



## **HB 2199: Extend Sunset of Enterprise Zone with reforms**

House Committee on Economic development and small business – John Calhoun – 2.23.2023

My name is John Calhoun and I am representing Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code.

Prior legislatures created sunset provisions for tax credits and tax expenditures so that programs would receive a periodic review. This was done to ensure that they were accomplishing the goals previously established and were efficient uses of state resources. This enterprise zone program is scheduled to sunset in two years.

Tax Fairness Oregon believes that the standard 3–5-year enterprise zone has been a useful economic tool and the sunset should be extended. We would not extend the sunset for ten years, which is 12 years from now, but would rather have the regular 6-year extension. However, we also urge this committee to consider reforms as part of this renewal. Otherwise, if HB 2199 passes without amendment the legislature will not be required to review this program again until 2035. Given the rapid changes in our economy, we think such a long extension would be imprudent.

Over the course of the past year the *Business Journal*, *Oregonian* and other news sources have written many articles about successes and issues with enterprise zones. Two recent articles in the *Oregonian* are especially relevant to today’s discussion. [Oregon Property Tax Breaks go Largely to Big Tech](#) and [Oregon spends millions to attract warehouses that couldn’t go anywhere else](#).

They have raised concerns that should be addressed by this committee. That is why we have sunsets. The modest reforms we suggest include exclusion from enterprise zone benefits of retail warehouses; Amazon and other companies must site their facilities near customers. We also would exclude from benefits Portland metro data centers, which consume scarce industrial land but create very few jobs compared to manufacturing. We also suggest simplifying and rationalizing job and pay requirements, and increasing transparency so residents better understand what their local government is offering industry.

TFO has been raising these issues with members of this committee since the beginning of this session. Committee members may have other changes in mind. We look forward to working with this committee on an amendment to HB 2199 that will continue to make enterprise zones successful economic tools for our local communities.

***We read the bills and follow the money***