

Executive Summary

House Bill (HB) 2009, passed in 2023, called for a study of the transparency of enterprise zone programs by the Oregon Business Development Department (Business Oregon). This Oregon Enterprise Zone (EZ) Transparency Study examines actual and statutorily required transparency for agreements associated with Oregon's standard enterprise zone (SEZ) and long-term rural enterprise zone (LRZ) programs. It also considers information that should be included in reports to enable evaluation of outcomes.

Oregon's enterprise zones have been operating since the 1980s. Existing transparency resources include the Oregon Open Data Portal, Department of Revenue (DOR) Tax Expenditure Report, Business Oregon EZ and incentive report web pages, and county assessor reports. US PIRG and Good Jobs First (GJF) have found that Oregon has performed relatively well in their state rankings for incentive transparency. In March 2024 GJF described Oregon's SEZ reporting as "modeling great transparency around economic development incentives." That said, stakeholders remain interested in ongoing program and transparency improvement, one component of which is the preparation of the Oregon EZ Transparency Study.

Summary answers to study requirements specified in HB 2009 regarding the transparency of agreements across EZs are:

- The actual transparency of individual extended SEZ and LRZ agreements have exceeded statutory requirements, but these requirements were quite limited prior to HB 2009.
- The EZ statute builds in flexibility to allow for local variation. Two notable differences in actual agreement transparency across EZs are the process through which agreements are executed with a business, which is decided by the local governments that sponsor the zone, and the process through which additional local conditions may be imposed on the business. Additional local conditions often generate community benefits, such as payments to the community or by encouraging local hiring and purchasing. Most zone sponsors may negotiate additional conditions for extended SEZ or LRZ agreements at their discretion with no formal policy. Urban enterprise zones must list additional conditions in a standardized format and have a formally documented policy if imposing conditions on tax abatement periods of any length, including just three years.
- The major difference in actual transparency between SEZ and LRZ agreements is that the law for LRZ abatements requires a local government resolution, and consequentially, in practice, the agreement can typically be found online as part of public procedures and documentation in adopting the resolution. SEZs do not have that requirement for extended agreements, though it similarly occurs oftentimes as a matter of local practice.

Substantial outcome information for SEZs is available on the Open Data Portal. There is significantly less information about LRZ outcomes due to different reporting provisions for businesses and local officials in statute. The lack of quality data on LRZ outcomes, especially jobs and investment, is a weakness in Oregon's otherwise strong enterprise zone transparency practices. LRZ outcome information could be expanded to become more like SEZ reporting.

Beyond that, instead of more data points for the Open Data Portal, plain-language summary reports might help policymakers, stakeholders, and residents better understand the benefits that are generated relative to the cost of

the tax abatement. While there are many state and local resources providing data about EZ activity, there is no resource where people can “see all the pieces of the puzzle.”

Neither Business Oregon nor the Oregon Department of Revenue (DOR) is a party to EZ agreements, but both have administrative duties for EZs. The statutes do not indicate individual departmental roles and responsibilities regarding transparency. In 2016, the Secretary of State Audit, *Evaluation and Transparency of Incentives and Loans*, found that data confidentiality concerns and unclear lines of responsibility for transparency across the state and local agencies engaged in EZ administration hinder data collection and disclosure. The same is true today. Business Oregon has taken the lead on EZ transparency reporting, but the same issues between DOR and Business Oregon continue to affect enterprise zone transparency.

Options for consideration to enhance EZ transparency and improve the usefulness of the EZ information that is provided include:

1. Improve LRZ transparency by posting agreements and providing more project data on the Open Data Portal.
2. Establish a schedule for issuing summary reports or evaluations of EZ use and outcomes.
3. Clarify Department of Revenue (DOR) and Business Oregon roles and responsibilities.

Members of the Legislative Assembly may obtain a hard copy of this report by contacting Business Oregon, or it is available online for anyone in the Reports, Publications and Plans section of the Business Oregon website—see [Business Oregon : Incentives Reports : Reports, Publications, and Plans : State of Oregon](#)—specifically, Enterprise Zone Transparency Study, by Smart Incentives, September 2024.