



## Gubernatorial Approval of

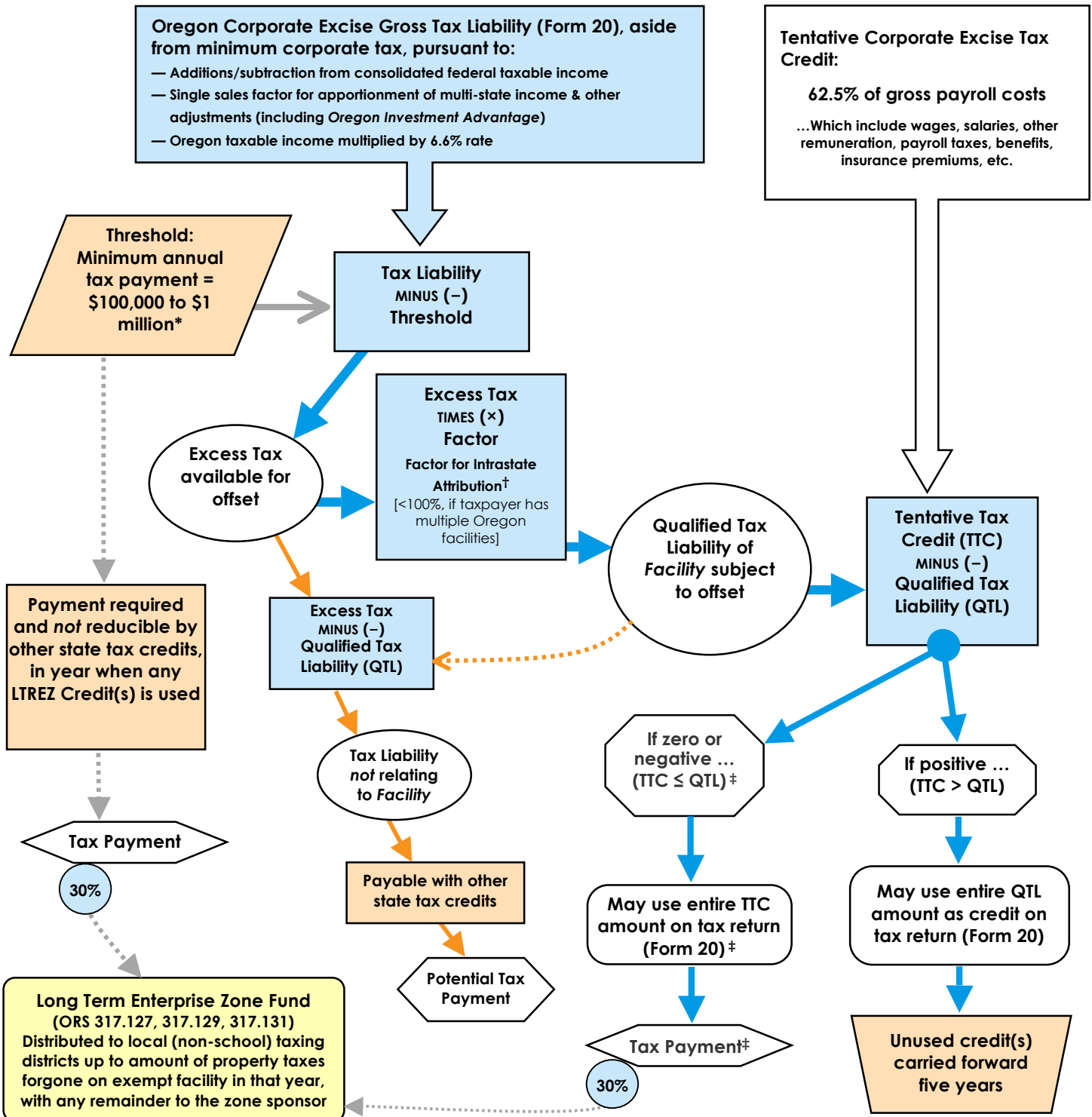
### Long-Term Rural Enterprise Zone Corporate Excise Tax Credits Under ORS 317.124

- A `C` corporation (or the shareholders of an `S` corporation) may claim these credits against state taxes, if **also** qualifying for special 7- to 15-year tax exemption on new property at an enterprise zone facility that it owns.
- This local exemption from property taxes requires local government approval/certification, minimum hiring/pay and other measures.
- The Governor may very simply authorize the tax credits.
- Governor may set the period for any number of years from 5 to 15.
- This period and whether to grant the credits are at the Governor's discretion.
- By law, the company must formally request the Governor's approval.
- As a matter of rule and practice, this request is made through Business Oregon (Oregon Business Development Department), as follows:
  - Accepted **after** local approval of the property tax exemption.
  - Addressed from the company to the department's director.
  - Contains best possible information from the business firm about its ability and intent for using the tax credits.
  - Request is forwarded to Governor with following, as warranted:
    - Agency recommendation
    - Information on project, company and so forth—along with tax savings analysis—as available data (from the company) allows
    - Feedback from inter-agency consultations.
  - Financial data/draft materials are not public records.
- Governor might grant approval at any time, up until such time, as it is too late for the corporation to claim the tax credits with corporate excise tax return.
- Corporation begins claiming credits to potentially offset some of its tax liability in any of the first four tax years, once the facility is operational.
- Effective use of any tax credit depends on a minimum annual tax payment, and computation of the credit is rather complex (see chart on next page).
- Unused portions of each year's credit may be carried forward for five years.
- The distribution to local taxing districts of 30 percent of state corporate taxes collected may be a materially significant factor.

# Oregon Long-term Rural Enterprise Zone (LTREZ) Corporate Facility Tax Credit: Annual Calculation

If approved by Governor for 5 to 15 consecutive years under ORS 317.124

See [Long-term Enterprise Zone Facilities Credit](#), 150-102-043 (Department of Revenue)



\* Depending on location and number of full-time employees at facility.

† Determined using either CPA/GAAP standards or in-state ratios of facility payroll and property value over taxpayer's statewide totals, added together and divided by two.

‡ This scenario is an unlikely occurrence; any remaining tax liability not payable with other state tax credits.