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37618

Resolution

Authorize the submittal of Enterprise Zone Application to the State of Oregon to reauthorize the East Portland Enterprise Zone

Adopted

WHEREAS, The Oregon Enterprise Zone Act, Oregon Revised Statutes (“ORS”) 285C.045 – 285C.250, authorizes the designation of Enterprise Zones, and provides for property tax abatement, job creation, and local municipal incentives to stimulate economic development in an economically disadvantaged area (“E-Zone”);

WHEREAS, in January 1986, the Portland City Council (“City”) adopted Resolution No. 34019, which authorized Prosper Portland, the City’s designated economic development agency, to prepare and submit an application on behalf of the City to the Oregon E-Zone program;

WHEREAS, in March 1987, City Council adopted Ordinance No. 159467, accepting the Governor’s designation of the first City of Portland E-Zone, with the City as the E-Zone Sponsor, and authorizing Prosper Portland to manage the City’s E-Zone program as part of its economic development responsibilities;

WHEREAS, the City reauthorized its E-Zone program for three additional 10-year designations in 1996 (City Resolution No. 35506), 2008 (City Resolution No. 36583) and in 2019 (City Resolution No. 37423);

WHEREAS, on October 11, 2017, the City adopted Resolution No. 37321 which amended the Portland E-Zone Policy in accordance with the provisions of ORS 285C.150 and ORS 285C.160, which policy, as may be amended as necessary from time to time;

WHEREAS, the current East Portland E-Zone, designated by City Council on June 12, 2012, through Resolution No. 36934, expires June 30, 2023;

WHEREAS, the Enterprise Zone (“E-Zone”) program allows for industrial and other qualifying firms making substantial new capital investments an exemption of 100% of real property taxes attributable to the new investment(s) for a five-year period;

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Prosper Portland](#)

Contact

Justin Douglas

Governance, Learning and Outcomes Manager

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date

May 10, 2023

Requested Start Time

9:45 am

Time Requested

30 minutes

WHEREAS, the E-Zone program is one of the City's most important tools to incent major new capital investments that create primarily traded sector job opportunities for local residents;

WHEREAS, the combined East Portland and Portland E-Zones in 2021 created 3,600 new jobs which paid an average of \$36.34 in combined wages and benefits, and since 2015 generated a total of \$1,803,000,000 in capital and procurement investment;

WHEREAS, the Portland E-Zone will advance objectives of the Advance Portland, which emphasizes making investments that create quality jobs and collaboration between community-based organizations, the private sector and public entities to support equitable outcomes for residents facing economic disadvantages;

WHEREAS, on March 8, 2023, through Resolution No. 7480, the Prosper Portland Board of Commissioners requested that the City apply for reauthorization of another 10-year Enterprise Zone designation from Business Oregon to replace the expiring East Portland E-Zone with no changes to the 2017 E-Zone Policy;

WHEREAS, the proposed Portland E-Zone is in an area that meets the requirements as set forth by ORS 285C.090, maintains and makes no adjustments to the current boundaries;

WHEREAS, the City has consulted, through Prosper Portland, with local taxing jurisdictions in compliance with ORS 285C.067;


NOW, THEREFORE, BE IT RESOLVED, that the Portland City Council requests the area shown in the map attached hereto as Exhibit A, be designated by the Director of the Oregon Business Development Department as an Enterprise Zone pursuant to ORS 285C.065(3);


BE IT FURTHER RESOLVED, that the Council authorizes Prosper Portland to submit an application on behalf of the City to the State of Oregon for re-designation of the Portland E-Zone and appoints Prosper Portland to continue as zone manager of the re-designated Portland E-Zone;

BE IT FURTHER RESOLVED, that the City will comply with ORS 285C.105 and will fulfill its duties as E-Zone Sponsor under ORS 285C.050 to 285C.250 including processing applications, managing compliance, managing local public benefit requirements, and completing all required documentation; and

BE IT FURTHER RESOLVED, that the Council-adopted Enterprise Zone Policy will continue to be the guiding/binding policy for the re-authorized Portland Enterprise Zone in accordance with Exhibit B.

Documents and Exhibits

 [Exhibit A](https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-a_east-pdx-e-zone-map.pdf) (https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-a_east-pdx-e-zone-map.pdf), 99.46 KB

 [Exhibit B](https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-b_portland-enterprise-zone-policy.pdf) (https://www.portland.gov/sites/default/files/council-documents/2023/exhibit-b_portland-enterprise-zone-policy.pdf), 542.97 KB

Impact Statement

Purpose of Proposed Legislation and Background Information

This action will request that the Portland City Council (City) reauthorize the East Portland Enterprise Zone (E-Zone) for 10 years and direct staff to submit a reauthorization application to the State of Oregon. If approved, this action will allow Prosper Portland, which administers the E-Zone program on behalf of the City, to continue to manage an economic development program that since 1986 has encouraged commercial investment, created and retained quality jobs, and created a resource stream to invest in critical community economic development objectives across the city.

Over the past ten years, Prosper Portland has managed 97 different E-Zone projects. Since the Great Recession in 2010, the program has seen significant increases in enrollment; currently, there are 45 active E-Zone participants, including 18 in the East Portland E-Zone (29 percent and 33 percent of which were small businesses, respectively). Since 2015, companies have:

- Invested in capital or procured goods and services totaling \$1,813,000,000 in the city of Portland (\$940,000,000 in Portland E-Zone, \$873,000,000 in East Portland E-Zone)
- Created 3,600 new jobs in a 2021 snapshot (1,955 in Portland E-Zone, 1,645 in East Portland E-Zone) with 49% of employees identifying as people of color, a higher percentage than the 31% demographic in the general population in Portland;
- Paid \$30.16 per hour average wages and offered total compensation of \$36.34 per hour (\$31.98 per hour in Portland E-Zone, \$28.00 per hour in East Portland E-Zone, in 2021 dollars); and
- Collectively in both E-Zones provided \$8,000,000 for local non-profits, businesses, and workers through Prosper Portland programs such as the Inclusive Business Resource Network, Economic Opportunity Program, NextGen, and supports Oregon Manufacturing Extension Partnership to lead continuous improvement workshops with Portland manufacturers.

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 designated Prosper Portland as the City's Zone Manager.

Since then, in 1996, 2008, and 2019 (Portland E-Zone) and 2012 (East Portland E-Zone), Prosper Portland has requested, and City Council has approved submitting successful reauthorizations to the State to continue managing the two E-Zones in Portland.

In 2003, the Oregon State Legislature added provisions permitting local governments to establish local policies and written agreements imposing obligations on E-Zone companies to provide designated community benefits. Most recently, on September 13, 2017, the Prosper Portland Board through Resolution No. 7253 requested (and City Council ultimately adopted through Resolution No. 37321) amendments to the E-Zone policy that would increase requirements for wages/compensation, procurement plans, and institutionalizing additional public benefits through formal agreements between participating businesses and Prosper Portland. As such, the current E-Zone policy provides numerous community benefits through its innovative partnership and business practices, including:

- Institutionalization of public benefits agreements as more companies agree to invest in business culture change activities that create opportunities for a diverse, locally grown workforce;
- Job seekers from across the socioeconomic and demographic spectrum access quality employment opportunities;
- Direct funding for programs such as the Inclusive Business Resource Network and Mercatus and a direct connection between businesses using the E-Zone program and businesses and entrepreneurs from historically disadvantaged communities; and
- Infrastructure for new initiatives such as Portland Means Progress, which is mirroring efforts in the E-Zone to create new partnerships and pipelines for businesses owned by members of historically disadvantaged communities and business culture change with the end goal of creating more equitable and inclusive businesses in Portland.

Financial and Budgetary Impacts

The E-Zone program does not 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 and East Portland E-Zones to the City has averaged \$1,900,000 over the last seven 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

As required by Oregon State Statute, Prosper Portland has conducted outreach to discuss the proposed reauthorization with 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
- East Multnomah Soil and Water Conservation District
- NW Regional Education Service District
- David Douglas School District
- Reynolds School District

On February 15, 2023, Prosper Portland staff met with a number of these jurisdictions to discuss the proposed reauthorization, as well as the impact of the program over the last ten years. Stakeholders expressed support for economic development programs and encouraged Prosper Portland to continue to refine the public benefit agreement model to meet current needs of underserved communities.

100% Renewable Goal

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

Budget Office Financial Impact Analysis

No fiscal impact. Related tax abatements for capital investments do not impact property tax forecasts.

Agenda Items

360 Time Certain in [May 10, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/5/10)
(<https://www.portland.gov/council/agenda/2023/5/10>)

Adopted

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea