

May 18, 2023

Joint Committee on Tax Expenditures  
Oregon State Legislature  
900 Court Street NE Salem, OR 97301

Co-Chairs Meek and Nathanson, and Members of the Committee,

The Oregon Economic Development Association (OEDA) has reviewed the proposed amendments to House Bills 2199A and 3457A and have found them most concerning. If passed, HB 2199A and HB 3457A would have a dismantling effect on our current job recruitment tools which are critical to attracting investment in Oregon's local communities.

**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 so significantly offers little gain and would cause us to lose significant opportunities. We urge you to reject House Bills 2199A and 3457A and amend them back to their original form as intended.

For background, past Enterprise Zone sunset extensions were **14 years** (1995→2009 | 2011→2025), with a few-year interlude with [SB 151](#) (-C, 2007) with Rep. Barnhart, and the following is the regular legislative attention given to SIP in the past:

### Enacted SIP Legislation

- 1995 & 1997 – Created follow-up fixes and extensive amendments.
- [2003](#) – Added a rural-area threshold and mandated special service districts as parties to CSF distribution agreements, with involved legislative process (-C\*?).
  - \$25m is still a substantial amount for rural settings, and non-Portland urban areas have yet to see any serious potential with SIP.
- [2005](#) – Added (NEW) strategic investment zones – **not** part of original legislation.
- [2007](#) – Added gain share through multiple hearings (-B).
- [2012ss](#) – Integral discussions over allowing Governor agreements to preserve single sales factor, as Intel became more involved.
- [2013](#) – Revised gain-share distributions following actual experience.
- [2015](#) – Modified rural areas substantially.
- [2015](#) – Thoroughly restructured annual reporting, job counting, functioning of gain share, and so forth (-B). (**BIG compromise between all parties**)
- [2017](#) – Dramatically changed taxable portion amounts and CSF maximum, with higher threshold and cap for rural situations (-B).
- 2022 – one-year gain-share extension.

The OEDA network includes over 150 member organizations across the state- cities, counties, ports, utilities, economic development districts, tribal governments and other entities that practice economic development. Our network also includes partners in workforce, entrepreneurship & innovation, business finance and technical assistance providers.

Our OEDA community network represents the experts in Oregon economic development, and we appreciate the opportunity to share our concerns with you today.

Sincerely,

A handwritten signature in blue ink that reads "Caitlyn Q." The signature is written in a cursive, flowing style.

Caitlyn Quwenikov

*Executive Director*, Oregon Economic Development Association (OEDA)