

# BUSINESS INCENTIVE: Oregon Business Expansion Program

This incentive program is available to existing companies expanding operations in Oregon or new companies coming into the state. The Oregon **Business Expansion Program (BEP)** is a cash-based incentive (forgivable loan) equivalent to the estimated increase in income tax revenue from new hiring.

## PROGRAM ELIGIBILITY

- Company plans to hire 50 or more full-time (equivalent) employees in Oregon, and it already has at least 150 employees overall
- Annual pay for each of at least the 50 new employees will be 150% or higher than the state or county average wage, whichever is less, or 130% if hired to work outside a federally designated metropolitan statistical area (MSA)
- Retailers are specifically excluded, and the company must otherwise sell goods or services into markets involving national or international competition – “traded sector” – which can include corporate headquarters and various other such facilities, as well as manufacturing

## PROGRAM ADMINISTRATION

- The business submits information to Business Oregon, which awards funds pursuant to a binding agreement
- The business must declare that availability of program funds is an integral factor in its decision to hire at least the 50 new employees at the above pay scale
- The agreement contains detailed performance measures, including that:
  - Company repays funds proportional with its failing to meet and maintain employment and compensation targets over at least two years
  - Hiring results in additional payroll in Oregon that is not, for example, offset by layoffs elsewhere
  - Company commits to consult with Oregon vendors before contracting to purchase goods or services

## PROGRAM MECHANICS

- Program is capitalized with State Lottery Funds
- Award is based on two years (at full operation) of estimated incremental personal income taxes that the state would collect from new employees at the above pay scale

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## PROJECT EXAMPLE

A technology company is considering expanding its operations in either Oregon, California or Asia, but needs to offset some costs of the project.

The company expansion plan will increase employment by 136, with an average wage of \$66,000.

The company's expenses are not eligible for any other broad incentive packages.

BEP provides \$900k (estimated 2 years of new tax revenue) to help the company expand. (Note: With awards of \$750,000 or more, workers on concurrent construction projects need to satisfy prevailing wage rate requirements)

The state's General Fund would be projected to receive more than \$2M in revenues over a 5-year period from the income taxes generated from the new jobs.

## BUSINESS OREGON

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Business Oregon is an agency of the state of Oregon.