



BUSINESS & COMMUNITY SERVICES

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SARAH ECKMAN, INTERIM DIRECTOR

October 21, 2021

To: Gary Schmidt, County Administrator
From: Sarah Eckman, BCS Interim Director

RE: Issues Request - Update on HB 2343 Enterprise Zone Employment Waiver

Administrator Schmidt,

Summary: Governor Brown signed HB 2343 on July 19, 2021, now enrolled as chapter 522, Oregon Laws 2021. This new law allows (but does not require) an enterprise zone sponsor to adopt a resolution relaxing enterprise zone employment requirements otherwise imposed on authorized business firms for either or both of property tax years beginning on July 1, 2021, and July 1, 2022 if the company reduced employment due to the COVID-19 pandemic.

The North Urban Clackamas County Enterprise Zone is sponsored by the City of Milwaukie, City of Gladstone and Clackamas County (representing the unincorporated areas). Upon the passage of HB 2343, staff from the BCS Economic Development Division and Assessment and Taxation, in consultation with the participating cities, evaluated the active companies in the program to determine impacts of the employment waiver on the zone. There are two companies that did not meet the employment requirements for the tax year 2020. Both companies have paid their tax bills accordingly, and both are located in unincorporated Clackamas County.

In order to administer the waiver for either the 2021-2022 or 2022-2023 tax year, all three zone sponsor jurisdictions would need to adopt a resolution. Due to little articulated need for this program, indicated by the timely tax payments of the two participating businesses, staff has discussed the logistics and timing of the resolution adoption and recommends moving the resolution forward for the 2022-2023 tax year, thus the resolution will be brought forward to the three governing bodies for adoption no later than **June 30, 2022**. In this scenario, there would be no waiver for the 2021-2022 tax year.

Background:

In 2020, Oregon Economic Development Association (OEDA) members recognized that certain Oregon businesses might struggle to meet enterprise zone (EZ) requirements due to the pandemic. This could disqualify employers from the EZ program and require payment of prior years' tax savings even though neither the local government zone sponsor nor employer could have foreseen the COVID-19 pandemic at the time they signed the EZ agreement.

HB 2343, now enrolled as chapter 522, Oregon Laws 2021 is applicable to employment requirements for the 2021-22 and 2022-23 tax years, so a zone sponsor may relax the employment requirements for either or both or those years.

As stated above, a resolution may apply to either, or both, the 2021-22 and 2022-23 tax years. A zone sponsor's resolution can cover both years by passing it no later than **November 9, 2021** or the sponsor could wait until **June 30, 2022** to pass a resolution covering the 2022-23 tax year. Staff recommends that the County wait until June 30, 2022 to pass a resolution covering the 2022-23 tax year. Staff will continue to monitor the need and if the need for the resolution does not materialize, will keep the Board apprised.