

# SUPPORT

# Enterprise Zone Sunset Extensions

The enterprise zone program will sunset in 2025 unless extended by the Oregon State Legislature.

[www.oregon.gov/biz](http://www.oregon.gov/biz)

## Enterprise Zones have a Record of Success

The enterprise zone program was enacted in 1985 as a “**special aid to attract commerce, industry, and jobs.**” The enterprise zone program has a demonstrated ability to create jobs, expand wealth, and enhance long-term property tax revenue. This highly successful program encourages businesses to grow or locate in Oregon by temporarily exempting eligible investments in new or expanded facilities and equipment from local property taxes.

**A 2022 study commissioned by Business Oregon measured the return on investment from 287 companies** who have recently participated in the program by looking at their total output through direct jobs at participating firms, indirect jobs from suppliers, and induced jobs from employee household spending in the community. Remarkably, the study found that the economic benefit was 29 times the investment (exempted tax value) for the standard 3-5 year Enterprise Zone program.

## 2022 Study Results

During their time in the program these participating companies have been responsible for the creation of over \$8.5 billion in total economic activity and 46,253 new jobs generating over \$2.5 billion in labor income and \$685 million in personal income taxes. (Figures do not include one-time effects from construction jobs or business tax receipts.)

## Local Programs with Local Support

Zones are sponsored by a city, county, tribe or port and serve as a focal point for local economic development professionals seeking to attract new investments in their communities.

- Oregon’s 76 enterprise zones touch 35 counties, 143 cities, 15 ports and lands of 2 tribes.
- Oregon does not offer grant or income tax incentives to the level often seen in other states, making these local incentives especially critical in competing for investments.

## Incentives that Promote Shared Prosperity

Employment gains due to enterprise zones are weighted heavily towards the manufacturing sector.

- A 2021 study commissioned by Oregon Business and Industry and the Oregon Business Council noted that about one third of the manufacturing workforce in Oregon is BIPOC, 28 percent are women, and 70 percent have less than a bachelor’s degree.
- The report also detailed that full-time median earnings are 17 percent higher on average in manufacturing when compared to other industries.

## Strong Statewide Standards with Local Flexibility - [www.oregon.gov/biz](http://www.oregon.gov/biz)

The enterprise zone program has rigorous sideboards that the legislature has crafted over time but still allows for local input. (See the Business Oregon website for a comprehensive description )

- The 3- to 5-year standard program has restrictions on what type of businesses may apply and what property that may qualify, requirements around job creation and first source hiring, and clawbacks of the tax benefits for companies who fail to perform as promised. For companies seeking an exemption beyond the initial three years there are wage and total compensation requirements.
- The 7- to 15-year long-term rural program is only allowed in counties that demonstrate chronic economic challenges. It requires case-by-case local approval and has complex requirements around minimum investment cost, job creation, wages and total compensation, and clawbacks for companies that fail to meet the terms of the agreement.
- For exemptions beyond 3 years additional local requirements are common. These can be requirements for additional monetary payments or policy driven public benefit requirements around climate goals, equity policies, workforce development, or wages.

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