

# Enterprise zone began with some creative mapping

By Luke Hammill  
Hillsboro Argus/OregonLive

Oregon's enterprise zones, according to the legislative findings of the 1985 act establishing the program, were originally intended to go "especially in those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance."

Doesn't sound much like Hillsboro, a suburban city that had plenty of available industrial land, good access to utilities and one of the state's largest employers, Intel, in 2006, the year the city applied for an enterprise zone.

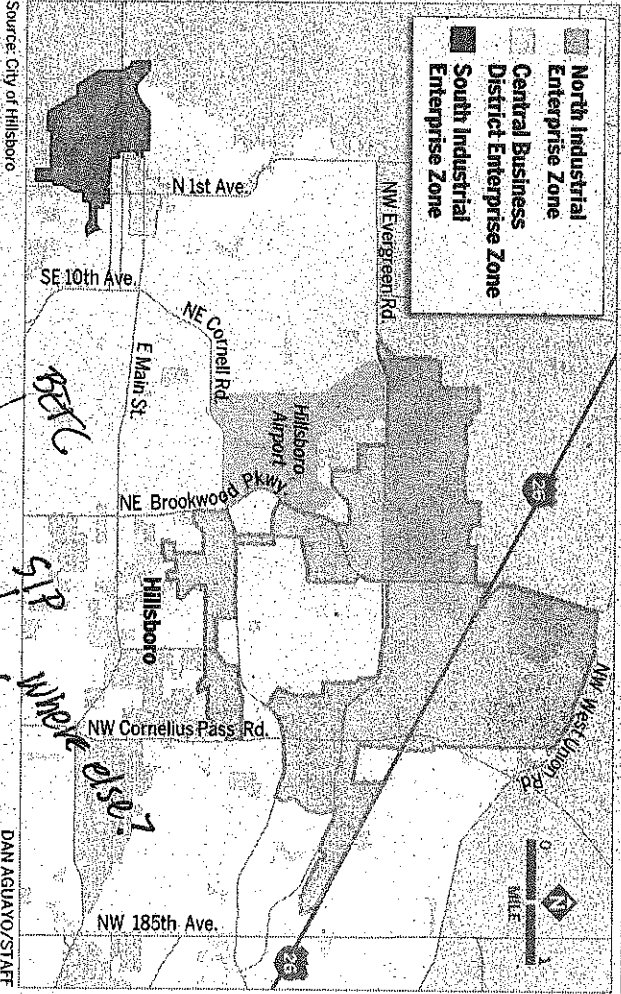
Hillsboro is certainly not the only city of its kind to use the program. Of Oregon's 66 zones, 13 are urban, and they're located in places like Beaverton, Gresham, Clackamas and Salem.

But Hillsboro has used the program aggressively; its zone, according to state data, leads all others in Oregon by significant margins in terms of the amount of investment attracted, property taxes abated and jobs created.

City officials originally hoped that the incentive program would reverse a trend of business closures in the northern industrial area. By that standard, the zone has been a smashing success.

But in order to get the zone, Hillsboro had to establish economic hardship. And the city drew the zone's lines creatively, including a relatively poor, non-contiguous area in the city's southwest corner. Out of 15 companies that used

Hillsboro enterprise zones



the zone in the 2013-14 tax year, only one — EG Metals — is located in the southwest zone. And the program's effect on income levels in the two areas is similarly unbalanced.

### The "tallest tree in the Silicon Forest"

Oregon's enterprise zone program allows cities to offer property tax relief for up to five years to businesses that bring new facilities, equipment and employment to the zone. Land and existing property don't qualify for the abatement. In return for the tax breaks, the program requires companies to increase full-time, permanent employment by either one new job or 10 percent, whichever is greater.

It's one of the economic development initiatives Hills-

boro has used to become, to use two of city leaders' favorite phrases, the "tallest tree in the Silicon Forest" and the "economic engine" of the state. If not for the enterprise zone, the city might not boast nationally recognized companies like SolarWorld, Geheg-tech, Adolge and Reser's Fine Foods — and the jobs those businesses create.

"There's limited numbers of tools available for business development in the state, and that's one of the ones that the state has put in place," said Hillsboro Economic Development Director Mark Clemmons last month.

When Hillsboro applied for

finishing up a massive new facility now that will be home to 350 jobs. Some companies have created more jobs than others. Over the past few years, out-of-state data centers have flocked to the city to take advantage of the enterprise zone. Their facilities require huge business investment and large tax breaks, but some data centers only create a few jobs. A company called Infomart Portland saved more than \$775,000 in 2013-14 and only employed one full-time, permanent worker.

### Qualifying for the program

In order to get an enterprise zone, Hillsboro had to meet a certain standard of "economic need and hardship." At the time, critics argued that the city — already home to Intel, Lattice Semiconductor and many other successful companies in 2006 — was too affluent for an enterprise zone.

But a zone could be located in different sections of the city and didn't have to be contiguous. Hillsboro's zone is actually two zones: the vast industrial-ready land in the north, and a relatively small, poorer section in the city's southwest corner. The poorer section allowed Hillsboro to qualify by dragging the per-capita income in the zone down to \$15,511, based on 2000 census data.

"This looks like corporate welfare dressed up to look like a program for the needy," said

Linda Mokler to the Hillsboro City Council, according to a June 23, 2006, article in The Oregonian. Mokler doubted that the northern industrial area where Genentech planned to build a factory was economically disadvantaged and said the property would surely develop with or without an enterprise zone.

Officials said at the time that the zone would attract jobs for struggling families in the city's poorest areas. And they pledged to use fees associated with the zone to assist people in those sections of the city — a practice that continues today. Fees paid by enterprise zone companies contributed to \$300,000 in college scholarships, many of which go to students in or near the enterprise zone. The fees also fund workforce-training programs like English language development.

But of the 15 companies that used the zone in 2013-14, only EG Metals is actually located in the southwest zone. EG Metals has 23 full-time, permanent workers, 10 of them hired because of the zone, according to state data. The business saved more than \$14,000 in property taxes in 2013-14.

Hillsboro's enterprise zone will expire in 2017. The city will have to reapply for a new one if it wants to continue the program.

hammill@oregonian.com  
503-294-4029

**Annual Report, As Submitted to Oregon Department of Revenue by  
July 1, 2014, Respective to April 1, 2014 Exemption Claim Filings by Business Firms**

Hillsboro Enterprise Zone

Washington County

**Part I. EXEMPTIONS ON QUALIFIED PROPERTY IN THE LATEST PROPERTY TAX YEAR [2013-2014]**

ORS 285C.130 (5): Form 150-310-075,* line-	4	6a	(a) <sub>1</sub>		(a) <sub>2</sub>	3	(b) 8a	(c) 9
Name of Qualified Firm (List separate exemptions by year, leaving job figures to right blank if based on same authorization)	Total Years of Exemption (3, 4 or 5)	First Year Claim Filed ([2013] or earlier)	Assessed Value (~AV) of Exempt Property (\$)	Tax Code Area	Taxes to have been Imposed (\$)	Preexisting Zone Employment (annual average in authorization application)	Reported for Previous [2013] Calendar Year* Zone Employment (annual average)	Compensation if applicable (average annual-\$)
ACME Construction	5	2010	\$357,580	1.12	\$6,143	5	16	
AGC Electronics America	5	2010	\$1,141,130	7.01	\$19,604	65	106	
		2011	\$136,190		\$2,340			
ASB Evergreen Data Center LLC	5	2013	\$45,113,210	1.17	\$775,036	0	1	
Clio Technologies	5	2010	\$1,059,390	7.01	\$18,200	0	8	
Digital 3825 NW Alcock Pl. LLC	5	2013	\$31,745,420	1.17	\$545,380	0	N/A	
Export Global Metals, Inc.	4	2012	\$817,290	7.42	\$14,041	13	23	
Genentech	5	2009	\$12,253,790	7.01	\$210,518	0	13	
Jireh Semiconductors, Inc.	5	2013	\$13,797,040	7.01	\$237,030	0	233	
NetApp, Inc.	5	2013	\$5,657,334	1.17	\$97,192	0	2	
Solarworld (1)	5	2009	\$135,576,150	7.01	\$2,329,171	9	629	
		2010	\$68,924,160		\$1,184,103			
Solarworld (2)	5	2011	\$197,361,120	7.01	\$3,390,625	127	629	
		2012	\$39,722,710		\$682,428			
		2013	\$58,329,720		\$1,002,093			
TOK America	5	2010	\$8,635,350	7.01	\$148,354	68	100	
		2011	\$8,060		\$138			
		2012	\$15,790		\$271			
Triquint Semiconductors (2)	5	2011	\$12,087,580	7.01	\$207,662	600	930	
		2012	\$11,432,580		\$196,409			
Triquint Semiconductors (3)	5	2012	\$4,962,000	7.01	\$85,246	600	930	
		2013	\$14,482,910		\$248,813			
Ulbricht Solar Technologies	5	2012	\$2,887,360	1.12	\$49,604	0	11	
		2013	\$178,960	1.12	\$3,074			
Umpqua Bank	5	2013	\$1,790,370	51.69	\$31,927	76	120	
ViaWest, Inc.	5	2013	\$3,549,830	1.17	\$60,985	16	20	
<b>ZONE TOTAL</b>			\$672,023,024		\$11,546,390	852 (1)	2,212 (2)	

(1) This number does not include employment numbers for subsequent phases for Solarworld and Triquint

(2) This number does not include employment numbers for subsequent phases for Solarworld and Triquint

Please use employment-related numbers from the Claim Form filed this year [2014] and break out each firm's concurrent exemption according to the year when its particular exemption began.

**Annual Report, As Submitted to Oregon Department of Revenue by  
July 1, 2014, Respective to April 1, 2014 Exemption Claim Filings by Business Firms**

Hillsboro Enterprise Zone

Washington County

**Part II. EXEMPTIONS CONCLUDING IN THE LATEST [2013-2014] TAX YEAR\*\***

							ORS 285C.130 (5)(d)
<i>Roughly Estimated Total Assessed Value (~AV), on Which Taxes Will be Imposed in New [2014-2015] Property Tax Year (newly non-exempt property-\$):</i>							\$147,829,940

\*\* These are also included above in Part I, namely, as three-year exemptions begun in 2011-12, or 2009-010 for five years

Genentech	5	2009	\$12,253,790	7.01	\$210,518	0	13	
Solarworld (1)		2009	\$135,576,150	7.01	\$2,329,171	9	629	

**Part III. NEW PROPERTY FOR WHICH FIRST EXEMPTION YEAR WILL BE THE [2014-2015] PROPERTY TAX YEAR**

ORS 285C.130 (5):			(f)		(e)
Form 150-310-075,*** line-	4	3	7		Form 150-310-076, line 7

Name of Qualified Firm, filing claim with Property Schedule since January 1, [2014]	Expected Years (3, 4 or 5)	Authorized Annual Average Zone Employment	Reported "Total Zone Employment" on or before April 1, [2014]	Tax Code Area	Reported Total Investment "COST" Placed in Service during [2013] Calendar Year (\$)
Adobe Systems Inc.	5	0	7	7.01	
ASB Evergreen Data Center LLC	5	0	1	1.17	
Davis Tool, Inc.	5	142	157	1.17	
Digital 3825 NW Alciek Pl. LLC	5	0	2	1.17	
Export Global Metals, Inc.	5	13	23	7.42	
Jireh Semiconductors, Inc.	5	0	242	7.01	
Lithtex, Inc. (dba: Lithtex Printing Solutions)	5	44	49	1.17	
Netapp, Inc.	5	0	2	1.17	
Riot Games, Inc.	3	0	2	1.17	
Salesforce.com	5	0	241	1.12	
ViaWest, Inc.	5	16	20	1.17	
Umpqua Bank	5	76	130	51.69	
ZONE TOTAL		291	869		

\*\*\* FROM THE CLAIM FORM FILED THIS PAST SPRING [2014].