

PRESERVE OUR BEST JOB RECRUITMENT TOOLS: OPPOSE HB 2199 and HB 3457

The 2023 Session started with a bi-partisan focus on implementing the Semiconductor Task Force Recommendations, including our existing, effective incentives. Instead, HB's 2199 and HB 3457 have been amended and would **dismantle our existing job recruitment tools**. If passed, these bills would risk losing the billions in new revenue Oregon receives because of these incentives.

The Enterprise Zone Program has brought investment, jobs, income taxes and other benefits to our local governments for almost four decades. Strategic Investment Partnerships ensure that when local governments attract new capital investment and jobs that the state and taxing districts split the income tax windfalls. Changing them significantly get us very little but cost us significant opportunities.

Problems with HB 2199A:

- **Transparency:** Many companies will be disincentivized from pursuing an agreement with the local government sponsor to protect competitors and others from learning of expansion plans. Economic development is built on confidentiality, displaying company information on a public municipal website poses competitive and market risks for prospective investment.
- **Notifying neighboring jurisdictions:** Notifying neighboring jurisdictions could pit local jurisdictions against one another and result in taxing districts challenging projects designed for the benefit of the entire community. The E-Zone process is already tremendously complicated. Adding another step will also disincentivize applications.
- **5-year sunset extension until 2030:** Companies looking to expand into Oregon want to have assurance outside of a 5-year timeframe. Some plans take years to execute. Shorter sunsets allow for more political fights over these valuable tools. Further, the law can be changed at any time, and changes to E-Zones have been proposed nearly every session.
- **Exclusion of school district taxes for the period of extension:** Significantly erodes the value (and thus the leverage) for local governments. This provision ignores the demonstrated return on investment in statewide income tax collection. Further, it burdens our county assessor's offices. Currently, many E-Zone abatement recipients work closely with partners in K-12 districts, community college and higher education institutions to provide family wage employment opportunities to Oregon residents and ongoing training for existing employees to support growth potential and career pathways.

Problems with HB 3457

- **Undercutting local government leverage:** Offering a larger benefit allows local governments to negotiate deals that meet specific community needs.
- **Reduces CHIPS ACT opportunities:** Cuts to Gain Share disincentivize the use of the tool for major SIP contracts that are likely to arise out of the semiconductor CHIPS Act opportunities.
- **Imposes unnecessary uncertainty.** Adding a sunset to SIP gives prospective partners less certainty and sends a message to prospective employers that Oregon is unwilling to demonstrate its commitment to new investment and jobs.

WEAKENING OUR INCENTIVES REDUCES OREGON'S COMPETITIVENESS

