

IMPACT STATEMENT

Legislation title: Designating the Portland Enterprise Zone to be Designated for Electronic Commerce (Resolution)

Contact name: Andy Reed, Enterprise Zone Program Manager, Prosper Portland

Contact phone: 503-823-7053

Presenter name: N/A; consent agenda item

Purpose of proposed legislation and background information:

This Resolution authorizes Prosper Portland to submit a designation of the Portland Enterprise Zone to be designated for Electronic Commerce (E-Commerce) for the newly re-authorized 2019 Portland Enterprise Zone (E-Zone) to the State of Oregon.

This action requests that the Portland City Council (City) designate the Portland E-Zone to retain an E-Commerce overlay for 10 years and direct staff to submit a notification to the State of Oregon, which will be releasing two such designations on July 1, 2019, one of which currently overlays the Portland E-Zone. The current Portland Enterprise Zone and E-Commerce designation authorization expires June 30, 2019 and the Portland E-Zone will lose the opportunity to retain the E-Commerce overlay without this action on July 1, 2019.

In 1985, the Oregon State Legislature established a statutory structure for the E-Zone program that permits cities to establish zones where businesses that invest in economic expansion and the creation and retention of jobs can claim property tax abatements for a limited period (up to five years). In 1986, Portland City Council established the Portland E-Zone and authorized Prosper Portland as the City's E-Zone Manager. Since then, in 1996 and in 2008, and last month (May 2019 by Resolution No. 37423) Prosper Portland has requested, and City Council has approved submitting successful reauthorizations to the State to continue administering the E-Zone in the City of Portland.

This action strongly aligns with Prosper Portland's Strategic Plan in several ways. Retaining an E-Commerce overlay will allow Prosper Portland to continue to implement powerful and effective tools to build an equitable economy. More specifically, this action delivers on Prosper Portland's goals to i.) create access to high quality jobs by supporting strong and growing Portland businesses that offer middle-wage employment opportunities; ii.) form 21st century civic networks, institutions, and partnerships between the public and private sector to address education, workforce development, and procurement opportunities through public benefit agreements; and iii.) operate an equitable, innovative, and financially sustainable agency by providing an ongoing revenue stream to invest much-needed resources in traded sector and community economic development activities.

If approved, this action will allow the City of Portland to continue to use an E-Commerce overlay that has existed in the Portland E-Zone since 2009 and has encouraged commercial investment by electronic commerce companies that otherwise would be unable to use the program under statutory guidelines. Over the past 10 years, Prosper Portland

has managed nine different E-Zone projects that qualified under the E-Commerce overlay. The nine active E-Zone participants have:

- Invested \$89,928,000 in the City of Portland;
- Created 362 new jobs;
- Paid \$43.16 per hour average wages and offered total compensation of \$60.26 per hour (in 2017 dollars); and
- Provided \$129,000 for local non-profits, businesses, and workers through Prosper Portland programs such as the Inclusive Business Resource Network and Oregon Manufacturing Extension Partnership.

Financial and budgetary impacts:

The E-Zone program does not, in and of itself, decrease projected growth in property taxes. The five-year property tax abatements only apply to new capital investment. Furthermore, once the tax exemption expires and taxable property value grows, property tax revenues collected by local taxing jurisdictions will increase.

Tax revenue impact from the Portland E-Zone to the City of Portland has ranged from \$300,000 to \$1,600,000 over the past 10 years. Anecdotal information from our partners suggests many of the investments would not be made absent the incentive provided to companies.

Community impacts and community involvement:

Prosper Portland conducted extensive outreach for the successful July 1, 2019 reauthorization and boundary amendments of the Portland E-Zone, and during these discussions staff expressed the intent to pursue the E-Commerce overlay. Outreach included the following taxing jurisdictions:

- City of Portland
- Metro Regional Government
- Multnomah County
- Multnomah County Tax Assessor's Office
- Multnomah Education Service District
- Port of Portland
- Portland Community College
- Portland Public Schools
- TriMet
- West Multnomah Soil and Water Conservation District
- East Multnomah Soil and Water Conservation District
- NW Regional Education Service District
- Scappoose School District

On February 19, 2019, Prosper Portland staff met with a number of these taxing jurisdictions to discuss the impact of the program on local revenue for jurisdictions, as well as the impact of the entire E-Zone program over the last ten years. Stakeholders responded positively toward the proposed re-authorization; many of the attendees found direct alignment between the mission of their organization and the goals of the E-Zone program.

As staff works closely with community leaders across the city, Prosper Portland continues to seek feedback on how the program provides tangible benefits for our city's underserved communities.

100% Renewable Goal:

This action does not increase or decrease the City's total energy use.

Budgetary Impact Worksheet

Does this action change appropriations?

- ☐ **YES:** Please complete the information below.
☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount



AUDITOR 06/26/19 PM 4:01

Office of Mayor Ted Wheeler
City of Portland

To: Karla Moore-Love

From: Mayor Ted Wheeler
Commissioner Chloe Eudaly
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner JoAnn Hardesty

Date: June 11, 2019

Subject: City Council Special Session Request - July 1, 2019

City Council would like to call a Special Session to seek approval of a resolution that authorizes Prosper Portland to submit an application for the newly re-authorized 2019 Portland Enterprise Zone (E-Zone) to be designated for Electronic Commerce (E-Commerce).

We are requesting a special session with the following details:

- **Date:** Monday, July 1, 2019
- **Time:** 1:30pm – 2:00pm
- **Location:** Council Chambers

The current Portland E-Zone and E-Commerce designation authorization expires June 30, 2019 and the Portland E-Zone will lose the opportunity to retain the E-Commerce overlay without this action on July 1, 2019. Waiting until the next Council meeting would put at-risk our opportunity to reclaim the overlay.

Retaining an E-Commerce overlay will allow Prosper Portland to continue to implement powerful and effective tools to build an equitable economy and deliver on Prosper Portland's Strategic Plan by:

- Creating access to high quality jobs by supporting strong and growing Portland businesses that offer middle-wage employment opportunities;
- Forming 21st century civic networks, institutions, and partnerships between the public and private sector to address education, workforce development, and procurement opportunities through public benefit agreements; and
- Operating an equitable, innovative, and financially sustainable agency by providing an ongoing revenue stream to invest much-needed resources in traded sector and community economic development activities.

Mayor Ted Wheeler



Commissioner Nick Fish



Commissioner Chloe Eudaly



Commissioner Amanda Fritz



Commissioner Jo Ann Hardesty