



A STRONG VOICE FOR OREGON'S WORKERS

TO: Chair Nathanson
Vice-Chairs Pham and Reschke
Members of the House Revenue Committee

FR: Catie Theisen, OR AFL-CIO

RE: HB 2343-A

April 28, 2021

The Oregon AFL-CIO represents 300,000 workers across Oregon and is a voice for all workers in the legislative process.

In Oregon, Economic Enterprise Zones are 74 local and urban areas in which a local government has chosen to offer a property tax abatement in order to incentivize businesses to open in their geographic area. We appreciate that this policy can be used as a critical economic development tool, however we also know this lost tax revenue is best justified when the minimum qualifications include a requirement for long-term, high-paying jobs with family supporting benefits. We believe that there should be stronger employment requirements in place when such significant tax abatements are considered and that there should be enforceable standards that allow for accountability when the commitments aren't met.

We also appreciate the challenges for workers and employers alike over the last year of the pandemic. Under current Enterprise Zone statute, for the first several years of property tax exemption the qualification for a property tax abatement is simply that the business grow their employees by the greater of one new job or 10% (or less with special-case local sponsor waivers). For some of these manufacturing, shipping and processing employers during COVID-19, compliance with state and federal safety regulations like distancing restrictions and PPE supply constraints, in addition to a decrease in economic demand in some instances, meant that maintaining and growing employees was simply not an option. In these instances, we agree with the proponents that paying a property tax bill that they were not anticipating is not beneficial to workers or the local economy.

We have significant concerns with the engrossed bill because it is not nearly as narrow as it needs to be to ensure that only employers actually impacted by the pandemic can waive the already minimal employment requirements. However, we were able to work with the proponents of the bill on a forthcoming consensus amendment that will get us to neutral by narrowing and clarifying the bill to ensure that there is an actual need caused by the pandemic to waive the minimum employment requirement.

We expect this amendment to outline the ways in which COVID-19 has led to a business' economic hardship that justifies why lifting the already minimal qualifications for continuation of property tax breaks is necessary. The COVID economic hardship criteria includes:

- compliance with safety measures or closures
- limitations on facility capacity,
- a decrease in receipts or sales that required the employer to layoff employees

- a disruption in the firm's access to markets or supply chains

or other bona fide COVID-19 related reasons that prohibited the employer from satisfying the minimum employment qualifications for property tax abatement. Our goal with the forthcoming amendment is to ensure that only employers with a true need related to COVID-19 are impacted by this policy.

Thank you for your consideration of our concerns on the engrossed bill and our expectation of the upcoming amendment to get us to neutral. We hope the committee has a critical eye and develops clear and detailed sidebars for any further tax exemptions to justify weakening the local tax-base year after year and to ensure that the state's enterprise zones deliver the benefits they were designed to: good jobs for Oregon workers, particularly when unemployment is high.