



March 27, 2023

Chair Nathanson
House Committee on Revenue
900 Court Se. NE
Salem, OR 97301

RE: Eugene Support for HB 2199

Chair Nathanson, Vice Chairs Reschke and Walters, and members of the Committee, the City of Eugene supports HB 2199-the extension of Enterprise Zone authority to 2035.

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>

Please support the extension of Enterprise Zone authority for local governments.

Thank you,
//submitted electronically//

Ethan Nelson
IGR Manager