



Portland and East Portland Enterprise Zone Program Actions

Summary

1. Enterprise Zone (E-Zone) Program Connections to Advance Portland and Central City Retention efforts
2. Review Enterprise Zone Program (2012-2023)
3. Resolution 1: Portland E-Zone Central City Boundary Amendment
4. Resolution 2: East Portland E-Zone E-Commerce Designation
5. Resolution 3: Daimler Truck Employment Waiver
6. Discussion and feedback



Advance > Portland

April 2023

A Call to Action
for Inclusive
Economic Growth



POST-PANDEMIC DYNAMICS

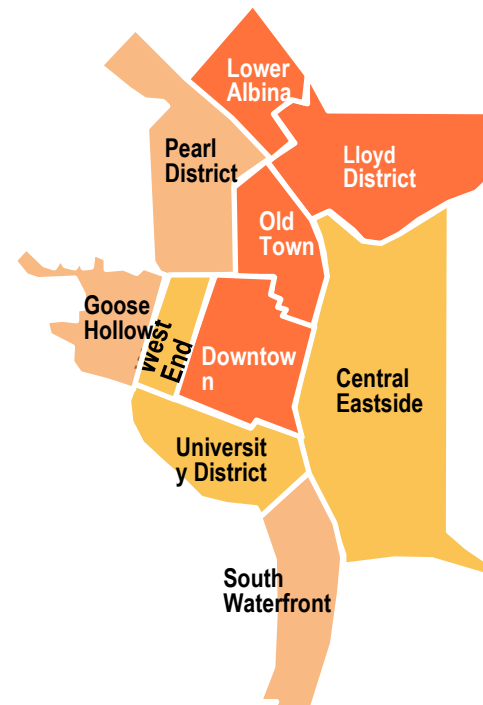
The city can no longer take its growth for granted.

Challenges

- Population decline for first time in 40 years
- Tax/value proposition has eroded, with 32% business tax increase since 2019
- Increased office vacancies, reduced presence of employees and visitors in subdistrict; employee foot traffic is down 36% across the Central City, with Downtown, Old Town and Lloyd most impacted.
- Growing concerns of crime and untreated mental health and addiction crises
- Investment and employment in neighborhood commercial districts declined; just 67% of small business establishments across the City remained stable throughout the pandemic.

Bright Spots

- Subdistricts with a more balanced mix of residential to employment uses fared better and were more resilient coming out of the pandemic.
- In some districts, home businesses flourished, creating opportunities.
- Notable correlation between district capacity and business health
- Green cities industry retained 97% of jobs throughout the pandemic
- Events and travel are bringing people back to the Central City



Traded Sector Growth



Inclusive
Job Creation



Business
Competitiveness



Financial Return
& Local Investment

Portland Means Progress

E-Zone

Athletic & Outdoor

Technology & Media

Metals & Machinery

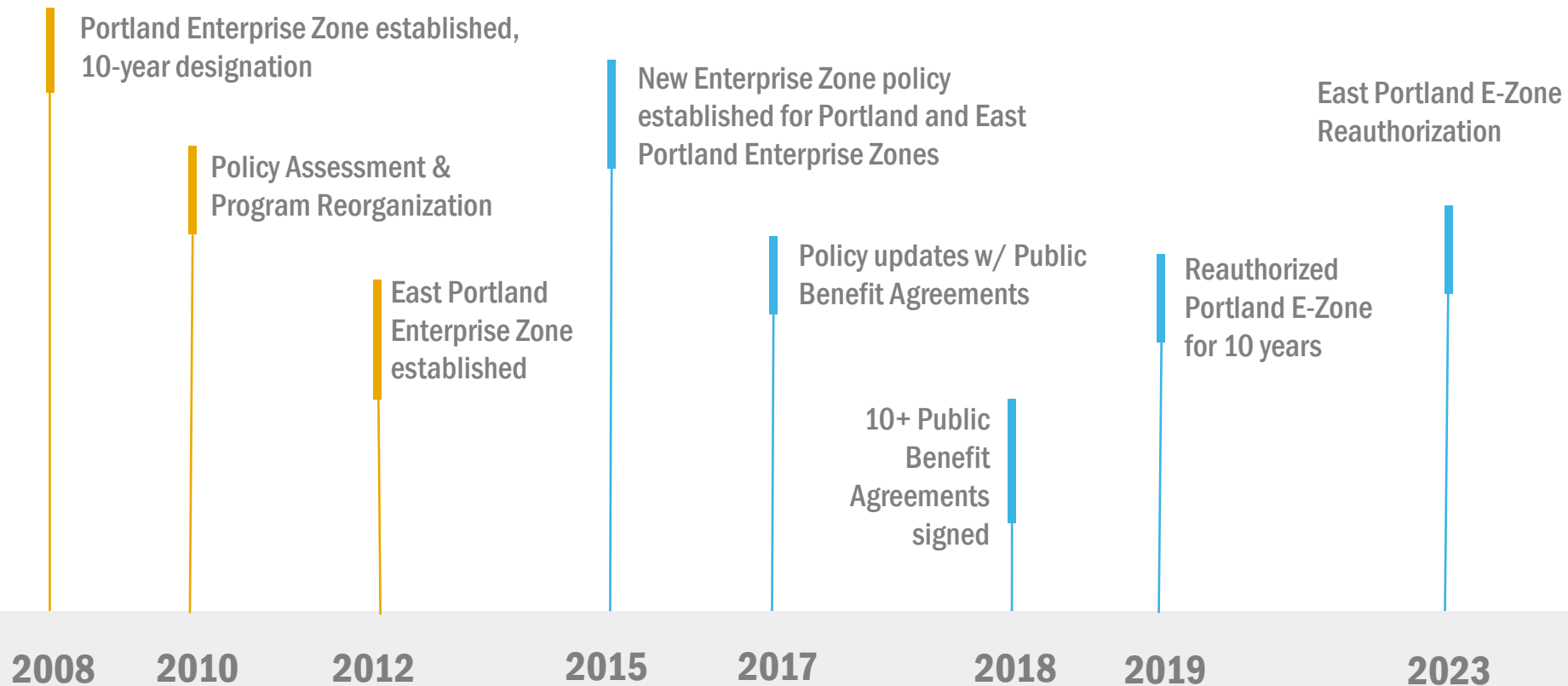
Green Cities

Portland Film Office

International Engagement

Partnerships & Relationships

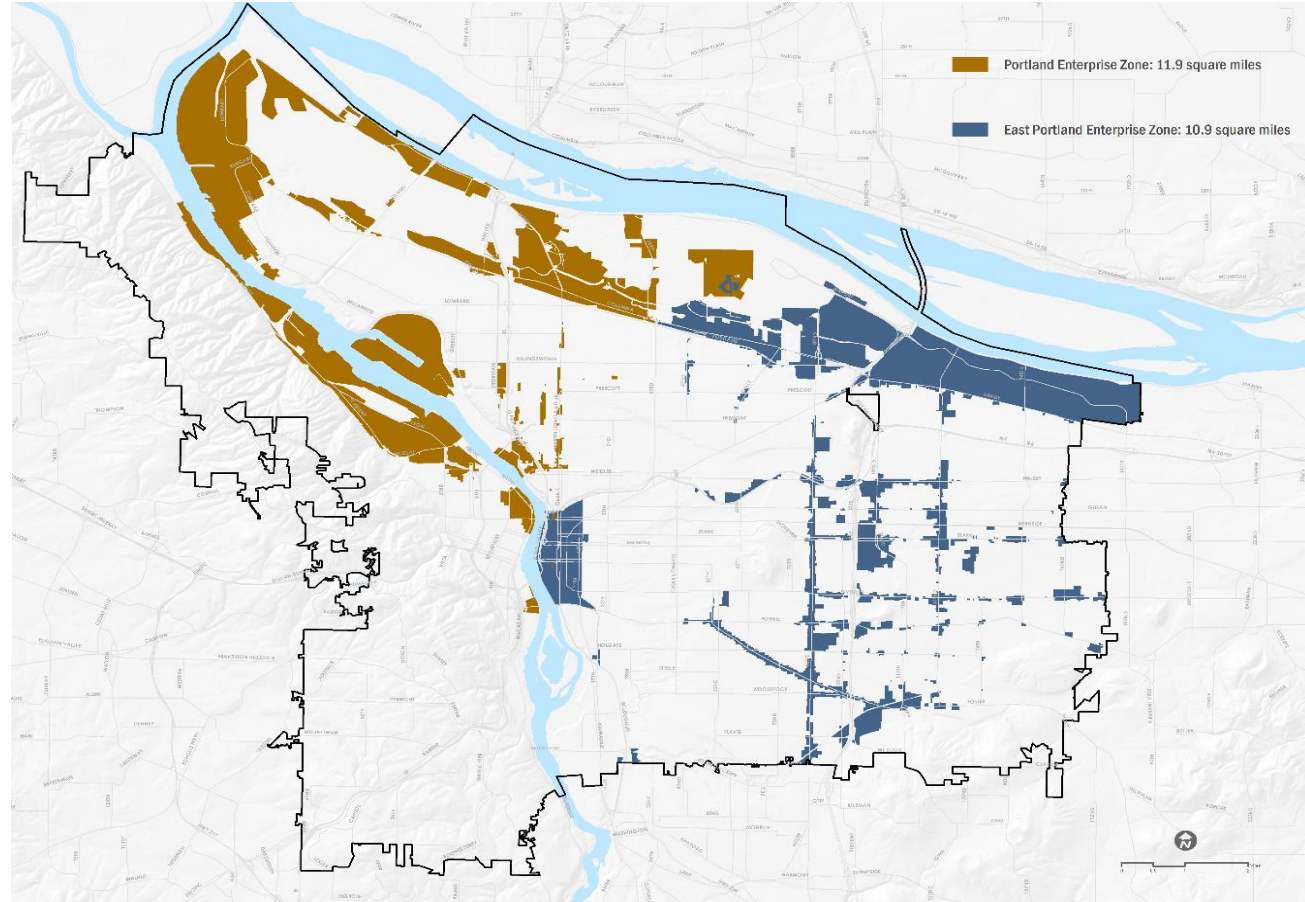
Adaptation and Evolution



Current Enterprise Zones

● Portland Enterprise Zone (2019)

● East Portland Enterprise Zone (2023)



Oregon State Statute/Administrative Overview

1985

Enacted by legislature, continuously supported by nearly all legislators, both urban & rural, for decades

70+

Enterprise Zones across the state; nearly every medium/large city in Oregon has a zone

10 years

10-year designations must be approved by local zone sponsor, port, and state

Allows for local conditions/community benefits, but not required for 3-year exemptions

Enterprise Zones Program Activity

97

Total projects

45

Active projects



29%

of active projects are
small businesses

10 YEARS

Economic Development Value Proposition



7-year average forgone Property Tax Revenue: \$1.9 million City General Fund (Total= \$13.6M)
Cost Per Job: \$1,513

Return over 7 years:

3,600

New living wage
full time jobs;
(10% increase
required,
30% increase
realized)

2.2%

Business Tax
on applicable
revenue

\$80.6M

Income tax to the
State of Oregon

\$7.8M

Workforce Training
& Business
Development Fund

\$960M

Procurement w/in
City of Portland

19 Public benefit agreements with **100+** engagements each year

Estimated 'payback' of forgone revenue = **5 years** after abatement expires

Action #1: Proposed Portland E-Zone Boundary Amendment

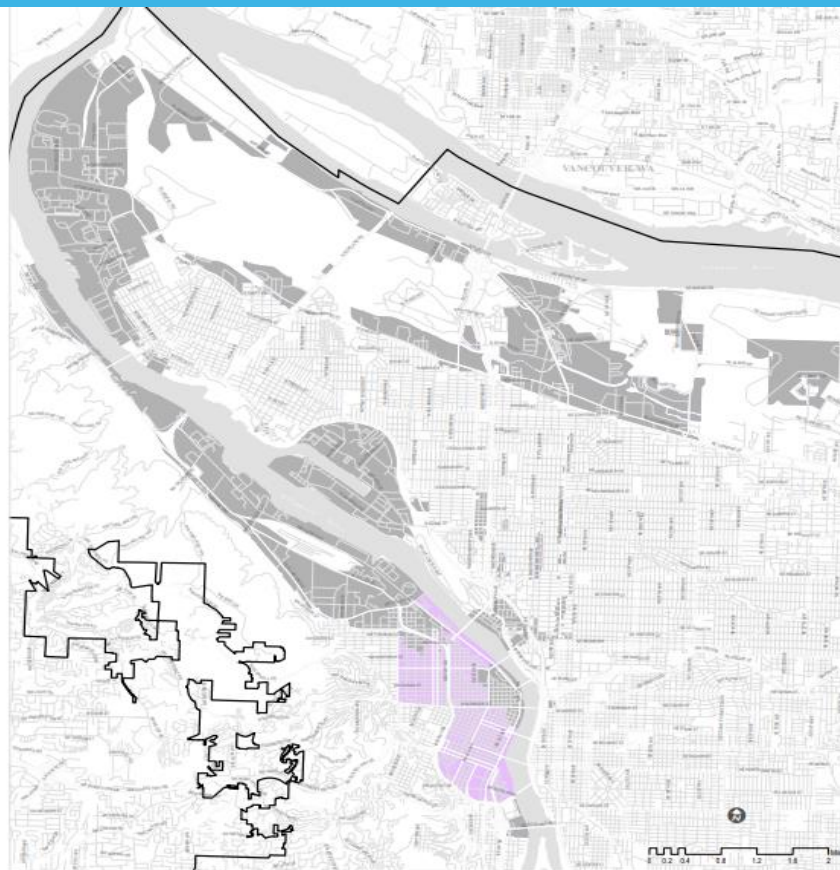
Add key areas to the E-Zone in Portland's Central City and NW Industrial Area with the goal of incenting:

1. Employer retention in Portland's Central City, and
2. Key investments by companies considering expanding or locating in Portland

Companies deciding their future in Portland have identified the Portland E-Zone as a key tool in their decision-making process

Enterprise Zones Proposed 2019-2029

Portland Enterprise Zone (2019-2029)



EXISTING ENTERPRISE ZONE

AMENDED AREA

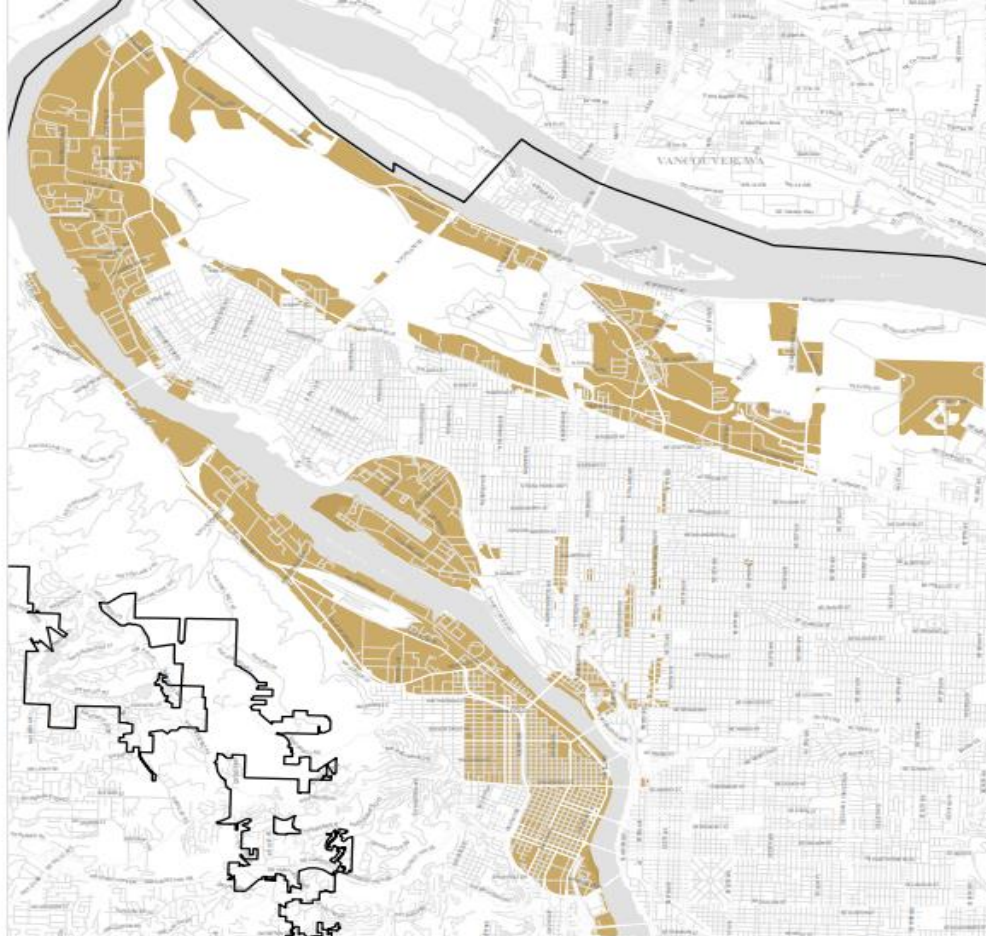
CITY OF PORTLAND

AUGUST 2023

Enterprise Zones Proposed 2019-2029



Portland
Enterprise Zone
(2019-2029)



Action #2: Proposed East Portland E-Commerce Overlay

- Allows the City of Portland to continue to use an E-Commerce designation that expands eligibility for commercial investment by technology, software, and media companies.
- Over 10 years, Prosper Portland has managed 12 different E-Zone projects that qualified under the E-Commerce designation. The 12 active companies have invested \$234,828,000 and created 727 new jobs

Action #3: Proposed Daimler Employment Waiver

- Allows Daimler Truck to complete an investment of at least \$25 Million in qualified property and qualify for the E-Zone abatement without meeting required increased employment numbers.
- Proposed facility in Portland for cutting-edge research, development and testing of electric and hydrogen fuel cell trucks. Aligns with climate action goals.
- Engineering workforce + manufacturing plant is upskilling its workers to fully transition its product line to zero-emission trucks. Retains jobs in Portland.
- The project is estimated to add approximately \$108M in value added GDP and \$11M in annual state and local taxes.

Discussion & Questions

