



March 1, 2023

Chair Bynum
House Committee on Economic Development and Small Business
900 Court Se. NE
Salem, OR 97301

RE: Eugene Support for State Economic Development Investments

Chair Bynum, Vice Chairs Morgan and Nguyen, and members of the Committee, the City of Eugene supports HB 2199-the extension of Enterprise Zone authority to 2035 and the extension of the sunset and investment in the Oregon Industrial Site Readiness Program (HB2258 and HB 2663).

Enterprise Zone

The Enterprise Zone (EZ) program has been used in Eugene to make investments in some of our hallmark local small businesses, including Ninkasi, Arcimoto, Strapworks, and SnoTemp. The EZ program is one of the few tools the City has to support the manufacturing and traded sector, as it offers short-term property tax exemptions on new investments made by businesses that are growing their workforce.

Since this iteration of the West Eugene Enterprise Zone (Zone) was designated in 2005, 34 businesses have participated in the program creating over 800 jobs. Currently, the zone averages an exemption of about \$7,700 per job created. It's important to note that the Enterprise Zone property tax exemption goes beyond incentivizing job creation, but it also allows local businesses to reinvest that money back into their companies and leverage the exemption to continue growing. We've seen it with all four of these companies identified above, who have each utilized the program multiple times as they continue to make investments and create more jobs.

In order to qualify for the program, eligible business activities include manufacturing, processing, distribution, and warehousing. Businesses must also increase their number of full-time permanent jobs by 10% by the time they file their first exemption claim. They must maintain this job growth throughout the exemption period. Finally, there is also an exemption cap which limits the amount of exemption a business can receive depending on the number of jobs created.

The state allows local jurisdictions to impose additional local criteria for businesses to get the full property tax exemption. In 2005, Eugene City Council and the Lane County Board of Commissioners chose to add local criteria to the Zone in order to maximize public benefit gained from these investments and serve as a value statement. The Zone currently has 9 public benefit criteria that must be met, including: Business Type, Wages, Local Hiring and Sourcing, Employee

Benefits, Sustainability, Redevelopment, Health Insurance, Training & Advancement, and Investment Size. For more information on the West Eugene Enterprise Zone, please visit: <https://www.eugene-or.gov/825/West-Eugene-Enterprise-Zone>

Oregon Industrial Site Readiness Program

HB 2258 and HB 2663 extends the sunset on the Oregon Industrial Site Readiness Program for another ten years, maintaining a crucial tool for local governments to make industrial sites development ready. The bills also allocate \$40-\$50M to fund forgivable loans for entities who are unable to afford the upfront costs of development. Together, these two components provide a critical tool to ensure that industrial land statewide is ready for economic opportunities and growth.

The City of Eugene expanded the Urban Growth Boundary in 2017 to include the 'Clear Lake' area which is comprised of 648 acres of industrially designated land between the western edge of the city and the Eugene Airport. It includes large, flat, vacant sites with close access to Highway 99 and could support 6,000 new jobs over time.

However, most of the Clear Lake area is not served by wastewater infrastructure and is not shovel ready. To meet demand for large, develop-able, industrially zoned sites, the City of Eugene needs to extend critical infrastructure. The first phase of the project will require an investment of \$8.5 million to construct a wastewater collection system, including a pump station to serve the entire Clear Lake region, for the area's northern section. Adding these key pieces of infrastructure to the already existing transportation network will serve as critical investments in industrial land readiness and may serve as the catalyst to jump start industrial development.

This is the type of project that could be supported by increased investments within the Oregon Industrial Site Readiness Program.

Please support the extension of Enterprise Zone authority for local governments and extend the sunset and increase the investment within the Oregon Industrial Site Readiness Program.

Thank you,

//submitted electronically//

Ethan Nelson
IGR Manager

