

Submitter: Byron Smith

On Behalf Of:

Committee: House Committee On Economic Development and Small Business

Measure: HB2199

I'm Byron Smith, City Manager for the City of Hermiston, and I appreciate the opportunity to comment in support of HB2199.

Overall, I am supportive of your efforts related to this bill because these efforts help Oregon be more competitive in our joint (state and local) efforts to grow the State's economy.

The City of Hermiston and Umatilla County have been partners in the Greater Hermiston Enterprise Zone for many years and this tool has been an incredibly valuable incentive for us. Therefore, it is essential for our local taxing entities, community, and region that these programs be extended.

The Enterprise Zone program is our most effective and reliable tool when competing for significant investments and job creation in our region and against the Tri-Cities in Washington.

In the past few years, Hermiston was a finalist but ultimately lost out on a 250-job AutoZone Distribution Center and a 300-job Dairigold Whey protein factory, both to Pasco, Washington.

Both projects received significant cash incentives from the State of Washington to locate in Pasco. The Greater Hermiston Enterprise Zone program, which leverages local tax revenue, is what kept Oregon, and the City of Hermiston in the conversation down to the final decision.

Despite these negative examples, we have had regional successes in the food processing and data center industries. Illustrating the impact of these successes, I would like to share two workforce related statistics that show at least in part the impact of Enterprise Zones to our region. In January 2012 (prior to the development of the first large-scale Enterprise Zone projects in our region (West-Umatilla County and Morrow County) the Umatilla County unemployment rate was 9.2%. In December 2022 the unemployment rate was 4.9%. Over a similar 9-year period (2013-2021), the average wage in Umatilla County grew by 34.8%. Though all the credit for these positive changes cannot go strictly to Enterprise Zone projects, a large portion of that credit can be given to projects the Enterprise Zone helped to incentivize. Another point to remember is that Umatilla County is one of the most diverse counties in the state and these jobs are impacting those diverse parts of our community.

The other impact the Enterprise Zone program brings to our community is the spillover effects on other parts of our economy. Every builder in our community asks us about the continued construction of data center campuses in our region. They are able to continue to build housing because of these additional jobs that keep coming to the region. The three signed enterprise zone agreements we have with Amazon Web Services to build projects within our enterprise zone helped us in working with a developer to begin the process of building an additional 1300 housing units of different price levels in our community over the next 10 to 20 years. Again, in partnership with Umatilla County we were able to leverage the use of Enterprise Zone funds to construct a new water tower that brings infrastructure to an area of the city that was lacking adequate water pressure. This investment opened 100+ acres for housing development. Some of that land has already begun to develop and more will follow as macroeconomic factors (ie interest rates and supply chain issues) come to an equilibrium point. Enterprise Zone funds were also able to facilitate a partnership with Umatilla County to build a City Hall facility that includes space for County offices to replace a city hall damaged in a fire. This facility now functions as an anchor to efforts of private reinvestment in Downtown Hermiston.

Thank you for the opportunity to comment. We look forward to a renewal of this valuable economic development tool.