



# Hermiston Enterprise Zone New Zone Designation Public Meeting February 12, 2026

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Assistant City Manager/Enterprise Zone Manager Mark Morgan opened the meeting at 9:00 a.m. Those in attendance included Scott Stanton, Fire Chief, Umatilla County Fire District #1; Karen Primmer on behalf of the Umatilla-Morrow Radio and Data District. City staff also present included Chantel Waldo.

## **Hermiston Enterprise Zone Formation 2026**

Assistant City Manager Morgan presented information regarding the proposed Hermiston Enterprise Zone (HEZ), including statewide Enterprise Zone background, historic impacts of the Greater Hermiston Enterprise Zone (GHEZ), economic trends, proposed zone boundaries, Enterprise Zone revenue considerations, and the public process moving forward (PowerPoint presentation attached).

Assistant City Manager Morgan reviewed Oregon Enterprise Zones, noting they have existed for many decades under ORS285C and allow communities to offer targeted property tax incentives tied primarily to job creation/retention and wages/compensation. He outlined the available exemptions options, including the Basic 3-Year Exemption, Extended 3-5 Year Exemption, and Long-Term Rural Enterprise Zone (LTREZ) exemptions of 5-15 years, and provided local examples of projects that utilized these programs, as well as recent private developments that could have qualified but were not offered exemptions.

Background on the Hermiston Enterprise Zone was provided, including its original formation prior to 2006, subsequent iterations, and the creation of the Greater Hermiston enterprise Zone in 2009 when Umatilla County was added as a co-sponsor. Assistant City Manager Morgan noted the current Greater Hermiston Enterprise Zone is set to expire June 30, 2026.

Since 2009, the HEZ/GHEZ program has facilitated approximately \$977 million in local investment and construction, generated more than 500 new jobs, and contributed approximately \$19 million annually to local wages.

Economic data was presented showing trends in total employment, unemployment rates, manufacturing, information services, and mining/logging/construction. Assistant City Manager Morgan explained regional growth slowed after 2020, with manufacturing impacted by tariffs, COVID-related shutdowns, and local facility closures, while the information sector has added economic diversity. Top local employers and industries were reviewed.

Enterprise Zone revenue reporting was discussed, noting projections are estimates dependent on construction schedules and certificates of occupancy. Assistant City Manager Morgan explained that groundbreaking timelines can shift 12-24 months, and certificates of occupancy issued on December 31 versus January 1 effects fiscal impacts shifting the timeline by a year. Legislative changes and evolving data center development timelines may also influence future revenues from Enterprise Zones.

Site challenges were reviewed, including electric service availability, which varies by provider and may range approximately 2 to 10 years depending on location and capacity. Assistant City Manager Morgan also discussed



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“land-banking,” explaining how developers often secure multiple sites and advance lowest-cost or easiest options first, moving to alternative sites if delays occur.

The proposed 2026-2036 Hermiston Enterprise Zone was presented, which would return to a city-only mode; with the City of Hermiston as the sole sponsor. The proposed zone would include only properties within Hermiston City Limits, apply to industrially zoned properties plus the Downtown Urban Renewal Area, and include a proposed hotel exemption designation. The City of Hermiston has not included the hotel exemption designation before but there are potential benefits to including it for the 2026-2036 Hermiston Enterprise Zone. Maps of the proposed zone boundaries were reviewed.

Assistant City Manager Morgan outlined the public process and next steps, including:

- January 13, 2026 – Port of Umatilla Consent
- February 12, 2026 – Public Meeting
- February 2026 – Hermiston and Stanfield School Boards review State School Fund (SSF) rate and potentially approve it
- March 2026 – Hermiston City Council Meeting, if both schools have approved SSF rate in February, plan to present proposed Hermiston Enterprise Zone at the first meeting in March
- Spring 2026 – Material reviewed by the Oregon Business Development Department (OBDD)
- July 1, 2026 – Hermiston Enterprise Zone effective

There were public questions regarding:

- Impacts on taxing districts and emergency services, including equitable revenue breakdown
- Predictability of revenue for long-term planning
- Power supply constraints affecting development timelines
- Whether certain developments would proceed without Enterprise Zone Incentives
- If there was lobbying in Salem that was pro-economic development efforts
- If the breakdowns of the revenue moving forward would mirror the original agreement
- Specific locations of recently approved projects and anticipated new properties
- Potential Enterprise Zone locations and rezoning requirements

Assistant City Manager Morgan responded to questions and provided clarification on revenue allocation, infrastructure limitations, and anticipated development pacing.

No additional public comments were received.

## **Adjournment**

There was no other business, and the meeting was adjourned at approximately 10:01 a.m.