

STRATEGIC INVESTMENT PROGRAM

This program exempts from property taxes a portion of large capital investment.

BASIC ELEMENTS FOR PRIVATE INVESTOR

- Available statewide for a project by any “traded-sector” business, including manufacturing
- Exemption on project property lasts for 15 years
- The project’s first-year real market value greater than \$25 million is exempt—i.e., only the assessed value of property under this threshold is subject to property taxes
- The exemption threshold value then rises 3 percent/year during the exemption period
- Threshold starts at \$100 million for locations inside the urban growth boundary (as of December 1, 2002) of a metropolitan area or city with 30,000 population
- A community service fee is paid each year to local public service providers
- This fee equals 25 percent of each year’s tax savings, but it is capped at an annual maximum of \$500,000 (\$2,000,000 in the case of an urban location)
- Project must either receive local approval through a custom agreement with county/city or tribal government or be located in a pre-established ‘Strategic Investment Zone’
- Local additional requirements also may apply.

POLICY EFFECTS AND EXPERIENCE

- Even with the community service fee, SIP represents a tremendous incentive for large investments, and the chance to more rationally tax large capital facilities
- Depending on the investment size, it can offer exceptional benefit in terms of net present value and an excellent forum to solidify local, community support for an otherwise special project
- The new taxable property value, alone, still represents extraordinary public revenue—not to mention corporate and personal income tax collections
- Characteristics of typical SIP projects are as follows:
 - Exceptional capital outlays for technology and research
 - Large dollar investment per employee
 - Well-trained, well-compensated workforce
 - Major indirect effects on suppliers other parts of economy
 - Low impact on direct public services per \$ invested.

More information:

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