Hermiston officials plan to renew state zone designation intended to attract employers

BY SEAN HART HERMISTON HERALD

The Hermiston Enterprise Zone designation is set to expire this year, but city officials hope to renew the state program that aims to attract new employers through temporary property tax abatement.

Hermiston Assistant City Manager and zone manager Mark Morgan said the economic development program expires June 30, but he is hopeful the HEZ will be renewed for another 10-year term. A public meeting about the zone and renewal process will take place at 3 p.m. Friday at the Hermiston Conference Center.

"Ultimately, what the enterprise zone exists to do is to incentivize manufacturing employers, largely, into an area," Morgan said. "The intention of the program is to attract these employers to the area so that once that exemption expires, you not only have these jobs



Morgan

in the area, you theoretically have a large investment in the area that will pay property taxes."

Morgan said the basic exemption from property taxes, such as those levied by cities, counties, ports and school districts, lasts for three years for qualifying projects, but if an employer creates new jobs with an average wage at least 150 percent of the Umatilla County average wage, approximately \$53,000, the exemption can be extended up to five years.

From 2004 to 2013, Morgan said qualifying projects in the HEZ accounted for 243 new jobs, an annual payroll of \$7.2 million and \$79.5 million in new investment. He said the zone includes all the property within the city limits and also the Shearer's Snacks property. The totals through 2013 do not include another \$3.5 million expansion at Shearer's last year, which added about 35 additional jobs. Morgan said Shearer's and DuPont Pioneer have utilized the program for three different expansions

Morgan said some people may think it would be better to require these businesses to pay the property taxes without the temporary exemption, but there is no guarantee the businesses would have expanded locally without the exemptions.

This year, Morgan said a five-year exemption on a \$35 million expansion at DuPont Pioneer will expire, and the property value will be added to the city's tax roll. He said the assessed value would be different than the project cost, but the amount collected by the city will be significant. As a rough estimate, he said a \$30 million increase in property values would lead to \$180,000 in new general fund revenue for the city of Hermiston each year.

Corrections

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