



Oregon Women's Rights Coalition

## HB2911 Enterprise Zone Extensions – Modify

Chair Nathanson, Vice-Chairs Walters and Reschke and members of the committee

OWRC believes that the Enterprise Zone extension should be carefully crafted before extending. There could be more details about job provisions in some of the zone legislation.

It might be well to consider having the local managers aided by Business Oregon staff on a routine basis to make sure all elements of a project are correct.

We are concerned about the extensions cost to the taxing entities. Over the coming biennium the revenue impact for Enterprise Zone Businesses is \$98,700,000 and the Long Term Rural Enterprise Zone is \$334,000,000 for a total of \$432,700,000. There is an additional amount of \$18,500,000 EZ shift and \$37,400,000. The shift amount is the amount that is transferred to other taxpayers. The other taxpayers are obligated to pay for the exempt portion of the levy.

Here is how the 21-23 Tax Expenditure Report describes the shift.

*Some levies, mostly bond levies to repay debt, do not have a fixed tax rate and instead calculate the tax rate each year by dividing the amount of tax revenues needed that year across the value of all taxable properties. In these cases, if a property is exempt from tax the effect is to raise the overall tax rate on the remaining properties. Therefore, the final amount of tax raised for the district will remain the same because the tax burden is shifted to the other properties. The amount of tax that would have been paid by the exempt properties is that is instead paid by the remaining taxable properties is reported here as the "shift"*

The monies paid by the other taxpayers may mean that they have less money to spend in the communities or put into their own business.

One suggestion for improving the program would be to only exempt the fixed rate property taxes so that other taxpayers do not end up paying for the shift.

An additional improvement would be to remove the educational taxing districts from the exemption as others have suggested.

In reading other testimony I came across. He fact that Hermiston missed out on AutoZone distribution center to Pasco Washington. I was intrigued about what might have happened.

I found an article on the AutoZone project from the Tricitiesbusinessnews.com from April 2017.

*We're very excited to be coming to Pasco and filling our customers' needs," said Rod Halsell, AutoZone senior vice president for supply chain and customer satisfaction. He was the keynote speaker at the March 15 Tri-City Development Council's annual meeting in Pasco.*

*How did the company settle on Pasco?*

*Halsell said AutoZone officials met with community leaders, elected officials and other "retail leaders" to learn about the area, and quality and availability of the work force. "It's very important information for us," he said.*

*The debate about where to build "wasn't an easy decision" and not everyone agreed. Ultimately Pasco was chosen because of the availability of employment and "we liked the growth in the area," Halsell said. "We thought it would be a good home for AutoZone."1.*

Further searching indicated that the Washington State Department of Commerce worked with AutoZone and offered \$200,000 in cash for planning and technical assistance and up to \$2.6 million in deferred state sales tax on the construction of the building. It appears that AutoZone purchased the 93 acres on which it built the distribution center which will be serving seven states.

Please consider reworking these programs to benefit the tax payers and other businesses and the schools.

Marcia Kelley

Public Policy Advocate

1. <https://www.tricitybusinessnews.com/2017/04/pascos-autozone/>

2. [www.tricityherald.com](http://www.tricityherald.com) Feb 9, 2016