

MMC

Metropolitan Mayors' Consortium

May 21, 2019

Senator Kathleen Taylor
Chair, Senate Workforce Committee
Oregon State Legislature

Re: Opposition to HB 2408 A

Dear Chair Taylor and Members of the Committee,

The Metropolitan Mayors' Consortium (MMC) represents the mayors of twenty-five cities in the Portland Metro Area, collectively home to over 1.7 million Oregonians. The MMC writes to express its strong opposition to HB 2408 A, which would apply prevailing wage to projects in enterprise zones that exceed \$20 million and receive tax credits or tax abatements.

Property tax exemptions and other tax abatements have been shown to be highly effective at spurring investment in cities. For economically distressed areas, enterprise zones are one of the best tools that local governments can use to encourage new or expanding businesses to invest and create jobs in our communities. These local tax incentives are effective because the tax incentive reduces the initial cost of investment.

Requiring prevailing wage rates on private construction projects significantly diminishes the economic incentives to businesses that enterprise zones provide. In addition to increasing construction costs, the reporting and recordkeeping complexity of prevailing wage requires businesses to dedicate significant time and resources to ensuring compliance. In aggregate, the higher construction, reporting and compliance costs of prevailing wage can undercut the economic incentives of enterprise zones to the point that private investors decide against industrial expansion on a given site or choose sites outside of Oregon instead.

The local tax incentives provided in enterprise zones do not negatively impact the state's general fund. In providing tax abatements, local governments temporarily reduce their own local tax revenues in exchange for the long-term benefits of job growth and healthy communities. HB 2408 A not only undermines the economic development incentives that enterprise zones provide, it also harms local governments by limiting job growth and the accompanying increase in income tax revenue.

Oregon's Enterprise Zone program is one of the only viable tools that local governments have to encourage private investment in our communities. The MMC urges you to vote NO on HB 2408 A to protect our ability to incentivize economic development and job creation in our cities.

Sincerely,

The Metropolitan Mayors' Consortium

Mayor Denny Doyle

City of Beaverton

Mayor Brian Hodson

City of Canby

Mayor Jeffrey Dalin

City of Cornelius

Mayor Gery Schirado

City of Durham

Mayor Brian Cooper

City of Fairview

Mayor Peter Truax

City of Forest Grove

Mayor Shane Bemis

City of Gresham

Mayor Tom Ellis

City of Happy Valley

Mayor Steve Callaway

City of Hillsboro

Mayor Ken Gibson

City of King City

Mayor Kent Studebaker

City of Lake Oswego

Mayor Mark Hardie

City of Maywood Park

Mayor Mark Gamba

City of Milwaukie

Mayor Teri Lenahan

City of North Plains

Mayor Dan Holladay

City of Oregon City

Mayor Ted Wheeler

City of Portland

Mayor Walt Williams

City of Rivergrove

Mayor Keith Mays

City of Sherwood

Mayor Jason Snider

City of Tigard

Mayor Casey Ryan

City of Troutdale

Mayor Frank Bubenik

City of Tualatin

Mayor Anne McEnergy-Ogle

City of Vancouver (ex officio)

Mayor Russ Axelrod

City of West Linn

Mayor Tim Knapp

City of Wilsonville

Mayor Scott Harden

City of Wood Village