

**Illustration of Assessment and Taxation Under
Oregon Strategic Investment Program (SIP)
—Rural Area—
(15-year partial exemption; nominal amounts/not discounted)**

Assumptions used here:

- Investment cost of eligible project is \$160,000,000 for new plant & equipment (25% building & structure) and \$4,000,000 for land/existing property that is newly purchased by approved business and not previously exempt from taxes under SIP or in an enterprise zone.
- Assessed (taxable) value (AV) of property is the same as its real market value (RMV) [RMV = AV]—except that AV is 75% of the RMV on land/existing property, which appreciates 4% per year.
- New plant & Equipment are exempt during construction under ORS 307.330, which is completed within two calendar years, and subsequently depreciate in value.
- Property tax rate is 1.65%.

Year	Total AV of Property	Base-case Property Taxes	SIP Taxable Portion (RMV)*	AV of Eligible Project †	Reduced Property Taxes	Property Tax Savings	Community Service Fee (25%) ‡	Value of Net Benefit
1	\$3,000,000	\$49,500	\$0	\$3,000,000	\$49,500	\$0	\$0	\$0
2	\$83,090,000	\$1,370,985	\$0	\$3,090,000	\$50,985	\$1,320,000	\$0	\$1,320,000
3	\$153,982,700	\$2,540,715	\$25,000,000	\$23,856,300	\$393,629	\$2,147,086	\$536,771	\$1,610,314
4	\$145,482,181	\$2,400,456	\$25,750,000	\$24,528,725	\$404,724	\$1,995,732	\$498,933	\$1,496,799
5	\$137,547,046	\$2,269,526	\$26,522,500	\$25,219,592	\$416,123	\$1,853,403	\$463,351	\$1,390,052
6	\$130,138,790	\$2,147,290	\$27,318,175	\$25,929,386	\$427,835	\$1,719,455	\$429,864	\$1,289,591
7	\$123,221,593	\$2,033,156	\$28,137,720	\$26,658,601	\$439,867	\$1,593,289	\$398,322	\$1,194,967
8	\$116,762,139	\$1,926,575	\$28,981,852	\$27,407,746	\$452,228	\$1,474,347	\$368,587	\$1,105,761
9	\$110,729,436	\$1,827,036	\$29,851,307	\$28,177,341	\$464,926	\$1,362,110	\$340,527	\$1,021,582
10	\$105,094,658	\$1,734,062	\$30,746,847	\$28,967,919	\$477,971	\$1,256,091	\$314,023	\$942,068
11	\$99,830,990	\$1,647,211	\$31,669,252	\$29,780,024	\$491,370	\$1,155,841	\$288,960	\$866,881
12	\$94,913,491	\$1,566,073	\$32,619,330	\$30,614,215	\$505,135	\$1,060,938	\$265,235	\$795,704
13	\$90,318,962	\$1,490,263	\$33,597,909	\$31,471,063	\$519,273	\$970,990	\$242,748	\$728,243
14	\$86,025,826	\$1,419,426	\$34,605,847	\$32,351,154	\$533,794	\$885,632	\$221,408	\$664,224
15	\$82,014,012	\$1,353,231	\$35,644,022	\$33,255,086	\$548,709	\$804,522	\$201,131	\$603,392
16	\$78,264,852	\$1,291,370	\$36,713,343	\$34,183,471	\$564,027	\$727,343	\$181,836	\$545,507
17	\$74,760,987	\$1,233,556	\$37,814,743	\$35,136,937	\$579,759	\$653,797	\$163,449	\$490,348
18	\$71,486,268	\$1,179,523		\$71,486,268	\$1,179,523	\$0	\$0	\$0
19	\$68,425,679	\$1,129,024		\$68,425,679	\$1,129,024	\$0	\$0	\$0
20	\$65,412,036	\$1,079,299		\$65,412,036	\$1,079,299	\$0	\$0	\$0
		\$31,688,277			\$10,707,700	\$20,980,577	\$4,915,144	\$16,065,433

* Starts at \$25 million of real market value (RMV) in a rural area with total investment costs of not more than \$0.5 billion and grows 3% per year. Property is assigned in following order: "first to land, second to buildings, third to real property machinery and equipment, and last to personal property"—ORS 307.123(2)(b).

† Simply land/existing property during construction, and then with start of SIP assessment & taxation, it is the taxable portion less the difference between RMV and AV among any property in the taxable portion.

‡ Up to maximum of \$2.5 million annually.