2.011 COMMERCIAL BUILDINGS UNDER CONSTRUCTION

Oregon Statute: 307.330
Sunset Date: None
Year Enacted: 1959

2015–16 Assessed Value of Property Exempted: $400 million

	Loss	Shift
2015-17 Revenue Impact:	$12,500,000	$2,500,000
2017-19 Revenue Impact:	$15,100,000	$3,000,000

DESCRIPTION: Certain commercial and industrial buildings are exempt from property taxation while they are under construction. A new structure or an addition is exempt from property taxation if, on the January 1 assessment date, it meets the following requirements:

- The property is under construction, including additions to an existing structure.
- No part of the new structure or improvement has been or is in service for any commercial use or occupancy.
- The property is being built for the purpose of earning income.
- The property is not to be occupied for at least one year after construction began in the case of any non-manufacturing facility.
- The property is not centrally assessed (utility) property.

The exemption cannot be claimed for more than two consecutive years. Machinery and equipment at the building site also qualifies if it will be installed as real property in the structure. The property is listed on the county property tax assessment roll, but the assessment is canceled if proof that the property meets the above requirements is furnished to the assessor by April 1 of each assessment year.

The revenue impact estimates include those from the largely interchangeable tax expenditure 2.012, Construction in Process in an Enterprise Zone.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to encourage investment in business by delaying property taxes until the facility can earn income. Manufacturing firms in particular may not experience immediate cash flow.

WHO BENEFITS: In fiscal year 2015–16, 60 properties were exempt under this expenditure or under 2.012, Construction in Process in an Enterprise Zone. The use of this provision is driven by construction projects and fluctuates substantially. The majority of the exempt value is in Portland or nearby cities; 45 properties were in Clackamas, Multnomah and Washington counties. Seven properties were in Lane County.

EVALUATION: *by the Oregon Business Development Department*

This expenditure achieves its purpose by allowing new traded-sector investments to delay paying property taxes until they are much more likely to be able to earn income. Economic consequences are also relevant. New construction and investments might be significantly deterred by the additional up-front cost of paying property taxes on partially finished but still unproductive property.

This expenditure is also administratively effective and efficient. Alternatives to this expenditure would be to refund such taxes through direct payments or credits on other taxes. The administrative burdens and complexity of these alternatives suggest that the current cancellation is the most fiscally effective means of achieving the purpose.

This program might be underutilized, probably because it is not widely known (aside from utilization with enterprise zones) outside the Portland and other metropolitan areas (as noted above); administrative technicalities may also limit its accessibility. Otherwise, it is available to all industry sectors consistent with its purpose, which has favored manufacturing for around 45 years.

2.012 CONSTRUCTION IN PROCESS IN AN ENTERPRISE ZONE

Oregon Statute: 285C.170
Sunset Date: None (Enterprise Zone expenditure sunsets 6-30-2025)
Year Enacted: 2003, Modified in 2015 (HB 2643)

2015–16 Assessed Value of Property Exempted: Included in 2.011, Commercial Buildings Under Construction

	Loss	Shift
2015-17 Revenue Impact:	Included in 2.011	Included in 2.011
2017-19 Revenue Impact:	Included in 2.011	Included in 2.011

DESCRIPTION: Property undergoing construction, addition, modification, or installation is exempt from property taxation for up to two consecutive years provided that it meets all the following requirements:

- The property is located in a current enterprise zone.
- The property is owned or leased by a business firm authorized by the local zone sponsor and county assessor to receive the standard enterprise zone exemption, 2.013, Enterprise Zone Business.
- The property will be qualified property upon completion, and there is no known reason to conclude that the property or firm will not satisfy the requirements for 2.013, Enterprise Zone Business.
- The property has not been exempt under 2.011, Commercial Buildings Under Construction.
- The property will not be centrally assessed.
- The property will not be operated as a hotel, motel, or destination resort.

This exemption is effectively an extension of 2.011, Commercial Buildings Under Construction, for properties that qualify for an enterprise zone exemption. If a property is exempt under both Commercial Buildings Under Construction and Construction in Process in an Enterprise Zone, the combined duration of the exemptions cannot exceed two consecutive years.

PURPOSE: "To stimulate and protect economic success … throughout all regions of the state, but especially in those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance … by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure" (ORS 285C.055).

WHO BENEFITS: See 2.011, Commercial Buildings Under Construction.

EVALUATION: *by the Oregon Business Development Department*

This program has already achieved its purpose in allowing for a more straightforward message about the new property to be exempt in an enterprise zone—both before and after that property is placed in service. Most standard enterprise zone projects, if they still have property in the process of construction/installation on January 1, will be able to avail themselves of this exemption. Consequently, this particular tax expenditure has contributed to the ability of Oregon's enterprise zone system to attract and spur development and employment in especially interested and deserving parts of Oregon.

In any case, most such project property would be able to use the longstanding property tax expenditure 2.011, Commercial Buildings Under Construction. At times, however, that exemption would cover less property. Additional coverage under this provision compared to 2.011 include:

- A project of an authorized firm without new construction or additions to a building or structure, but rather only modifications to or installations of qualified property
- Nonmanufacturing facility (*e.g.*, distribution center) necessitating less than 12 months to build
- Qualified property items that once installed remain personal property
- Machinery and equipment installed directly on land and not inside a building or otherwise affixed to a structure
- Property that is still in the process of construction, reconstruction, modification or installation in a year, even after some part of the same facility or building has already been placed in service—property is severable with this program.

It is not possible to isolate and analyze usage of this tax expenditure independent of 2.011, Commercial Buildings Under Construction, because they both operate through parallel filing systems and are fundamentally interchangeable.

2.013 ENTERPRISE ZONE BUSINESSES

Oregon Statute: 285C.175
Sunset Date: 06-30-2025 (Exemption for property in reservation enterprise or partnership zones does not sunset.)
Year Enacted: 1985, Modified in 2015 (HB 2643)

2015–16 Estimated Assessed Value of Property Exempted: $2.5 billion

	Loss	Shift
2015-17 Revenue Impact:	$71,900,000	$13,800,000
2017-19 Revenue Impact:	$74,000,000	$14,200,000

DESCRIPTION: Qualified real and personal property owned or leased and newly placed into service by a qualified business in an enterprise zone is exempt from property tax for three years. The exemption period may be increased to a total of four or five consecutive years.

The business qualifies for this standard exemption if the business meets all of the conditions outlined in ORS 285C.135 and 285C.200, such as engaging in eligible business operations and increasing zone employment by the greater of one additional job or 10 percent. In order to be exempt, property of the business must satisfy applicable timing, lease, location and minimal cost requirements, described in ORS 285C.180. Property is disqualified if it is used for an ineligible activity, such as retail operations, or if the business substantially curtails operations or closes during the exemption period. When property becomes disqualified, prior exempt taxes are billed for payment.

Enterprise zones are customarily sponsored, designated and amended by city, port and county governments, subject to determination by the Oregon Business Development Department (OBDD) of compliance with economic criteria, local taxing district consultations and other statutory requirements. With HB 2643 (2015), there is no longer a cap on the total number of these locally sponsored enterprise zones that may exist statewide.

In addition, nine federally recognized Indian tribes can each have OBDD designate one reservation enterprise zone comprising any of their tribal lands, or they may create any number of contiguous reservation partnership zones with a local government. These tribal zones do not have a programmatic sunset, but they are otherwise enterprise zones. Businesses in these tribal zones, even one not eligible for this standard exemption, might be able claim an income tax credit, see 1.419, Reservation Enterprise Zone (Income Tax).

As of September 2016, Oregon had 69 enterprise zones, of which 54 are categorized as rural, and 15, urban. They are spread throughout the state in 35 of the 36 counties and sponsored by 122 cities, 11 ports, 30 counties, and 2 Indian tribes. All enterprise zones terminate after 10 to 11 years. An authorized/qualified business using the zone when it terminates may continue to receive the exemption and may even grandfather, that is, it can be locally authorized for up to 10 years after zone termination subject to ongoing continuity of investment activity.

Property of an authorized business under construction or in the process of being installed in an enterprise zone is generally allowed to be exempt upon filing under 2.012, Construction in Process in an Enterprise Zone, for a maximum of two consecutive years.

Up to 15 existing enterprise zones may also be designated as an Electronic Commerce Enterprise Zone. In addition to the enterprise zone property tax exemption (but with an even lower cost minimum for many types of personal property items), this overlay designation allows businesses qualifying for this tax expenditure to also claim the income tax credit described in 1.420, Electronic Commerce Enterprise Zone (Income Tax). Qualified e-commerce businesses located in an electronic commerce city are also eligible for the income tax credit and this property tax expenditure.

Facilities specially approved by the zone sponsor in most of rural enterprise zones may alternatively use 2.014, Long Term Rural Enterprise Zones (Property Tax). That 7–15 year exemption differs from this standard exemption in its approval process, length of exemption period, the treatment of property under construction, necessary county location, and required minimum investment and employment criteria. In addition to the property tax incentive, an income tax credit is allowed for businesses using that program if approved by the Governor, as described in 1.418, Long Term Rural Enterprise Zone Facilities (Income Tax).

Projects in a Rural Renewable Energy Development (RRED) Zone as described in 2.020, Rural Renewable Energy Development Zone, may receive this same standard enterprise zone exemption, but the RRED Zone program differs in three ways: 1) only certain types of renewable energy projects are eligible, 2) the zone areas are more expansive, generally countywide, and 3) there is a locally determined limit of up to no more than $250 million for all exemptions in a given RRED Zone designation.

PURPOSE: "To stimulate and protect economic success … throughout all regions of the state, but especially in those communities at the center of or outside major metropolitan areas for which geography may act as an economic hindrance … by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure" (ORS 285C.055).

WHO BENEFITS: Eligible businesses operating in an enterprise zone (or engaged in e-commerce operations in an electronic commerce city). Many of these businesses are manufacturers, across a wide array of subsectors, but they also include financial/service centers, headquarters, data centers, distribution facilities, hotels in some zones by local choice, and various other traded-sector business types.

IN LIEU: Businesses may make payments imposed by or agreed to with the zone sponsor under special cases as provided in statute. If a business is not satisfying one of certain program requirements, a one-time payment of that year's tax savings may be made to the zone sponsor to avoid total retroactive disqualification.

EVALUATION: *by the Oregon Business Development Department*

This tax expenditure achieves its purpose. The program continues to be associated with numerous job-creating investments (mostly by in-state companies). These jobs are located in more economically challenged areas and would help improve the existing residents' quality of life through direct employment opportunities and indirect economic effects, including the initial impacts of construction. Although a few zones have been unable to foster new re/investment, most have had at least some activity.

Undoubtedly, enterprise zone investments would have been made even without this tax incentive, but they would tend to be among the many smaller projects comprising relatively little exempt property value overall. As investment size grows, the present-value benefit of avoiding cash outlays for taxes during the first years of a project's life becomes increasingly significant to business investors, not only in encouraging, attracting and retaining sizeable capital investments and associated traded-sector jobs in Oregon, but also significantly expediting and expanding the actual business operations. In addition, this program can militate these investments toward places with underutilized economic resources.

Given moderate assumptions for an additive influence on business investment and employment due to this enterprise zone incentive, one might estimate respectable returns on investment (ROI) to the Oregon economy and to state and local public revenues. Besides direct job creation, and related indirect and induced employment, there are longer-run property tax revenues: For decades, billions of dollars in taxable property value have been added to county assessment rolls at the conclusion of the standard exemption, taking account of depreciation. This was the basis of findings in a 2009 Legislative Revenue Office (LRO) study (#4-09) pursuant to SB 151 (2007) regarding this tax expenditure's ability to at least break even in a reasonably time frame due to additional assessed value following the exemption period. (Remarkably, this study also indicated effects on local economic measures) Again, some of the added property value would occur anyway, possibly with another business, but often not for a long time, as indicated anecdotally with the effect of newly designated enterprise zones on previously long unused parcels. Much of the once-exempt equipment is also not retired or removed for many years, or it may give rise to related/replacement investments that do not qualify for exemption.

The following estimates come from the latest reports annually prepared for the Department of Revenue by county assessor's offices, for which further quality checking may be warranted. These reports nevertheless show that 253 distinct projects (a few of which are by the same business firm) received a standard exemption on project property during the 2015–16 tax year. Another 74 businesses have claimed exemptions to initially begin in 2016–17, and 140 additional projects are proposed for future years as of October 2016 based on copies of local authorizations received by Business Oregon from nearly all enterprise zones; these new and future exemptions involve about 6,000 or more additional jobs, nearly 19,000 existing employees overall, and roughly $3.9 billion of further investment.

With the 2015–16 exemptions, total full-time, year-round employees numbered more than 21,000 inside the enterprise zones in 2015, of which around 7,500 were jobs newly created with the exemption. Dividing estimated revenue losses over more than four years by these new direct jobs yields an average of $12,000 to $13,000 in property taxes per job. With any particular project, however, taxes-per-job range from less than $100 to much more than $100,000, skewing the average, so that it would drop dramatically if taking out a few of the most capital-intensive projects. Whether creating relatively many jobs or not, the larger investments typically enjoy five-year exemption periods, for which new employees must generally receive an especially elevated level of compensation, except in Portland metro-area urban zones.

Since the last biennium, this tax expenditure has witnessed major growth, much of it attributable to additional, often urban enterprise zones allowed by legislation since 2005. More recently, huge data center investments that are not using 2.014, Long Term Rural Enterprise Zone (Property Tax) are increasingly having an effect on revenue estimates. Property taxes forgone are exceptionally high per reported, direct job with data centers. How they will affect longer term property tax revenues in the years after exemption with their high rate of equipment turnover is not presently clear and could prove complicated.

In terms of equity issues, the zones are relatively common, their benefits are the same throughout the state, and the typical zone covers all qualified property within a defined area. These characteristics allow a wide spectrum of traded-sector businesses to participate while adhering to strictures for taxation in the State Constitution.

This expenditure is also fiscally effective. Administration is fairly simple, inexpensive, and minimizes the possibility of abuse. The short time frame of the exemption, three to five years, moderates revenue impacts. One alternative to this property tax exemption would be an income tax credit, but that might be quite challenging to administer and enforce, and any anticipated lack of immediate tax liability would substantially lessen its attractiveness to businesses. There are also economic/administrative advantages and efficiencies with this type of expenditure compared to a directly funded grant to influence business development decisions about where to locate or expand.

Diverse enterprise zone programs are also found in most other states, which will often have additional incentives programs of the kind Oregon lacks. Oregon's enterprise zone system continues to stand out for its rural basis, local control, and reliance on property tax relief.

Finally, on a broad, statewide level, Oregon enterprise zones are one of, if not the state's premier tool for stimulating increased business investment across many traded-sector industries, including in competition with places outside of Oregon for retaining existing operations in Oregon. While many of the projects indicated above also involve other local and state efforts or programs, the standard exemption from property taxes is oftentimes the only significant inducement that the locality and Oregon can bring to bear.

2.014 LONG TERM RURAL ENTERPRISE ZONE (PROPERTY TAX)

Oregon Statute: 285C.409
Sunset Date: 06-30-2025
Year Enacted: 1997

2015–16 Estimated Assessed Value of Property Exempted: $2.1 billion

	Loss	Shift
2015-17 Revenue Impact:	$56,800,000	$10,900,000
2017-19 Revenue Impact:	$55,100,000	$10,600,000

DESCRIPTION: The value of all new property and improvements at qualified large facilities in a rural enterprise zone can be exempt from property tax for 7 to 15 years. This new property can also be exempt while under construction for a period of time, the length determined by agreement between the business operating the facility and local zone sponsor.

To qualify for these exemptions, the business must have formal approval from the city and county, in which the proposed facility is located, as well as the zone sponsor agreement.

Unlike the standard, three- to five-year exemption (see Enterprise Zone Businesses, 2.013), any type of business is eligible for this tax expenditure, but besides location in a rural enterprise zone, the facility also needs to be inside a county that meets statutorily prescribed criteria for net out-migration or chronically low per capita income or high unemployment at the time of the agreement.

The locally qualified business must then meet specific requirements for minimum investment costs, new full-time hires, and average annual employee compensation at the facility, as shown below. If a qualified business fails to meet those requirements, previously abated taxes must be repaid.

Minimum qualifications – long-term rural enterprise zone facility

Criteria	Any eligible site	If ≥ 10 miles from I–5
Investment ($) by end of year when operations begin (including existing, nonexempt property)	1% total county real market value up to $25 million	0.5% total county real market value up to $12.5 million[1]
Full-time hires by business at facility	75 by end of 5th year[2]	50, 35 or 10 by end of 3rd year[2,3]
Average annual employee compensation (including benefits, **all** facility workers)	150% of county average annual wage by end of 5th year,[2] based on the **then** most recently available, published figure	

[1] If > $200 million, then only 10 or more jobs are required
[2] (Only) after the year in which facility operations commence
[3] 35 if county population ≤ 40,000; 10 if population ≤ 10,000.

A business receiving this property tax exemption that owns the facility may also claim a corporate excise tax credit, if approved by the Governor. Corporate tax payments made by eligible claimants for the credit are deposited into the Long Term Enterprise Zone Fund and are annually distributed to local property taxing districts. This distribution occurs whether or not the taxpayer effectively uses the credit. See tax expenditure 1.418, Long Term Rural Enterprise Zone Facilities (Income Tax), for more information.

PURPOSE: The statute that allows this expenditure does not explicitly state a purpose for this expenditure. Presumably, it expands on the purpose of the enterprise zone exemption: "To stimulate and protect economic success … throughout all regions of the state, but especially … outside major metropolitan areas for which geography may act as an economic hindrance … by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure" (ORS 285C.055).

WHO BENEFITS: Businesses operating large facilities in rural communities. As of July 2016, eight completed facilities of six distinct companies were receiving a long-term rural enterprise zone facility exemption. These facilities are located in Crook, Douglas, Morrow and Wasco counties.

IN LIEU: The written agreement between the business and the sponsor of the rural enterprise zone can include additional requirements that the sponsor may reasonably request, including but not limited to contributions for local services or public infrastructure benefiting the facility, and the agreements typically do provide for a schedule of other local payments during the exemption period, which can also substantially benefit sponsoring governments and the community.

EVALUATION: *by the Oregon Business Development Department*

Among them, the eight completed facilities noted above have more than 400 direct, full-time hires, annually making $50,000 or more on average. They are located, however, in only four counties: Crook, Douglas, Morrow and Wasco. With only one wood-products manufacturer remaining, the program currently consists of food processors and especially data centers, including massive, follow-on investments by Apple, Facebook and Google. One of the four more recently certified facilities is in

Lake County and will produce biofuels, and the Jordon Cove liquefied natural gas (LNG) exportation facility is anticipated to be certified in Coos County.

It is possible, and perhaps likely, that if Oregon did not have this program, these major investments in rural areas would not have happened where they did in this state, and other prospective investors would not be looking so seriously at rural Oregon. In addition, these are very special projects, for which the probability is quite good that the property would not otherwise exist for taxation. Therefore, this provision appears to be having the intended effect on investment in Oregon.

For purposes of the distribution of state revenue in association with the tax credit noted above, counties provide a limited report to Department of Revenue of property taxes currently being forgone under this tax expenditure at the end of each calendar year. Compliance is entirely a local, *ad hoc* matter, for which Business Oregon has created optional, administrative tools to assist with enforcement.

Property Tax
Partial Exemption

2.101 STRATEGIC INVESTMENT PROGRAM

Oregon Statute: 307.123
Sunset Date: None
Year Enacted: 1993, Modified in 2015 (HB 2652 and SB 129)

2015–16 Assessed Value of Property Exempted: $14.5 billion

	Loss	Shift
2015-17 Revenue Impact:	$406,300,000	$78,100,000
2017-19 Revenue Impact:	$447,100,000	$86,100,000

DESCRIPTION: A partial property tax exemption is allowed for up to 15 years on eligible projects, if the real market value of the new investment exceeds $100 million, or $25 million in rural areas, which are defined as outside the current urban growth boundary (UGB) surrounding any city of 40,000 or more in population. (Prior to 2015, rural was based on UGBs as they existed in 2002 and a city population maximum of 30,000) The assessed value of the property below the threshold amount, based on its real market value (RMV), is still subject to taxes; the remainder of RMV is exempt. This exemption threshold then increases 3 percent each year during the exemption period.

The new investment must benefit a traded-sector industry, which is one that sells goods or services in markets with national or international competition, including but not limited to manufacturing, and the business making the investment and operating the project needs to enter into a "first source" hiring agreement with local publicly funded job training providers.

Approval of a Strategic Investment Program (SIP) project requires a county public hearing, written agreement between the business and the county (and city if applicable), and formal action by the county governing body. The Oregon Business

Development Commission (OBDC) makes a final determination of project eligibility in order for it to receive SIP tax treatment.

In contrast to local negotiation of a unique agreement each time and case-by-case approval, a county may request that the OBDC establish a Strategic Investment Zone (SIZ), in which eligible projects are then subject to standardized local requirements and a streamlined approval process. Three SIZs were designated in 2009 and 2010, but they have not yet seen an eligible project.

In applying to the state for this exemption, businesses must pay fees equal to $10,000 ($5,000 in rural areas). An additional $50,000 ($10,000 in rural areas) is due with the OBDC's determination of eligibility, from which the Department of Revenue receives 50 percent for administrative purposes. The remaining funds are deposited in the Oregon Business, Innovation and Trade Fund

A business benefitting from this tax expenditure also needs to pay to the county an annual community service fee (see In Lieu below) in addition to other requirements under the agreement with the county, which typically entail further payments to local governments.

In 2007, the Legislature provided for local "gain share" of annual personal income tax revenue from state tax collections attributable to new and retained employment at SIP projects between 2011 and 2020. A percentage of the estimated amount of state revenue is transferred to the county and distributed locally under the same formula agreed to among taxing districts for the community service fee. In 2015, the Legislature (SB 129):

- Extended the gain-share provisions through 2024.
- Capped the total that any one county could receive at $16 million per year, currently affecting only Washington County.
- Reduced from 50 percent to 20 percent, the portion of estimated tax revenue from retained jobs that is subject to transfer (it is still 50 percent for new-job revenue).

PURPOSE: "...to improve employment in areas where eligible projects are to be located and [the Legislative Assembly] urges business firms that will benefit from an eligible project to hire employees from the region in which the eligible project is to be located whenever practicable" (ORS 285C.603).

WHO BENEFITS: By 2016, 17 SIP projects were receiving the property tax exemption; five others had been formerly exempt. The Intel Corporation continues to dominate the program with investments in high-technology semiconductor fabrication; other projects include paper products, biopharmaceuticals and (mostly) electricity generation. Currently, Intel has only one exempt project, which was approved in 2005 for as much as $25 billion, presently accounting for 60 to70 percent of the program's total property value. In 2014, Intel executed its fifth SIP agreement in Washington County for future investments up to $100 billion.

IN LIEU: Businesses that have value exempt under SIP pay a community service fee each year equal to 25 percent of the property taxes that would have otherwise been imposed. The fee is capped at a maximum of $2 million ($500,000 in rural areas) per year. In 2015, businesses in the Strategic Investment Program paid $7 million in statutory community services fees on top of $38 million in other locally negotiated payments. The community service fees are distributed generally among the county, city (if any) and other (non-school) taxing districts under a local intergovernmental agreement.

EVALUATION: *by the Oregon Business Development Department*

The program appears to achieve its goal of leveling the proverbial playing field for extraordinarily large, highly capital-intensive investments in Oregon, particularly in high technology and power generation industries.

A key question in evaluating this tax expenditure is the counterfactual of whether the investments would have been made without the program. This cannot be answered with certainty, but anecdotal evidence suggests that the program was crucial for Oregon locations being chosen as the site of exceptionally large investments in new property and for keeping key existing industries in the state. That local officials have thoughtfully approved more than 20 SIP projects indicates that these officials consider these tax expenditures to have a net positive value on their communities.

Judgments vary as to whether or not tax incentives like SIP are good for local or regional economies. Some observers contend that such incentives merely benefit participating companies, who receive lower tax bills at the expense of participating jurisdictions or existing taxpayers. Other experts would show how both participants gain from well-structured arrangements, with companies paying more reasonable taxes in communities that place a higher value than other localities on the companies' jobs, local purchases and other benefits, and that these incentives generally stimulate growth and competitiveness.

In 2014–15, businesses in the program enjoyed net savings of $174 million in property taxes, less $45 million of nontax fees paid under local SIP agreements, representing around $137 million in net revenue loss to local government (after also adjusting for levy shifts)—such amounts might well exceed the taxes paid by residential or commercial developments that have considerably greater impacts on public services.

Offsetting these amounts, as reported under the gain-share provisions discussed above, are full-time equivalent jobs, created or retained directly by these projects, numbering 12,506, and earning incomes of nearly $120,000 per year on average, and thereby, generating an estimated $94 million in state personal income taxes in 2015.

Such investments and employment will also generate indirect and induced economic effects that cycle through to public revenues, in addition to direct revenue from other taxes and fees paid by the businesses.

The 2003 Legislature added a lower rural threshold of $25 million, so that the program could enjoy greater variety in terms of geography and industry types, but even outside of rural areas, $25 million still signifies an unusually large and special project. This rural version of SIP appears to have had the desired effect, although it was in no way intended as a panacea for Oregon's struggling rural economies, which might hope for even greater diversity under the program. Intel is essentially the lone remaining user of the SIP's urban version.

Finally, about $150 billion in eligible investments has been approved, with still much of it yet to occur and most of it, of course, in the Hillsboro semiconductor industry. In light of the gross property taxes that arise, such quantities of private capital expenditure might be very unlikely without SIP or something like it.