

OREGON INVESTMENT ADVANTAGE TAX EXEMPTION

BUSINESS DEVELOPMENT TAX EXEMPTION

A 10-year taxable income exemption for a certified business in an eligible location. It is different from the property tax abatement in an Oregon enterprise zone, but in a number of places, the two benefits can be combined.

ELIGIBLE LOCATIONS

The site of the facility to be exempt must be:

- Inside a county that presently or during one of the past two years was qualified in terms of annual unemployment or per capita income, based on the most recently available statistics as applied to the year running from July 1 through June 30; **and**
- On land zoned for industrial uses or located inside the “urban growth boundary” (UGB) of a city with a population of 15,000 or less.

Meeting both of the above geographic criteria matters *only* at the time “preliminary certification” is made.

BUSINESS OPERATION CRITERIA

There is no restriction in size of the investment or the firm. Any type of business activity, in any industrial or commercial sector, may qualify.

All of the following criteria must be met:

- The same business does not operate another facility anywhere in Oregon that is the same

as the proposed/qualifying facility—business operations must be new to this state.

- Business operations do not compete with existing businesses in the local area where the facility is located.
- Facility results in the hiring of five or more new full-time, year-round employees.
- The above five new employees must each, at a minimum, receive annual “compensation” (including all nonmandatory financial benefits) that is equal to or greater than the following:
 - 150 percent of local income* or
 - 100 percent of local income*, if employees at the facility receive health insurance coverage that is equivalent to or better than that of local city, port or county personnel.

The above compensation requirements do not apply to certified facilities for which preliminary certification is approved (issued) by the department on or after January 1, 2006, through December 31, 2010, in accordance with Oregon Laws 2005.

*Local income means the most recently available figure for per capita personal income in the county, where the facility will be located, at the time of the application for preliminary certification.

APPLICATION AND TIMING

To be certified for this exemption, there are two application forms, completed by the business/taxpayer and submitted to the Oregon Economic and Community Development Department.

1. **Preliminary Certification**, before hiring or any construction, modifications or installations of new property/improvements at the location of the facility that will be the subject of the exemption; and
2. **Annual Certification**, within 30 days after each of up to ten income tax/fiscal years, beginning with the year when the facility/project is acquired or completed, hiring is done and business operations have begun, and concluding with the ninth consecutive tax year directly following that first year.

References:

**Oregon Revised Statute (ORS)
Chapter 285C, Chapter 316,
Chapter 317**

[www.leg.state.or.us/ors/home.htm]

Oregon Laws 2005, Chapter 595

OAR 123 Division 155

[[arcweb.sos.state.or.us/rules/
number_index.html](http://arcweb.sos.state.or.us/rules/number_index.html)]

department web site

[www.oregon4biz.com/OIA.htm]

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