PROGRAM BASICS (Visit Business Oregon – www.oregon4biz.com to learn more):

Property Tax Abatements Addressed in House Bill 2053 (2019)

Standard Enterprise Zone Exemption – at least three years of local property tax abatement for eligible business firms respective to newly in-use property

- Begun in 1985, sunsets in 2025; statutes much revised in 1991 and since
- Currently, 73 zones sponsored by city, port, county and tribal governments in local area meeting economic hardship measure and subject to other statutory criteria
- Business must increase zone employment by greater of one-job or 10% increase
- Locally administered through appointed zone manager and county assessor
- Extended abatement up to five years in total, subject to agreement between authorized firm and local sponsor, added in 1993; three-year period is as-of-right
- In 2017–18: 9,400 new, full-time jobs at 176 projects affecting $83 million in taxes
- Extended abatements account for 65% of jobs and 56% of the exempt property.

Long-term Rural Enterprise Zone Facility – all new facility property exempt for 7 to 15 years by negotiated agreement between zone sponsor and locally certified firm

- Begun in 1997/1999, but only two exempt facilities before 2009, sunsets in 2025
- Currently available in 39 of 56 rural enterprise zones based on qualified rural county status or on chronic economic statistics of county compared to U.S.
- Minimum investment (≤ $12.5/25 million) and at least 10, 35, 50 or 75 full-time hires
- Special construction-period exemption prior to 7–15-year period
- By 2018, program had created more than 800 full-time jobs (aside from contractors) at 12 different facilities of 9 business firms in just 4 counties
- Proposed projects are under construction in 3 other rural counties
- In 2017–18, nearly $51 million is associated with $3.1 billion in investment.

Property Tax Abatements Related to Business Development, but without hiring or compensation criteria in statute

Strategic Investment Program (SIP) – partial exemption on very large eligible projects

- Begun in 1993; rural–urban distinctions, but allowed anywhere in state
- County-driven process, with final determination of Business Oregon Commission
- Property in excess of (initially) $25, 50 or 100 million is exempt for 15 years
- Business pays locally shared community service fee; other requirements negotiable
- In 2017, 16 users, $17 billion of exempt property, and 5,315 new jobs (7,472 retained)
- Only in 9 counties, so far, plus 7 additional projects that have been approved
- Strategic investments zones allowed and three have been designated
- State makes local payments based on 80% or 20% of estimated personal income tax (PIT) revenue (≤ $16m/county); Business Oregon processes annual payroll reports.

Other Notable Exemptions –

- Construction-in-Process—unfinished improvements as of December 31 exempt from local property taxes for up to two years with April-1 filing each year. Begun statewide in 1959, mainly for manufacturing; special enterprise zone version since 2003 ties into standard exemption.

- Food Processing Machinery & Equipment—new M&E is exempt for five years, if used in primary processing of any number of goods for human consumption, as certified by state Department of Agriculture. Begun in 2005, expanded in 2015, sunsets in 2019 (under "natural resources" in biennial Tax Expenditure Report).

  (A great many exemptions on otherwise taxable property are found in Oregon law. Several such as for brownfields, energy, inventories or ports/airports can be of policy interest, but they are not directly significant as business incentives.)

Other Programs Addressed in House Bill 2053 (2019)

Oregon Investment Advantage (OIA) – subtraction of taxable income on state tax returns in proportion to new facility operations of a certified business firm

- Begun 2001; little used for several years, and still hard to communicate
- Allowed on industrial land or inside smaller-city UGB, but only in 15 counties at present, based on rank for per capita income and annual unemployment rate
- Facility must be first of its kind for company in Oregon, not compete with existing employers in local economy, and add at least five full time jobs
- Allowed over 10 years starting 24 months after facility operations begin
- Preliminary/annual certification based on technical processing at Business Oregon
- Down to 9 certified firms, maybe only 6 this year; others preliminarily certified.

Business Retention and Expansion Program (BEP) – cash award of not more than two years' worth of estimated incremental PIT revenue from new hiring

- Begun in 2011
- Funded through budgetary appropriation for Governor's Strategic Reserve Fund*
- Administered by Business Oregon, which makes award to an established company through performance agreement based on 50 new eligible employees in Oregon
- Eight effective awards all in urban counties, totaling $6.65 million, 2011–2018.

Regionally Significant Industrial Site (RSIS) – PIT revenues reimbursed to local governments for the cost of site readying efforts (not a direct business incentive)

- Begun in 2013
- Reimbursement subject to site designation and agreement with Business Oregon, based on payroll of employers with at least 50 employees, or 25 at a rural site
- Total capped at $10 million per year and not more than 50% of revenues generated
- First two reimbursement agreements only recently executed.

* SRF is a discretionary tool funded by lottery dollars and used for a variety of purposes impacting state economic development, including business recruitment, retention and expansion projects, by tying the award (forgivable loan) to direct job retention and creation requirements through a performance agreement between Business Oregon and the company.