



CITY OF GRESHAM

April 29, 2019

Senator Kathleen Taylor, Chair
Senate Committee on Workforce
Oregon State Capitol
900 Court Se. NE
Salem, OR 97301

Re: HB 2408

Chair Taylor and Members of the Committee:

The City of Gresham opposes HB 2408, which would apply prevailing wage to private projects that access the Enterprise Zone program. By way of background, communities with Enterprise Zone programs are able to help companies make major investments and reinvestments in their facilities, helping both attract them to communities in Oregon and keep them here. Enterprise Zones offer a three or five year property tax abatement on the new investment only, and collect taxes on that equipment once the abatement period concludes.

Over the past 12 years, the Gresham Enterprise Zone program has been used by over 20 companies, in varying industries. The program has been used to support the recruitment of companies to the city including Element Six, who is currently constructing a \$94 million manufacturing facility in Gresham. The facility will bring over 60 new family wage jobs to the city.

The program has also been used to support ongoing investments at many of Gresham's largest employers including Microchip Technology, ON Semiconductor, Boeing and Teeny Foods. At Teeny Foods, the Enterprise Zone program helped to support an 80,000 square foot expansion, which increased their production capabilities and added new jobs. Teeny Foods is a great example of a manufacturer that provides ongoing training for their employees to support growth potential and career pathways.

Overall, the Gresham Enterprise Zone program has supported over \$700 million in new investment and the creation of hundreds of family wage jobs. Unfortunately, HB 2408 would erase much of the advantage of the program by substantially increasing project costs for companies locating or expanding in Gresham. As a result, Gresham would lose an important competitive edge in the

economic development arena, and Oregon would risk losing out on substantial new investment and jobs to communities elsewhere in the nation.

We certainly understand the advantage of higher rates of income for Oregonians working on construction projects, but if applying prevailing wage to those Enterprise Zone projects eliminates the advantage of the tool and precludes the investments from ever happening, then the prospective construction jobs will never manifest, and the ongoing career jobs that would have come to Oregon go elsewhere. Nobody wins.

Oregon has very few viable economic development tools, and nearly all of them apply incentives only to local (not state) taxes, including the Enterprise Zone. We strongly support the tool, and hope that you will consider voting no on HB 2408, to ensure its ongoing viability.

Sincerely,

Eric Chambers
Government Relations Director
City of Gresham