

Oregon Incentive Programs That Impact Business Development

Excludes debt financing for (smaller) businesses and tax preferences that are not intended or significantly useful for economic development ^A

Name of Incentive or Program	Basic Benefit For Business Firm	Geography	Business Eligibility By Type, Sector, Activity	New Employment (Minimum)	Employee Compensation ^B	FSIA ^C	Selected Other Requirements On Businesses	Selected Local/State Functions, Process, Etc.	Current Use	Data/Sources	Webpage Link
Standard Enterprise Zone (EZ) Exemption [also, in Rural Renewable Energy Development (RRED) Zones]	Qualified property exempt from local taxes for 3 years, which is as-of-right; local sponsor agreement can add up to 2 years	Any of presently 73 zones, widely varying in size (up to 12 or 15 square miles) [12+ countywide RRED Zones]	Defined eligible activities (like traded-sector); retail, etc. are ineligible ^D [green power generation or biofuels]	Increase full-time jobs in zone by greater of one job or 10%, compared to annual average at authorization	For 5-year exemption, except Portland–Salem urban zones, new full-time jobs' average ≥ 100% of county average wage in 4 th & 5 th year, and in all years, average w/benefits ≥ 150% or ≥ 130% of preset county wage ^E	Yes	Any urban zone may impose additional conditions set by local policy and standards	Pre-project, firm applies for local, ministerial authorization; sponsor employment waiver allowed in certain cases. Later, firm must annually file on DOR form with county assessor or DOR, including employee data (local manager may assist). 5-year sponsor agreements may contain additional requirements. ^F	Tribal, county, port, and/or city governments comprise sponsors. Diverse, largely existing businesses of every size, across state. In 2018/2019: 555 ongoing exemptions since 2014, among 335 projects by 306 firms, directly employing 36,029 persons full time inside zone; 14,507 in addition to pre-authorization employment; 71% are associated with 5-year abatements	Since 2011, agency enters dates, location, firm & other information from copies of local authorizations into spreadsheet, in which it tracks actual exemptions by examining and following up on annual assessor reports to DOR, for DOR Oregon Tax Expenditures (#2.013) and other purposes. County reports are statutory and based on claims officially filed with assessor/DOR, from which DOR posts raw data to Transparency Website State CIO	Business Oregon Standard Enterprise Zone Program
Long-term Rural Enterprise Zone (LTREZ) Facility	New facility property exempt from tax during construction and then for 7 to 15 years	Rural enterprise zones, ^E where county meets certain criteria at time of local agreement	Not applicable (N/A)—no such criteria	Hire at least 10, 35, 50 or 75 full-time at facility depending on location ^G	All facility employees' average w/benefits ≥ 150% or ≥ 130% of county wage by 5 th year, and once met, average facility wage also ≥ 100% or more of latest county average wage ^E	No	Minimum investment size (\$)—up to \$12.5 or \$25 million—by year operations begin ^G	Local discretion and approval; county and city containing facility must adopt resolution. Sponsor agreement sets exemption period and may contain additional requirements.	Critical for special projects in rural communities, notably FAANG data centers, but only in relatively few counties, so far. Currently, six firms with 10–11 facilities; more proposed. Firm employees at facilities number 639 (not including contractors)	Tools developed administratively—see webpage—to help with local data collection and firm compliance, and agency maintains data obtained through increasingly regular communications with primarily local officials. Statutory assessor reports of tax amounts posted at Transparency Website State CIO	Business Oregon Long-Term Rural Enterprise Zone Facilities
Strategic Investment Program (SIP)	Project property >\$25, >\$50 or >\$100 million is exempt from tax for 15 years ^H	Statewide	Traded sector	N/A	N/A	Yes	Community service fee (CSF) = 25% of tax savings up to \$2.5 million per year ^I	Local/county approval after public hearing and agreement, which may contain other requirements in addition to CSF. Firm applies to Business Oregon for state Commission determination.	Becoming more diverse, though mostly energy projects across northern Oregon; Intel is only urban user. Total of 11,470 full-time equivalent (FTE—2,080 hours paid/year) direct jobs in 2018, 5,223 were new, at 17 projects	Since 2011, firms annually report total payroll and other project-based data to agency, which computes new and retained FTEs and estimates state personal income tax (PIT) revenue to be distributed to counties—see forms, project summaries, etc. at webpage→	Business Oregon Strategic Investment Program
Business Expansion Program (BEP)	Forgivable loan (grant) up to 2 years of state PIT revenue due to new hiring	Statewide	Traded sector	50 new FTEs inside state	Applicable jobs for PIT increment ≥ 150% of county/state average wage, or ≥ 130% ... in any of 23 non-MSA counties	Yes	150 or more existing employees in general	Performance agreement executed with Business Oregon and award made based on estimated revenue; no official local role	Funded by lottery appropriations to Governor's Strategic Reserve Fund (SRF). Nine MSA projects amounting to about \$9 million over 9 years.	Transparency Website State CIO lists BEP & SRF awards. Agency's job numbers (FTE–1,840 hours worked/year) based on confidential payroll tax (e.g., Unemployment Insurance) data through Oregon Employment Department	Business Oregon Business Expansion Program
Oregon Investment Advantage (OIA)	10-year subtraction of business taxable income attributable to certified facility ^J	Eligible county (13), and inside small-city UGB or on industrially zoned land	Unrestricted in small cities; generally industrial otherwise	5 full-time, year-round hires at facility	Wages w/benefits of 5 hires ≥ 150% (in MSA) ..., ≥ 130% ..., or ≥ 100% of preset county per capita income, ^K and their average wage ≥ county avg. wage	No	Operations new to facility & to firm in Oregon, and not compete with local businesses	Preliminary & annual certification of firm through Business Oregon; then, firm claims on state tax return. Local governments can officially object to preliminary certification	Limited geography, complexities and sophisticated nature of tax benefit may deter use, but it has potential. Six active users presently but other firms preliminary certified in recent years.	In agency certification application, business enters hiring by pay level for new full-time, year-round jobs. Totals and averages by year, by firm, available at Transparency Website State CIO . Revenue impacts aggregated at DOR Tax Expenditures , 2019–21, #1.3101	Business Oregon Oregon Investment Advantage
Construction-in-Process: Regular and Enterprise Zone versions	Real property at facility or qualified EZ property, are exempt up to two successive years	Statewide or any enterprise zone for effectively for manufacturing or ... firm authorized for standard exemption	N/A	N/A	No	Centrally assessed (utility) property is excluded	File with assessor by April 1 each year for property not yet in use or occupancy or in service; strictly administrative	Available since 1959. Versions are generally interchangeable for manufacturers, but enterprise zone version dovetails fully with standard exemption except for hotel/resorts	May only exist at county level. Revenue impact estimated statewide for Department of Revenue Tax Expenditures , 2019–21, #2.011	Business Oregon Oregon Incentives
Food Processing Machinery and Equipment (M&E)	Eligible M&E exempt for first five years of use	Statewide	Primary processing of specified products	N/A	N/A	No	Now covers nearly entire industry	State Department of Agriculture certifies each M&E item, then administrated by assessor and Department of Revenue (DOR)	Expanded in 2015 to bolster additional subsectors. City or county can now proscribe	Unknown, except at county level and statewide at Department of Revenue Tax Expenditures , 2019–21, #2.032	Business Oregon Oregon Incentives

Oregon Tax Incentive Programs That Impact Business Development

NOTES:

A. Also not included here are grants/loans through the Governor's Strategic Reserve Fund (SRF), local/urban renewal (TIF) funds, Energy Trust, or Oregon Film, as well as agricultural, brownfields and other income or property tax abatements that may benefit businesses but seldom have direct significance for new private-sector employment, even if serving related policy goals or possibly boosting certain economic sectors.

B. Compensation includes all taxable income (wages, salary, etc.) paid to applicable employees, as well as—in several cases—other fringe or financial benefits like medical insurance but never required payroll taxes or costs such as employers' FICA or workers' compensation insurance.

C. First-source hiring agreement is required, by which business commits to notify about job openings and to consider qualified referrals from WorkSource Oregon/local Employment Department office, on behalf of publicly funded job training providers.

D. Certain exceptions by law, such as hotel/resorts by city/county election at time of enterprise zone designation.

Traded Sector means an industry engaged in national or international competition.

E. A rural zone is outside the core urban growth boundary (UGB) of a metropolitan statistical area (MSA). With both enterprise zone programs: required average wage with benefits of at least 130% of preset county wage applies only in non-MSA counties with average property tax rate of 1.3% or more at time of local approval.

F. Business Oregon oversees local enterprise zone boundary changes and designations, and supports marketing, local administration, data collection, enforcement and so forth for tax abatements of business property in tandem with Department of Revenue (DOR).

G. Hiring requirement must be satisfied by the 3rd or 5th year after the year in which an LTREZ facility operations commence. 75-job and (maximum) \$25-million minimum pertain to LTREZ facilities only within 10 miles of Interstate 5; other hiring minimums vary with county population on date of local certification. Lower investment minimums apply if county's total real market value is less than \$2.50 billion in the year facility operations commence.

H. SIP taxable portion, which grows 3% per year during exemption period, varies by total size of investment and rural or urban area (UGB of city \geq 40,000 population).

I. SIP-CSF subject to distribution by separate agreement, to which county, city and special service districts are parties. SIZs have lower annual CSF caps—only \$500,000 in rural SIZ, \$2 million for urban.

J. OIA eligibility depends on per capita incomes and annual unemployment rates of counties. Available only in 13 counties at present. Small city is one with population \leq 15,000. Eligible location and other criteria determined at time of application for preliminary certification.

K. Relevant per capita income level for OIA compensation with benefits is also set at time of preliminary certification application. Only five new employees need to each receive such compensation at a minimum not on average. Adequate compensation (again, incl. benefits) might be as little as 100% of preset per capita income if employees' medical coverage equals or exceeds local municipal workers', which in practice, however, is exceptionally difficult to determine or use.