



Date: April 4, 2023

To: Chair and Members of the House Revenue Committee

From: Scott Bruun, OBI

RE: Testimony in support of HB 2199 / Enterprise Zone extension

Good morning, Chair Nathanson and Members of the Committee, 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

Tool for small business

As I have mentioned before to this committee, more than 80% of OBI's members are small businesses with 100 or fewer employees. Many of these businesses have relied on enterprise zone programs over the years to help gain lasting operational traction.

These programs have been demonstrably successful tools for Oregon employers, and the employees, families and communities which directly benefit. In short, these zones are essential tools to foster economic growth and social vitalization in areas of our state which have historically struggled due to lack of investment and lack of employment opportunities.

Increasing importance

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. As I have also mentioned here before, Oregon has seen a 30% increase in our combined state and local effective business tax burden since 2019.

In four years, Oregon has gone from being one of the lower business tax burden states, to being now significantly above the U.S. average, 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, often have capital investment 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.

So again, with this challenging environment for Oregon employers – especially those employers operating in areas dealing with historic economic stagnation - our enterprise zone programs have never been more important.

Task Force recommendation

This is also why the Oregon Semiconductor Competitive Task Force, in its report issued last summer, states that we must maintain essential existing tools like enterprise zone property tax abatements. The report goes on to say that without these tools, Oregon would be “completely uncompetitive from a cost of construction and 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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