



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of March 9, 2026

Title/Subject

Resolution No. 2411: Establishing Hermiston Enterprise Zone

Summary

This resolution will create the Hermiston Enterprise Zone to be effective for 10 years beginning July 1, 2026.

Background

Enterprise Zones (EZones) are part of an economic development program where the State of Oregon authorizes local zone sponsors to offer property tax reductions to certain types of businesses. Very generally speaking, EZones are only applicable to industrial-type operations, however there are some industry-specific carve-outs.

The City of Hermiston has sponsored an EZone since at least 2006. At that time, the City of Hermiston was the sole “Sponsor” (i.e. decision-making authority) of the Hermiston Enterprise Zone (HEZ), as the zone boundaries were located entirely within the city limits. In 2009, Shearer’s Foods was considering a \$25M factory expansion, and was seeking tax incentives, but it was located outside of city limits. It was therefore decided to expand Hermiston’s Ezone to also include the single tax lot where Shearer’s was located, but in so-doing, the zone was required to add either the Port of Umatilla, or Umatilla County, as a Co-Sponsor.

In 2016, at the time the HEZ was expiring, it was decided to apply for a new Ezone with Umatilla County still as a Co-Sponsor of the Greater Hermiston Enterprise Zone (GHEZ).

Now, in 2026, as the GHEZ is expiring, it is recommended to return the local Ezone program to its original purpose, and limit the Hermiston Enterprise Zone (HEZ) to only be within the city limits of Hermiston, and have the Hermiston City Council be the sole decision-making authority (Sponsors) for the new zone. As was the case in 2009, there is nothing precluding the HEZ from expanding its zone boundaries in the future to include other areas outside of City Limits; there is simply a public outreach process to go through. The HEZ has gone through several boundary adjustments over the past 15+ years.

There are a number of steps prescribed by law for establishing an Ezone.

1. Consent of the Port of Umatilla: Appendix A Enclosed was approved by the Port Commission on January 13, 2026.
2. Hold Public Meeting: Appendix C Enclosed is a notice which was mailed to all impacted taxing entities located within the proposed zone boundaries. This notice was mailed a month prior to the meeting. The meeting was held on February 12, 2026, with the only attendees being representative from Umatilla County Fire District #1 as well as the Radio/Data District. The Minutes of this meeting are enclosed.
3. Establish School Support Fee: The School Boards for both the Hermiston School District and the Stanfield School District approved School Support Fee rates of 15% (resolutions enclosed).
4. The final step now is for the City of Hermiston to approve a resolution establishing the zone to be effective 7/1/2026.

Tie-In to Council Goals

Goal 1: Economic Development- Expand, Strengthen, and Diversify the Local Economy.

Fiscal Information

This action has no direct fiscal impact on the City. However, it is important to understand related fiscal impacts associated with the various components of the statewide Ezone program:

- Basic (3 Year Exemption): A basic 3-year property tax exemption is guaranteed by state law in any Ezone as long as a project meets the relevant criteria. Businesses seeking this exemption are still required to meet with City Staff prior to breaking ground to ensure they qualify. Since 2012 there has only been 2 businesses (Eastern Oregon Telecom's ~\$2M office/shop & Shearer's Foods' 2014 \$4M "Maza" Line Expansion) which have utilized this program.
- Extended (4-5 Year Exemption): Applicants may only qualify for an extended exemption if authorized through agreement approved by the City Council. The agreement may include requirements to make payments in lieu of taxes, or other considerations. Since 2012, Corteva (Pioneer Seed) is the only business which has used the Extended program for their 2013 \$18M Plant Expansion.
- Long-Term Rural (7-15 Year Exemption): Applicants may only qualify for an extended exemption if authorized through agreement approved by the City Council. The agreement may include requirements to make payments in lieu of taxes, or other considerations. Since 2012, Lamb Weston, and Amazon Web Services have received City Council approval on nearly \$1B of combined investments, which are expected to

generate approximately \$10 million in combined revenue for local taxing entities this coming Fiscal Year.

Alternatives and Recommendation

Alternatives

1. Approve Resolution No. 2411
2. Reject Resolution No. 2411
3. Table Resolution No. 2411

Recommended Action/Motion

Approve Resolution No. 2411

Submitted By:

Mark Morgan