



April 4, 2023

Representative Nancy Nathanson, Chair  
House Committee on Revenue  
Oregon State Capitol  
900 Court St. NE  
Salem, OR 97301

**RE: Opposition to HB 3011**

Dear Chair Nathanson and Members of the House Committee on Revenue:

HB 3011 proposes changes to the standard Enterprise Zone Program and the Strategic Investment Program (SIP). We have concerns with a number of the substantive changes proposed in the bill, as well as the timing for considering such major changes to Oregon's only local economic development incentives.

It is important to remember that the Oregon Semiconductor Competitiveness Task Force recommended the continuation of the standard Enterprise Zone Program and the Gain Share component of the SIP in order to support Oregon's competitiveness for federal CHIPS and Science Act funding. In contrast, it did not recommend substantive changes to the program like those contained in HB 3011.

While we agree that these programs need to be reviewed from time to time, recent data from the Oregon Property Tax Impact Study completed by Business Oregon demonstrates the unequivocal success of both programs, with the standard Enterprise Zone Program producing a 29:1 return on investment and the SIP a 6:1 return. The focus this session should be on providing certainty to these programs, supporting local economic development practitioners, and sending a strong message to the semiconductor and advanced manufacturing sectors that Oregon is open for business. This bill fails in that regard.

The most concerning change in HB 3011 is the reduction of the exemption period of the SIP from 15 years to 8 years. That change would effectively cut the value of the incentive in half. The SIP has been instrumental in securing Oregon's leadership in semiconductor research and development as the primary tool utilized to compete for anchor semiconductor investments with other states. At a time when Oregon is actively advancing semiconductor legislation with the goal of competing for federal CHIPS funding and securing our leadership in this industry, it makes very little sense to water down a proven and successful program designed to court capital intensive semiconductor and advanced manufacturing investments.

We similarly have concerns with the proposed changes to the standard Enterprise Zone Program that reduce local control and flexibility, and we stand with our partners in rural Oregon who have concerns with changes to the Long-Term Rural Enterprise Zone Program. Our economy in Hillsboro benefits when local economies in rural parts of our state grow and thrive – and the state benefits when local communities all across our state succeed.

Please oppose HB 3011.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Smith". The signature is written in a cursive, flowing style.

Andy Smith  
Government Relations Manager