

KCEDA

Klamath County Economic Development Association

February 22, 2023

To: Oregon House Committee on Economic Development & Small Business
RE: HB 2199 & HB 2258

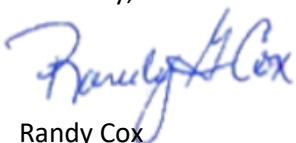
Dear House Committee:

On behalf of the Klamath County Economic Development Association (KCEDA), I'm writing to encourage your support for critical bills which provide tools for stimulating investment in traded-sector businesses and industrial lands. Specifically, house bills 2199 and 2258 regarding Enterprise Zone and Regionally Significant Industrial Site (RSIS) programs. These incentives currently exist and have proven to be effective at cultivating robust economic development opportunities, but are in need of extending. By extending these programs, it provides certainty to CHIPS Act applicants that the programs will be available in the coming years. Outlined below are rational for why these programs are so effective:

- The Enterprise Zone Program allows a local government to abate property tax for new business investments provided the investments bring sustainable jobs with wages exceeding local averages. Often times, local governments (ports, cities, counties, or tribes) will negotiate additional benefits to the local community in lieu of the property tax payments while the state benefits immediately from the subsequent income tax revenue. Oregon's 58 rural and 18 urban enterprise zones touch 35 counties, 143 cities, 15 ports and lands of 2 tribes. In 2022 alone, Business Oregon created over \$8.5B in total economic activity through the enterprise zone program. This activity additionally represents over 48,000 new jobs, generating over \$2.5B in labor income and \$685M in personal income taxes. In Klamath County, we have cultivated \$8.4M in new investments and over 140 jobs through use of the program.
- The Regionally Significant Industrial Sites (RSIS) program is a profit-sharing economic development tool that offers state income tax reimbursements for approved industrial site readiness activities. The availability of such industrial sites is a key asset for areas hoping to expand or attract traded-sector businesses that create family wage jobs and provide critical tax base for public services. Performance-based economic development tools are cutting edge and Oregon is leading the way with the RSIS. As it relates to the value of the RSIS program in Klamath County, we have officially had two industrial sites approved, one of which has already led to new development, being occupied by the advanced manufacturing company, Wilsonart. We hope to use the program to add more Klamath County sites in the future, positioning the region to improve its readiness for larger industrial users.

Rural areas are often economically disadvantaged and lack resources to be competitive when compared to well-established, self-sustaining business climates. Klamath County relies on programs like the Enterprise Zone and RSIS to help better position the region for future growth. By maintaining and offering comparable tools to other states, we can solidify Oregon's competitive position in this valuable market. Please give both of these house bills thorough consideration.

Sincerely,



Randy Cox
CEO/Executive Director, KCEDA