

February 6, 2019

RE: Informational Meeting; Overview of Tax Incentives
Specifically Enterprise Zones

Chair Lively and Members of the Committee,

In my own words, the purpose of an ezone is to incentivize a traded-sector company to MOVE * START * GROW by offering short term property tax savings that can be used towards building, equipment or hiring more employees. The difference to the local tax base is made up in the short term by the new employees, required by the ezone, moving to the community. In the long term the tax base is hugely increased by the value of the new investment.

The Jefferson County Ezone includes the Madras Airport-Industrial Park and the entire Cities of Metolius and Culver. We also have a Rural Renewable Energy Development (RRED) Zone in Jefferson County. All four of these governments are jointly the zone sponsor by intergovernmental agreement.

The past 6 years:

- We have expanded the Jefferson County Enterprise Zone by 1,443 acres **AND** completed the state process to re-designate the ezone for another 10 years.
 - Neither is an easy or short state process! **AND**, it takes agreement of all four government zone sponsors (and their attorneys ;-)
- In the last six years we have seven approved ezone authorizations and one pending.
 - Aero Air – completed their first 5-yr ezone and their investment has been on the tax rolls four years now. We were getting ZERO tax dollars from this (city) land before Butler/Erickson Aero Tanker built.
 - Erickson Aero Tanker – final claim year of a 5-year ezone, we were getting ZERO tax dollars from this (city) land before they built their second hangar.
 - The two Erickson/Aero Air ezones have a total investment value of \$8M+ and 29 new employees.
 - Keith Mfg – final claim of a 3-year ezone with a total investment value of \$1.3M+ and 17 new employees.
 - Keith Mfg – 3-year ezone, new HQ building & equipment with an investment value of \$5M and projected 19 new employees. First claim will be filed March 2019.
 - GCL New Energy – **two** 5-year RRED ezones approved with a total investment value of \$40M. Two 10MW projects (20MW total). We were receiving about \$300/year, total not per project, in property taxes on rangeland before these projects were built.
 - Daimler Trucks North America – 5-year ezone with a total initial investment of \$19M+ and 29 new employees. They have since expanded, added more value and employees. We were receiving ZERO tax dollars from this (city) property before they built.
 - *TOTAL investment predicted to be \$70M and 68 new employees at full build out.*
 - We competed with Indiana, Germany, Brazil and another site in Oregon for this project.
 - **NOTE: THE EZONE & EZONE BOUNDARY EXPANSION WAS THE DECIDING FACTOR IN DAIMLER LOCATING IN MADRAS**
 - Sierra Case Parts – 3-year ezone (will be approved Feb. 2019) – estimated value of building expansion and equipment investment is \$3M and 10 NEW employees.
 - TOTAL VALUE FROM EZONE BUILDINGS & EQUIPMENT ALONE AT THIS TIME = \$76.3MILLION!!! AND OVER 100 NEW EMPLOYEES!!!