

January 27, 2022

[Contact person/title District/agency Address, ...]

Subject: Change to the Greater Hermiston Enterprise Zone Boundary

Dear _____:

This letter is to inform you that the City of Hermiston and Umatilla County are proposing to modify the boundaries of the Greater Hermiston Enterprise Zone. We will submit documentation to Business Oregon (state Business Development Department) for it to determine that the boundary change satisfies statutory requirements.

Notice

Your district is being notified of this boundary change, because the enterprise zone as amended would include all or parts of one or more tax code areas, in which your district levies taxes on property value. The area being proposed for addition is all properties in the area generally bounded by the Umatilla River on the West, Feedville Road on the North, Hermiston-Hinkle Road on the East, and the Union Pacific Railroad Main Line on the South. A map is attached for clarity. In an enterprise zone, certain types of businesses that create new jobs may receive exemptions of limited duration on qualified new property that they invest in the zone.

Your district's board is welcome to submit written comments. For questions or providing commentary:

Mark Morgan, GHEZ Administrator
235 E Gladys Ave.
Hermiston, OR 97838
(541) 567-5521

Anticipated times and dates for the City and the County to independently consider resolutions to modify the enterprise zone are as follows:

Hermiston City Council (415 S Hwy 395., Hermiston, OR) at 7:00 p.m. February 28, 2022
Umatilla County Commission (216 SE 4th St., Pendleton, OR) at 9:00a.m., March 2, 2022

An Enterprise Zone and Property Tax Abatement

These zones in Oregon are discrete areas up to 15 square miles in size and have been in existence since the mid-1980s. Each designation lasts up to 11 years. They are intended to induce additional investment and employment by non-retail businesses in areas meeting certain measures of economic hardship. They have proven to be Oregon's key offering in the pursuit of business growth and expansion. Their effectiveness is due to a typically short-term but immediate benefit for the business project's cash flow.

General information is available online at:

<https://www.oregon.gov/biz/programs/enterprisezones/Pages/default.aspx> .



The existing Greater Hermiston Enterprise Zone consists of about 9 square miles. The addition of the new proposed area will add about 1.34 square miles, for a 15% increase in total area in the zone.

An Oregon enterprise zone exempts only new property that an eligible business might build or install in the zone at some future time. A qualifying investment under the standard exemption program entails the creation of new full-time employment in the zone—greater of one new job or a 10 percent increase.

A standard enterprise zone exemption is temporary, usually lasting only three years, after which time the property induced by these incentives is available for assessment, possibly for decades. Extensions of the exemption period to four or five years in total (or even longer under a different rural facility program) are possible subject to written agreement with the governments sponsoring the zone, higher compensation for new employees, and possibly additional local requirements.

These property tax exemptions are not available to just any business. Most commercial or retail operations are ineligible. Rather, the primary recipients of enterprise zone benefits are manufacturing and other types of facilities serving other business operations.

Policy and Economic Reasons for Seeking Enterprise Zone Expansion

Since 2005, the GHEZ is responsible for attracting \$381 million in new capital investment to the area. While some investments are still within their exemption period, \$84 million worth of investments have been added to the tax rolls benefitting all local government and education entities. Additionally, these investments have created 509 new full-time jobs resulting in more than \$23 million of new annual payroll circulating through the economy of Hermiston and western Umatilla County as of 2020.

The Regional Water System, paid for by the City of Hermiston, Port of Umatilla, and various private entities, continues to attract strong interest in industrial development to the area near OR207 and Feedville Road. The industries interested in developing there are traded-sector businesses with international clients, and generally search the entire Western United States for appropriate locations. These industries, while attracted to the Hermiston area for various reasons, are often considering several finalist locations in other regions across the western U.S., and make final siting decisions based on the financial value of local incentives.

Please don't hesitate to contact me with any questions.

Sincerely,



Mark Morgan
Assistant City Manager
Greater Hermiston Enterprise Zone Administrator

C: Rachael Reynolds, Umatilla County Assessor
Special Districts Association of Oregon