregon employers – especially those employers operating in parts of the state which are trying to overcome historic economic stagnation - our enterprise zone programs have never been more important.

This is also why the Oregon Semiconductor Competitive Task Force, in its recommendations, says that we must maintain essential existing tools like enterprise zone property tax abatements, among others. It goes on to say that without these tools, Oregon would be “completely uncompetitive from a cost of construction/operation perspective.”

OBI requests that this committee provide continued support for these proven, job-creating programs, and move to pass HB 2199.

Thank you.

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