



HB 2053: RSIS and Amazon

We are still confused. In discussion of SECTION 15, the RSIS program, you've been told that the department has a RSIS (Regionally Significant Industrial Site) agreement for the Amazon facility in Troutdale, another agreement in Hillsboro, and others in the works. With Amazon in the Troutdale Enterprise Zone, there are two problems.

1. **This Amazon business is not “traded sector,” as is required by the RSIS law.** I asked Amazon's lobbyist if Amazon at Troutdale is traded sector. “Absolutely not,” she said.

The ORS clearly requires that on a RSIS site the **“Eligible employer” means an employer that: Is conducting a traded sector business on a regionally significant industrial site.** Traded sector has the meaning given the term in ORS 285A.010 which reads: *“Traded sector” means industries in which member firms sell their goods or services into markets for which national or international competition exists.*

2. **It seems apparent Amazon will not meet the RSIS wage requirements,** which currently read: ***“With respect to an urban site, has hired at least 50 full-time employees whose wages average at last 150 percent of the county or state average wage, whichever is less.”***

While the state average wage is \$3 less than the Multnomah county or MSA wage, **150% of the state average wage is \$37.77 per hour [according to the employment division](#).**¹ Even if you approved the departments' requested watering down of the requirement to 130 percent, that would still create a \$32.73 per hour requirement.

Last August Amazon told the press (see below) they expected to hire 1500 at the site, and that they would pay up to \$14 an hour. Today, they are still advertising, especially at the management level, which would be at higher pay. But we see it as highly unlikely that the Amazon jobs would qualify for RSIS based on the average of the wages at Amazon's facility reaching either \$37.77 or \$32.73 per hour.

The only possibility we can imagine is if the department is planning on counting only the top paying 50 jobs at the facility and ignoring the low wages of the other 1450 anticipated Amazon employees. Is that the legislative intent?

And if it is legislative intent, would you expect a RSIS agreement to capture 50% of the income taxes of only the top 50 Amazon employees, or all Amazon employees at this site?

Looking further in the bill to page 2, we find that *“ ‘Wage’ has the meaning given that term pursuant to rules adopted by the Business Oregon Department.”* According to the rules section of the Secretary of State's website for this program: *“Wages means payments made to an individual for personal services and the cash value of all compensation to that individual in any*

¹ <https://www.qualityinfo.org/-/2018-oregon-wage-data>

medium other than cash as reported by employers on the Oregon Quarterly Tax Report.”² So benefits are not to be counted to meet the wage requirement either.

If this program continues at all, it is important that you make changes to providing the “Gain Share” subsidy where you wish. Amazon can’t serve their retail customers without their fulfillment centers. Tax Fairness Oregon believes that our presence as customers is the only incentive fulfillment centers should receive.

It is also imperative that you make sure that Business Oregon operates RSIS as you intend.

Under RSIS, the Troutdale Industrial Park developers (the Port of Portland) receives 50 percent of the taxes of traded-sector employees at the site until the total investment of the qualified project sponsor is recovered. Since eligible costs can be everything from acquisition costs, transportation improvements, (including turn lanes, lights, sidewalks, etc), water and sewer, natural resource mitigation, site grading, environmental remediation, planning, and up to 20% of the total in interest, limited by only \$10 m per year. This diversion of 50% of personal income taxes could continue for a very long time.

In addition, the Amazon facility is in an enterprise zone, where they will be exempt from paying property taxes for 3-5 years. With a project cost of \$180 million, that’s a lot of property taxes, 45% of which will have a direct impact on the General Fund through lost Community College and K-12 funding.

[Amazon begins hiring for 1500 Troutdale warehouse jobs](#)

By [Mike Rogoway](#) | [The Oregonian/OregonLive](#), August 7, 2018

Amazon will hold job fairs Tuesday and Thursday to begin hiring for 1,500 jobs at [its new, \\$180 million warehouse](#) in Troutdale.

The 855,000-square-foot facility is a way station for laundry detergent, toothpaste, rice, home electronics and other products en route to Amazon customers across the region. Amazon says the warehouse will hold "tens of millions of items" at any given time when it opens this fall.

Amazon says it will pay up to \$14 an hour for the jobs, which works out to about \$29,000 annually. Additionally, the company offers benefits including health insurance, bonuses, retirement savings, 20 weeks of paid parental leave and Amazon stock.

The company won \$9.6 million in tax breaks from Troutdale to finance the project. As a condition of those incentives, the company agreed to pay employees at least \$15 an hour in total compensation, including the value of health insurance and other benefits.

² Interestingly, this differs from the definition for Oregon Investment Advantage. *“Wage means the taxable income used in calculating the amounts withheld for employees.... for purposes of personal income taxes during the firm’s tax year.”*

Amazon will be hiring into an especially [competitive local job market](#) amid [record low unemployment](#).

Tuesday's job fair continues until 5 p.m. at the WorkSource office at 19421 S.E. Stark St. in Gresham. Amazon will host another hiring event from 9 a.m. to 5 p.m. Thursday at the Holiday Inn at 477 N.W. Phoenix Drive in Troutdale.

Applicants may also apply at www.amazon.com/portlandjobs.

Amazon is expanding distribution facilities across the country to speed delivery times. It has a package sorting facility in Hillsboro and will open distribution facilities in North Portland and Salem this year. Additionally, the company employs hundreds at its AWS Elemental subsidiary in downtown Portland.

In an earlier story Rogoway reported:

Amazon is rapidly becoming one of Oregon's largest private employers. It has a package sorting facility in [Hillsboro](#) and is opening distribution centers in [North Portland](#) and [Salem](#) this year, in addition to the new Troutdale site. Altogether, they will employ about 3,500.

Amazon's AWS Elemental subsidiary employs an additional 400 in downtown Portland, and the company also has dozens of employees at data centers in eastern Oregon.

The Intercept news site [reported last week](#) that in many states large numbers of Amazon warehouse employees are on food stamps. Oregon's Department of Human Services said it does not have the technical capacity to track where food stamp recipients work.

Amazon landed tax exemptions worth \$9.6 million for its Troutdale site and agreed to pay workers at least 25 percent more than the minimum wage. That works out to \$15 an hour. Amazon says it will offer benefits, including tuition assistance.

We read the bills and follow the money