

HB 2624 Enterprise Zones and Prevailing Wages

HB 2624 would require private employers engaged in private construction projects worth more than \$5 million in enterprise zones to comply with prevailing wage law.

Oregon's 59 (47 rural and 12 urban) Enterprise Zones are sponsored by local governments (city, county, tribe or port) and serve as a focal point for local development efforts by exempting eligible traded sector businesses from local property taxes on investments in *new* plants and equipment for three to five years in a standard zone and up to 15 years in a rural zone in exchange for agreeing to locate or expand new plants and equipment. One hundred seven cities in 35 counties currently use enterprise zones to create better economic opportunities.

The Oregon Economic Development Association, Oregon League of Cities, and Association of Oregon Counties oppose this bill for the following reasons:

- Enterprise Zones are a major economic development tool at the local level and have proven to be an effective tool to attract business investment and jobs because they lower the initial cost of investment. Requiring prevailing wages for private investment can significantly boost the cost of construction and increase compliance paperwork. It can offset the savings from the property tax abatements, thus making this economic development tool less attractive.
- Zone sponsors and local elected officials care most about employing local workers at a wage that is consistent with the area. Zone sponsors currently have the ability to include contractual requirements such as prevailing wages during construction and local preference purchasing.
- Enterprise Zone companies receiving a four or five year period of abatement are required by law to pay 150% of minimum or average wage jobs to participate in the program. Many companies exceed these minimum requirements for many positions and offer benefits for their workers.

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