

Cornelius

Oregon's Family Town

May 16, 2019

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

Dear Chair Taylor and Members of the Senate Workforce Committee:

The City of Cornelius is strongly opposed to HB 2408. This bill would apply prevailing wage rate requirements to private construction for those business owners in Enterprise Zones who have opted to receive tax waivers allowed as part of Enterprise Zone benefits.

Cities only have few economic development tools to attract private investment. One of the few tools local governments can utilize is Enterprise Zone tax reductions. Cities rely on local enterprise zone investments to revitalize communities, create jobs, generate additional state income tax and local property tax revenues, and invest in economically distressed and underserved areas. Enterprise zones allow cities to be competitive for private investments especially when companies are choosing between Oregon and other locations. HB 2408 would create additional cost and administrative burden for companies. If companies decide to locate elsewhere, we would see a loss in potential job creation for construction trades that work on the project and for the permanent long-term jobs created through the Enterprise Zone.

Cornelius has two examples of businesses that likely would not have chosen our small industrial area had these requirements been in place. One business is under construction at the foundation stage and will employ 60 people or more and many workers who will come from our area. Business Oregon has labeled Cornelius an "economically distressed" community and we regularly have the highest unemployment in Washington County. This past month the unemployment rate was 4.6% (see attached info from the State of Oregon Employment Department). Another business is buying an existing warehouse that is mostly vacant, planning to spend up to \$10 million to remodel and revise the existing warehouse for light manufacturing and creating a distribution center. They also plan to employ up to 45 people. If the provisions of HB 2408 are adopted, it is likely the business will look elsewhere to avoid the prevailing wage requirements. It would be an example of the state giving opportunities to invest and then taking away the positive impact of granting an Enterprise Zone exemption requiring much higher construction costs.

Privately investment projects should not be subject to public procurement requirements like prevailing wage. Enterprise zones should not be restricted so that local governments can continue to compete, attract private investments, and promote job growth in our communities. Please protect this valuable economic development tool and oppose HB 2408.

Sincerely,



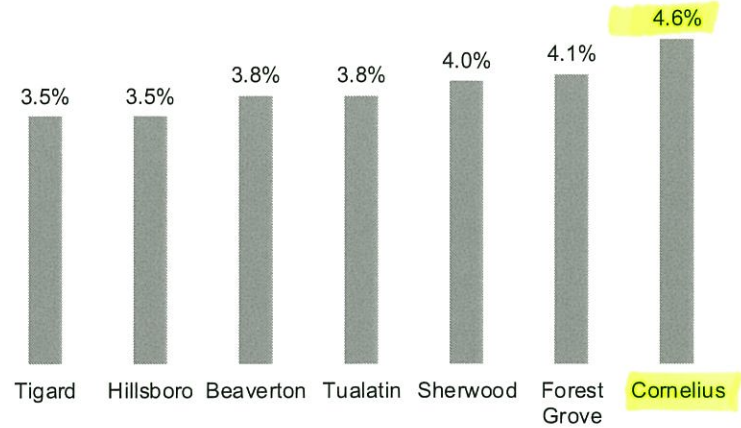
Rob Drake
City Manager

Washington County's unemployment rate dipped to 3.6 percent in March 2019, slightly below the prior month and a slight increase from last year. Some cities saw unemployment rates slightly higher than the prior year (not seasonally adjusted).

The county added 4,500 jobs between March 2018 and March 2019, for a growth rate of 1.5 percent. Construction led industry employment growth at 6.2 percent. Manufacturing continued to add the most jobs over the year, with 2,000 jobs gained.

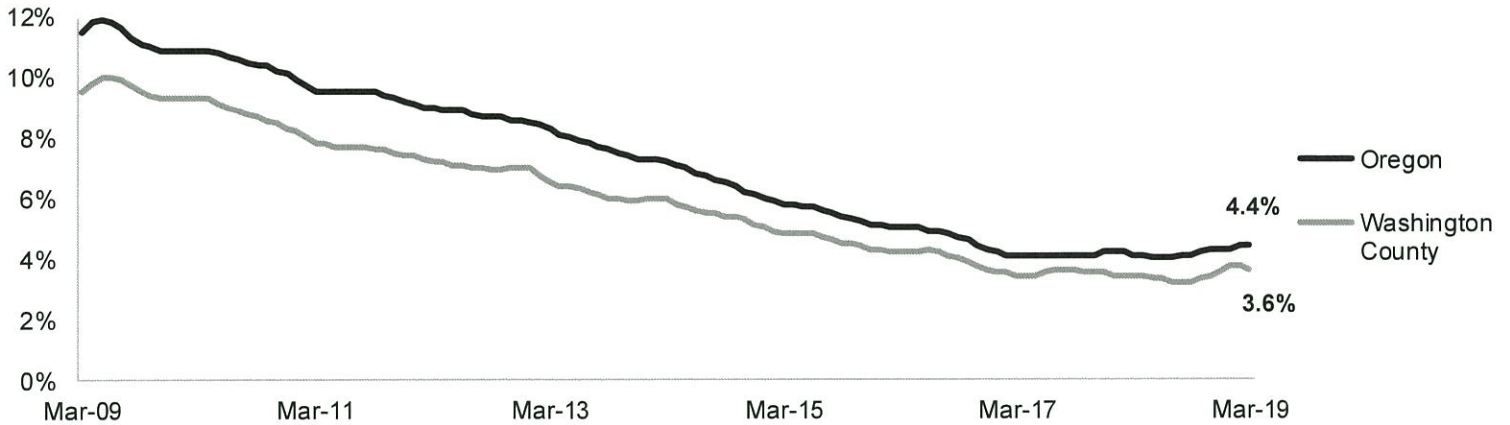
Unemployment Rates in Washington County Cities

March 2019, not seasonally adjusted
 Local Area Unemployment Statistics



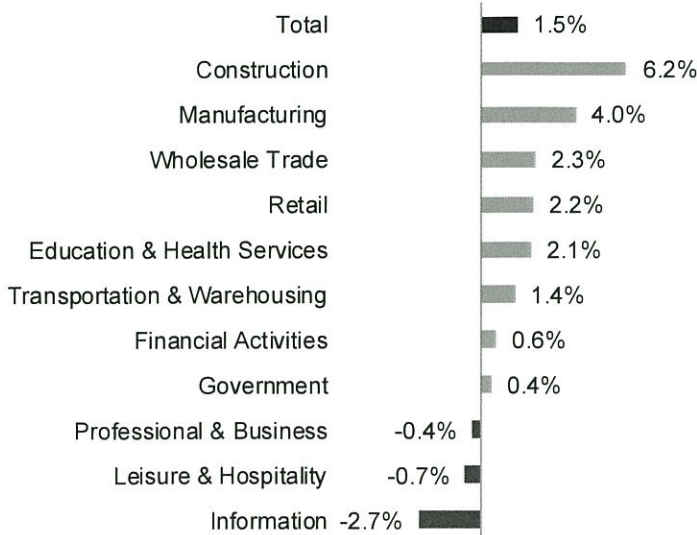
Unemployment Rate

March 2009 to March 2019, seasonally adjusted
 Local Area Unemployment Statistics



Construction Leads Industry Employment Growth

Percentage change, March 2018 to March 2019
 Current Employment Estimates



Net Job Growth in Washington County

Net change, March 2018 to March 2019
 Current Employment Estimates

